

# AN

**TEXTILE MILLS LIMITED**

**Annual Report 2021**





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## COMPANY INFORMATION

<b>Board of Directors</b>	Mrs. Nazma Amer Mr. Aizad Amer Khawaja Amer Khurshid Mr. Anns Amer Ms. Yusra Amer Mr. Abdul Rauf Syed Khalid Ali	Chairperson Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Mr. Abdul Rauf Ms. Yusra Amer Syed Khalid Ali	Chairman Member Member
<b>HR and Remuneration Committee</b>	Syed Khalid Ali Mr. Abdul Rauf Mr. Anns Amer	Chairman Member Member
<b>Nomination Committee</b>	Mr. Abdul Rauf Ms. Yusra Amer Syed Khalid Ali	Chairman Member Member
<b>Risk Management Committee</b>	Mr. Anns Amer Mr. Abdul Rauf Syed Khalid Ali	Chairman Member Member
<b>Chief Financial Officer</b>	Mr. Muhammad Saqib Ehsan	
<b>Company Secretary</b>	Mr. Tahir Shahzad	
<b>Auditors</b>	Riaz Ahmad and Company Chartered Accountants 560-F, Raja Road, Gulistan Colony, Faisalabad	
<b>Bankers</b>	Bank Al Habib Limited Habib Metropolitan Bank Limited Habib Bank Limited Meezan Bank Limited National Bank of Pakistan Limited	
<b>Share Registrar</b>	Corplink (Private) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore	
<b>Registered Office &amp; Mills</b>	35 Kilometer, Sheikhpura 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.

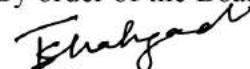
**AN TEXTILE MILLS LIMITED  
NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 40<sup>th</sup> Annual General Meeting of the members of AN Textile Mills Limited (“the Company”) will be held on Wednesday, October 27, 2021 at 11:00 A.M. at its registered office situated at 35 K.M. Sheikhpura Road, Faisalabad to transact the following business:

**ORDINARY BUSINESS:**

1. To confirm the minutes of last Extra Ordinary General Meeting held on March 31, 2021.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2021 together with the Chairperson’s review, Directors’ and Auditors’ reports thereon.
3. To approve and declare final cash dividend of Rupee 0.7 per share i-e. 7% as recommended by the Board of Directors of the Company for the year ended June 30, 2021.
4. 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.
5. To transact any other business that may be brought forward with the permission of the Chair.

By order of the Board



**Tahir Shahzad**  
(Company Secretary)

Dated: October 05, 2021  
Faisalabad

**NOTES:**

**1. CORONAVIRUS CONTINGENCY PLANNING FOR ANNUAL GENERAL MEETING**

In light of the threat posed by evolving COVID-19 situation, the Securities & Exchange Commission of Pakistan vide Circular No. 5 dated March 17, 2020 has advised to the Listed Companies to modify their usual planning for Annual General Meeting in order to protect the well-being of the shareholders.

Shareholders/proxy holders interested in attending AGM through video link are requested to get themselves registered with Company’s Share Registrar M/s Corplink (Pvt.) Limited, Wings Arcade, 01-K, Commercial, Model Town, Lahore at least 48 hours before the time of AGM (i.e. before 11:00 on October 25, 2021) at [shares@corplink.com.pk](mailto:shares@corplink.com.pk) or WhatsApp on: +923009417476 by providing the following details:

Full Name of Shareholder/Proxy Holder	Company	CNIC Number	Folio / CDC Account No.	Email ID	Mobile No.

Video link details and login credentials will be sent to members at their provided email addresses enabling them to attend the meeting on the given date and time.

Login facility will be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after identification and verification process. On the date of AGM, shareholders will be able to login and participate in the AGM proceedings through their devices.

Shareholders may send their comments and questions relating to the agenda items of the AGM at least two (2) working days before AGM by using the aforesaid means.

## **2. CLOSURE OF SHARE TRANSFER BOOKS**

The share transfer books of the Company shall remain closed from October 20, 2021 to October 27, 2021 (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 19, 2021 will be considered in time.

## **3. 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](http://www.antextile.com.pk)

#### 4. CHANGE OF ADDRESS

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

#### 5. 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.

#### 6. PAYMENT OF CASH DIVIDEND ELECTRONICALLY - COMPUSLORY

Under the provisions of section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividends directly into their bank accounts, shareholders are requested to fill in dividend mandate form available on Companies website: [www.antextile.com.pk](http://www.antextile.com.pk) and send it duly signed along with a copy of CNIC to the Share Registrar of the Company M/s Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore during working hours in case of physical shares. In case shares are held in CDC then dividend mandate form must be submitted directly to shareholders' broker participant/CDC account services.

In case of non-submission of an IBAN, the Company will withhold the payment of dividends under Companies (Distribution of Dividends) Regulations, 2017.

#### 7. 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.

#### 8. DEDUCTION OF INCOME TAX AT REVISED RATES

The rates of deduction of income tax under section 150 of the Income Tax Ordinance, 2001 from dividend payment effective July 01, 2021 as follows:

- (a) For persons appearing in ATL 15%      (b) For persons not appearing in ATL 30%

In case of Joint account, each holder is to be treated individually as appearing in ATL or not appearing in ATL and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing to Company Secretary/ Share Registrar. If no notification received, each joint holder shall be assumed to have an equal number of shares.

The CNIC/NTN number is now mandatory and is required for checking the tax status as per the Active Taxpayer List issued and updated by the Federal Board of Revenue (FBR) in a timely manner.

#### **9. 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.

#### **10. 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.

#### **11. 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, 2021 are being placed on the Company's website: [www.antextile.com.pk](http://www.antextile.com.pk) for information and review of the shareholders

#### **12. 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](http://www.antextile.com.pk)



**CHAIRPERSON'S REVIEW**

For the year ended June 30, 2021

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, 2021, 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.

Mrs. Nazma Amer  
Chairperson

### DIRECTORS' REPORT TO THE SHARE HOLDERS

The Directors of the Company are pleased to present their 40<sup>th</sup> Annual Report along with audited Financial Statements of the Company for the financial year ended June 30, 2021 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:

	2021	2020
	(RUPEES IN THOUSAND)	
REVENUE	2,096,653	1,315,177
COST OF SALES	(1,771,691)	(1,305,398)
GROSS PROFIT	324,962	9,779
DISTRIBUTION COST	(1,664)	(2,036)
ADMINISTRATIVE EXPENSES	(49,957)	(38,949)
OTHER EXPENSES	(18,294)	(1,161)
OTHER INCOME	19,889	22,361
FINANCE COST	(35,912)	(62,437)
PROFIT / (LOSS) BEFORE TAXATION	239,024	(72,443)
TAXATION	(119,529)	(7,884)
PROFIT / (LOSS) AFTER TAXATION	119,495	(80,327)
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED (RUPEES)	12.37	(8.32)

#### REVIEW OF OPERATING RESULTS

As compared to financial year 2020, in current financial year revenue grew by 59.42% from Rupees 1,315.177 million to 2,096.653 million while cost of sales increased by 35.72% from 1,305.398 million to 1,771.691 million. The Company earned gross profit of Rupees 324.962 million as compared to previous year's gross profit of Rupees 9.779 million. Moreover, the Company earned profit after taxation of Rupees 119.495 million as compared to loss after taxation of Rupees 80.327 million in corresponding year. After the challenges of the last financial year, financial year 2021 has been as exceptional one for the entire textile industry, Pakistan textile industry received larger orders and gained share in international market rapidly as many other countries were not performed well due to Covid-19 pandemic. Resultantly, demand of yarn also increased with improving margins for the entire textile chain. This trend continued throughout the financial year under review and is also reflected in financial results of the Company. Moreover, government policies remained industry friendly as the State Bank of Pakistan played a very positive role in maintaining a stable monetary policy and the low interest rates helped this rapid growth



Moreover, government support in form of availability of energy at reduced prices led to lower cost of doing business.

### **FUTURE OUTLOOK**

The cotton crop in Pakistan continues to decline year by year due to poor seed germination and inclement weather. The failure of cotton crop in this season will be a huge challenge for the industry. During the current year the crop forecast is 8.5 million bales, and we have to import remaining bales to meet our requirements. Moreover, due to larger orders in financial year 2021 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, cotton prices are also extremely volatile, but the management of your Company is closely monitoring the cotton outlook to procure best quality cotton.

The Government's support in the form of availability of energy at reduced prices is to be continued till the end of current financial year and we hope that this will enable our textile industry to grow rapidly and to cater further market share.

The management of your is company continuously striving to increase its production capacity, Modernization and Replacement (BMR) of its plant and machinery in order to improve productivity and efficiencies. Moreover, we anticipate that the financial year 2021-22 will be good for textile industry but with maybe somewhat lower margins in view of high raw material cost.

### **EARNINGS PER SHARE**

The earnings per share for the year ended June 30, 2021 is Rupees 12.37 as compared to loss per share of Rupees 8.32 for the last year ended on June 30, 2020.

### **DIVIDEND**

The Board of Directors of your Company proposed a cash dividend for the year ended 30 June 2021 of Rupees 0.7 per share i.e. 7% to all shareholders.

### **OUTSTANDING STATUTORY PAYMENTS**

All outstanding payments are nominal and of routine nature.

### **PATTERN OF SHAREHOLDING**

Pattern of shareholding as on June 30, 2021 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 except for the sales / purchase of shares as mentioned on page no. 69.

### **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.

## ELECTION OF DIRECTORS / COMPOSITION OF BOARD AND ITS COMMITTEES

During the financial year under review, fresh Election of Directors was held on March 31, 2021 and the followings Directors were elected for the next term of three years.

Mrs. Nazma Amer	Chairperson
Mr. Aizad Amer	Chief Executive Officer
Mr. Anns Amer	Director
Khawaja Amer Khurshid	Director

Mr. Abdul Rauf	Director
Ms. Yusra Amer	Director
Syed Khalid Ali	Director

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

Due to the re-constitution of the Board the formation of Audit Committee, HR and Remuneration Committee, Nomination Committee and Risk Management Committee is as under:

**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

(Anns Amer)  
 Director

FAISALABAD.

Dated: October 05, 2021

ڈائریکٹرز کی شیئر ہولڈروں کو رپورٹ

کمپنی کے ڈائریکٹرز چالیسویں سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں، جو کہ مشتمل ہے سالانہ فنانس رپورٹ برائے مالیاتی سال 30 جون 2021 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 جا رہے ہیں۔  
مالیاتی نتائج:

2021 (رقم ہزاروں میں)	2020 (رقم ہزاروں میں)	
2,096,653	1,315,177	آمدنی
(1,771,691)	(1,305,398)	فروخت کی لاگت
324,962	9,779	مجموعی منافع
(1,664)	(2,036)	تقسیم کی لاگت
(49,957)	(38,949)	انتظامی اخراجات
(18,294)	(1,161)	دیگر اخراجات
19,889	22,361	دیگر آمدنی
(35,912)	(62,437)	مالیاتی لاگت
239,024	(72,443)	ٹیکس سے پہلے منافع / (نقصان)
(119,529)	(7,884)	ٹیکس
119,495	(80,327)	ٹیکس کے بعد منافع / (نقصان)
12.37	(8.32)	منافع / (نقصان) فی حصہ اور بنیادی تنصیب (روپے)

کارروائی کے رزلٹ کا جائزہ:

مالی سال 2020 کے موازنے میں، اس سال آمدنی %59.42 اضافے کے ساتھ 1,315.177 ملین سے بڑھ کر 2,096.653 ملین ہو گئی۔ جبکہ فروخت کی لاگت %35.72 کے اضافے کے ساتھ 1,305.398 ملین سے بڑھ

کر 1,771.691 ملین ہوگئی۔ کمپنی نے 324.962 ملین کا مجموعی نفع کمایا جبکہ اس کے مقابل پچھلے سال کا مجموعی نفع 9.779 ملین تھا۔ مزید برآں کمپنی کو ٹیکس کے بعد مبلغ 119.495 ملین کا نفع ہوا۔ جبکہ اس کے مقابل پچھلے سال ٹیکس کے بعد مبلغ 80.327 ملین کا نقصان ہوا تھا۔

پچھلے مالی سال میں درپیش مسائل کے بعد، مالی سال 2021 تمام ٹیکسٹائل انڈسٹری کے لیے ایک شاندار سال ثابت ہوا۔ پاکستان ٹیکسٹائل انڈسٹری کو بڑے آرڈرز ملے اور عالمی مارکیٹ میں اچھا حصہ ملا کیونکہ بہت سارے ممالک کرونا کی وباء کی وجہ سے اچھے سے کام نہیں کر پارہے تھے۔ نتیجتاً تمام ٹیکسٹائل انڈسٹری کے لیے دھاگے کی مانگ میں بہت اضافہ ہوا۔ یہ سلسلہ زیر جائزہ مالی سال میں سارا سال چلتا رہا اور اس چیز کا اثر مالی نتائج میں نظر آ رہا ہے۔ مزید برآں گورنمنٹ کی پالیسیاں انڈسٹری دوست رہیں۔ سٹیٹ بینک نے مالی پالیسی کو برقرار رکھنے کے لیے مثبت کردار ادا کیا اور کم شرح سود کی وجہ سے تیزی سے ترقی کرنے میں مدد ملی۔ مزید برآں گورنمنٹ نے سستی انرجی کی دستیابی سے کاروبار کرنے کی لاگت کو کم رکھا۔

مستقبل کا ڈھانچہ:

پاکستان کی کپاس کی پیداوار بیج کی کم پیداواری صلاحیت اور سخت موسم کی وجہ سے ہر سال کم ہوتی جا رہی ہے۔ اس سال کپاس کی کم پیداوار ٹیکسٹائل کی صنعت کے لئے بہت بڑا امتحان ہوگی۔ اس سال کپاس کی فصل کی پیش گوئی 85 لاکھ گانٹھیں ہیں اور ہمیں اپنی ضروریات پوری کرنے کے لیے کپاس درآمد کرنی پڑے گی۔ مزید برآں مالی سال 2021 میں بڑے آرڈرز کی وجہ سے ٹیکسٹائل انڈسٹری خاص طور پر سپننگ انڈسٹری نے بھاری سرمایہ کاری کے ساتھ اپنی پیداواری صلاحیت کو بڑھانا شروع کر دیا تو اس سے آنے والے سالوں میں ہمیں زیادہ کاٹن درکار ہوگی۔ ملکی کاٹن کی پیداوار بڑھانے کے لیے فوری اقدامات کی ضرورت ہے۔ گورنمنٹ کو اس سلسلہ میں بیج بہتر کرنے اور اس سیکٹر میں توجہ کی ضرورت ہے اس سیزن میں کاٹن کی قیمتیں بہت زیادہ غیر مستحکم ہیں۔ لیکن آپ کی کمپنی کی مینجمنٹ بہترین کاٹن خریدنے کے لیے کاٹن مارکیٹ پہ کڑی نظر رکھے ہوئے ہے۔ آپ کی کمپنی کی مینجمنٹ اپنی پیداوار بڑھانے کے لیے لگاتار پیداواری صلاحیت بڑھا رہی ہے۔ اور نئی اور جدید مشینری لگا رہی ہے۔ مزید برآں ہم امید کرتے ہیں کہ مالی سال 2021-22 ٹیکسٹائل انڈسٹری



کے لیے اچھا ثابت ہوگا۔ لیکن مہنگے خام مال کی وجہ سے منافع کم ہو سکتا ہے۔  
نفع فی حصہ دار:

فی حصہ دار نفع مالی سال 30 جون 2021 کے اختتام پر مبلغ 12.37 روپے جبکہ مالی سال 30 جون 2020 کے اختتام پر نقصان مبلغ 8.32 روپے فی حصہ دار تھا۔

منافع بخش:

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز نے مالی سال 30 جون 2021 کے اختتام پر تمام حصہ داروں کو 0.70 روپے منافع فی حصہ (7%) تجویز کیا ہے۔

بقایا قانونی ادائیگی:

تمام ادائیگی نارمل ہیں اور معمول کے مطابق ہیں۔

شیئر ہولڈرز کا نقشہ:

30 جون 2021 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 صفحہ نمبر 69 پر دی گئی تفصیل کے علاوہ 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 ناقابل 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 اور ڈائریکٹرز کے بورڈ نے پیش آمدہ سالانہ اجلاس عام میں میسرز ریاض احمد اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس آپ کی کمپنی کا بطور آڈیٹرز کی دوبارہ تعیناتی کی منظوری دی ہے۔

کوڈ آف کارپوریٹ گورننس

کوڈ آف کارپوریٹ گورننس کا بیانیہ لف ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک پر بیان:

سٹاک ایکسچینج کے قواعد و ضوابط 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 فنانشنل 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 ڈیٹالف ہے۔
- 9- کمپنی اپنے ملازمین کی فلاح و بہبود کے لئے گریجویٹ سیکیم چلا رہی ہے جو کہ اس سٹیٹمنٹ میں بیان کی گئی ہے۔

ڈائریکٹرز کے الیکشن / بورڈ اور اس کی کمیٹیوں کا مرگب

زیر جائزہ مالی سال کے دوران، ڈائریکٹرز کے نئے الیکشن 31 مارچ 2021 کو ہوئے۔ اور مندرجہ ذیل ڈائریکٹرز اگلے



تین سال کے لیے منتخب ہوئے:

چئیر پرسن	مسز ناظمہ عامر
چیف ایگزیکٹو آفیسر	ایزد عامر
ڈائریکٹر	انس عامر
ڈائریکٹر	خواجہ عامر خورشید
ڈائریکٹر	عبدالرؤف
ڈائریکٹر	یسرا می عامر
ڈائریکٹر	سید خالد علی

مندرجہ ذیل تفصیل کے مطابق سات ڈائریکٹرز ہیں:

مرد: پانچ

عورتیں: دو

بورڈ کا مرگب 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- مونٹ / نان ایگزیکٹو ڈائریکٹرز

مسزناظمہ عامر

یسرا می عامر

نیابورڈ 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 (چیئر مین)

یسرا می عامر (ممبر)

سید خالد علی (ممبر)

HR اور معاوضہ کمیٹی میٹنگ

سید خالد علی (چیئر مین)

عبدالرؤف (ممبر)

انس عامر (ممبر)

نامینیشن کمیٹی

عبدالرؤف (چیئر مین)

یسرا می عامر (ممبر)

سید خالد علی (ممبر)

رسک مینجمنٹ کمیٹی

انس عامر (چیئر مین)

عبدالرؤف (ممبر)

سید خالد علی (ممبر)

بورڈ اور دوسری کمیٹی میٹنگز کی تعداد

رسک مینجمنٹ کمیٹی	نام مینیشن کمیٹی	HR اور معاوضہ کمیٹی میٹنگ	آڈٹ کمیٹی میٹنگ	بورڈ آف ڈائریکٹرز میٹنگ	نام	سیریل نمبر
-	-	-	-	4/4	مسز ناظمہ عامر	1
-	-	-	-	4/4	جناب ایزد عامر	2
1/1	-	1/1	-	4/4	جناب انس عامر	3
-	-	-	-	4/4	خواجہ عامر خورشید	4
1/1	1/1	1/1	4/4	4/4	جناب عبدالرؤف	5
-	1/1	-	4/4	4/4	محترمہ سیرامی عامر	6
1/1	1/1	1/1	4/4	4/4	سید خالد علی	7

اعتراف:

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

  
ایزد عامر

منجانب: بورڈ آف ڈائریکٹرز

چیف ایگزیکٹو آفیسر

  
انس عامر

فیصل آباد

مورخہ 05 اکتوبر 2021

ڈائریکٹرز

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

**Name of Company:** AN Textile Mills Limited

**Year Ending:** 30 June 2021

The Company has complied 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, two more directors of the Company have also acquired the certification under DTP in July 2021. Furthermore, the Board will arrange DTP for its remaining 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-

<b>Committee</b>	<b>Frequency</b>
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*

AIZAD AMER  
Chief Executive

**KEY OPERATING & FINANCIAL DATA  
FOR LAST SIX YEARS**

<b><u>PARTICULARS</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
.....(Rupees in Thousand).....						
<b><u>FINANCIAL POSITION</u></b>						
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	1,758,151	1,554,811	1,481,947	1,431,460	1,420,748	1,485,900
Accumulated depreciation	731,980	692,754	653,241	613,088	583,766	602,354
Current assets	929,132	688,988	690,441	418,114	340,281	579,574
Current liabilities	956,477	840,786	773,391	556,464	476,717	737,370
<b><u>INCOME</u></b>						
Revenue	2,096,653	1,315,177	1,885,310	1,598,473	1,102,932	1,466,267
Other income	19,889	22,361	18,330	16,250	39,381	2,416
Pre tax profit / (loss)	239,024	(72,443)	61,527	3,417	(128,996)	(141,178)
Taxation	(119,529)	(7,884)	(42,507)	(11,020)	(46,216)	39,293
<b><u>STATISTICS AND RATIOS</u></b>						
Pre tax profit / (loss) to sales %	11.4	(5.51)	3.26	0.21	(11.70)	(9.63)
Pre tax profit / (loss) to capital %	247.44	(74.99)	63.69	3.54	(133.54)	(146.15)
Current ratio	1:0.97	1:0.82	1:0.89	1:0.75	1:0.71	1:0.79
Paid up value per share (Rs.)	10	10	10.00	10.00	10.00	10.00
Earnings / (loss) after tax per share (Rs.)	12.37	(8.32)	1.97	(0.79)	(18.14)	(10.55)
Cash dividend %	7.00	-	4.00	-	-	-
Break up value per share (Rs.)	87.05	74.81	80.08	77.36	77.88	56.60



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

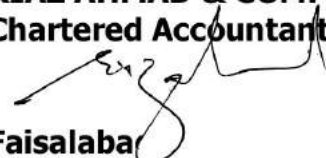
The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight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

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

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

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

**RIAZ AHMAD & COMPANY**  
**Chartered Accountants**



**Faisalabad**  
**Date: October 05, 2021.**



## 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 2021, 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 2021 and of the profit, other comprehensive loss, 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:

<b>Sr. No.</b>	<b>Key audit matters</b>	<b>How the matters were addressed in our audit</b>
<b>1.</b>	<p><b>Inventory existence and valuation</b></p> <p>Inventories as at 30 June 2021 amounting to Rupees 609.135 million represented a material position in the statement of financial position, break up of which is as follows:</p> <ul style="list-style-type: none"> <li>- Stores, spare parts and loose tools of Rupees 72.439 million</li> <li>- Stock in trade of Rupees 536.696 million</li> </ul> <p>Inventories are measured at the lower of cost and net realizable value.</p> <p>We identified existence and valuation of inventories as a key audit matter due to its size, representing 30.80% of the total assets of the Company as at 30 June 2021, and the judgment involved in valuation.</p> <p>For further information on inventories, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, Inventories (Note 2.7 to the financial statements).</li> <li>- Stores, spare parts and loose tools (Note 16) and Stock in trade (Note 17) to the financial statements.</li> </ul>	<p>Our procedures over existence and valuation of inventories included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets.</li> <li>• 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.</li> <li>• In the context of our testing of the calculation, we analyzed individual cost components and traced them back to the corresponding underlying documents.</li> <li>• 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.</li> <li>• We also assessed the adequacy of the disclosures made in respect of the accounting policies and related notes to the financial statements.</li> </ul>



<b>Sr. No.</b>	<b>Key audit matters</b>	<b>How the matters were addressed in our audit</b>
<b>2.</b>	<p><b>Capital expenditure</b></p> <p>The Company has made significant capital expenditure on expansion of manufacturing facilities.</p> <p>We focused on this area since the amounts have a significant impact on the financial position of the Company and there is significant management judgment required that has significant impact on the reporting of the financial position for the Company. Therefore, considered as one of the key audit matters.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, property, plant, equipment and deprecation Note 2.2 to the financial statements.</li> <li>- Property, plant and equipment Note 12 to the financial statements.</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• We tested operating effectiveness of controls in place over the property, plant and equipment cycle including the controls over whether costs incurred on activities is capital or operating in nature.</li> <li>• We evaluated the appropriateness of capitalization policies and depreciation rates.</li> <li>• We performed tests of details on costs capitalized.</li> <li>• We assessed whether the disclosures are made in accordance with the applicable financial reporting framework;</li> </ul>
<b>3.</b>	<p><b>Revenue recognition</b></p> <p>The Company recognized net revenue of Rupees 2,096.653 million for the year ended 30 June 2021.</p> <p>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.</p>	<p>Our procedures in respect of recognition of revenue included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents.</li> </ul>



<b>Sr. No.</b>	<b>Key audit matters</b>	<b>How the matters were addressed in our audit</b>
	<p>For further information, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, Revenue from contracts with customers (Note 2.18 to the financial statements).</li> <li>- Revenue (Note 24 to the financial statements).</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'.</li> <li>• We also considered the appropriateness of disclosures in the financial statements.</li> </ul>

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

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

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

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

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

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



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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of 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) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

**RIAZ AHMAD & COMPANY**  
**Chartered Accountants**



**Faisalaba**

**Date: October 05, 2021.**





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

	<b>NOTE</b>	<b>2021 (RUPEES IN THOUSAND)</b>	<b>2020</b>
REVENUE	24	2,096,653	1,315,177
COST OF SALES	25	(1,771,691)	(1,305,398)
GROSS PROFIT		324,962	9,779
DISTRIBUTION COST	26	(1,664)	(2,036)
ADMINISTRATIVE EXPENSES	27	(49,957)	(38,949)
OTHER EXPENSES	28	(18,294)	(1,161)
OTHER INCOME	29	19,889	22,361
FINANCE COST	30	(35,912)	(62,437)
PROFIT / (LOSS) BEFORE TAXATION		239,024	(72,443)
TAXATION	31	(119,529)	(7,884)
PROFIT / (LOSS) AFTER TAXATION		119,495	(80,327)
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED (RUPEES)	32	12.37	(8.32)

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

**AIZAD AMER**  
Chief Executive Officer

**ANNS AMER**  
Director

**Muhammad Saqib Ehsan**  
Chief Financial Officer

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

	<b>2021</b>	<b>2020</b>
	<b>(RUPEES IN THOUSAND)</b>	
PROFIT / (LOSS) AFTER TAXATION	119,495	(80,327)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of staff retirement gratuity	(1,743)	474
Related deferred income tax liability	505	(137)
	(1,238)	337
Surplus on revaluation of property, plant and equipment	-	42,644
Related deferred income tax liability	-	(9,710)
	-	32,934
	(1,238)	33,271
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive (loss) / income for the year - net of deferred income tax	(1,238)	33,271
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR</b>	<b>118,257</b>	<b>(47,056)</b>

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

**AIZAD AMER**  
Chief Executive Officer

**ANNS AMER**  
Director

**Muhammad Saqib Ehsan**  
Chief Financial Officer



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

SHARE CAPITAL	DIRECTORS' LOANS	RESERVES				Sub-total	REVENUE	TOTAL	TOTAL EQUITY
		CAPITAL		Surplus on revaluation of property, plant and investment properties - net of deferred income tax	Unappropriated profit / (Accumulated loss)				
		Premium on issue of shares	Equity portion of shareholders' loans						
96,600	360,000	17,250	44,778	290,931	352,959	(35,954)	317,005	773,605	
-	-	-	-	-	-	(3,864)	(3,864)	(3,864)	
-	-	-	-	(6,327)	(6,327)	6,327	-	-	
-	-	-	-	-	-	(80,327)	(80,327)	(80,327)	
-	-	-	-	32,934	32,934	337	33,271	33,271	
-	-	-	-	32,934	32,934	(79,990)	(47,056)	(47,056)	
96,600	360,000	17,250	44,778	317,538	379,566	(113,481)	266,085	722,685	
-	-	-	-	(2,187)	(2,187)	2,187	-	-	
-	-	-	-	(7,811)	(7,811)	7,811	-	-	
-	(100,675)	-	-	-	-	-	-	(100,675)	
-	100,675	-	-	-	-	-	-	100,675	
-	-	-	-	-	-	119,495	119,495	119,495	
-	-	-	-	-	-	(1,238)	(1,238)	(1,238)	
-	-	-	-	-	-	118,257	118,257	118,257	
96,600	360,000	17,250	44,778	307,540	369,568	14,774	384,342	840,942	

(RUPEES IN THOUSAND)

**Balance as at 01 July 2019**

Transaction with owners - Final cash dividend for the year ended 30 June 2019 at the rate of Rupee 0.40 per share

Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax

Loss for the year

Other comprehensive income for the year

Total comprehensive loss for the year

**Balance as at 30 June 2020**

Transfer from surplus on revaluation of property, plant and equipment on disposal of property, plant and equipment - net of deferred income tax

Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax

Transactions with owners:

- Director's loan repaid during the year

- Director's loan obtained during the year

Profit for the year

Other comprehensive loss for the year

Total comprehensive income for the year

**Balance as at 30 June 2021**

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

**AIZAD AMER**
**Chief Executive Officer**
**ANNS AMER**
**Director**
**Muhammad Saqib Ehsan**
**Chief Financial Officer**

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

	<b>NOTE</b>	<b>2021 (RUPEES IN THOUSAND)</b>	<b>2020 (RUPEES IN THOUSAND)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	33	208,454	165,758
Finance cost paid		(41,911)	(65,543)
Income tax paid		(27,798)	(13,810)
Staff retirement gratuity paid		(7,918)	(4,030)
Net decrease / (increase) in long term deposits and prepayments		100	(25)
Net decrease / (increase) in long term loans		20	(20)
<b>ACTIVITIES</b>		<u>130,947</u>	<u>82,330</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(159,838)	(14,845)
Proceeds from sale of property, plant and equipment		41,481	297
Profit on investments received		351	490
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		(118,006)	(14,058)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term borrowings - net		20,909	(80,090)
Dividend paid		(1,069)	(2,745)
<b>NET CASH FROM / (USED IN) FINANCING ACTIVITIES</b>		19,840	(82,835)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		32,781	(14,563)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		35,489	50,052
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 23)</b>		<u>68,270</u>	<u>35,489</u>

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

**AIZAD AMER**  
Chief Executive Officer

**ANNS AMER**  
Director

**Muhammad Saqib Ehsan**  
Chief Financial Officer

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

**1. THE COMPANY AND ITS OPERATIONS**

AN Textile Mills Limited (the Company) is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017) and its share are quoted on Pakistan Stock Exchange Limited. Its registered office and mills premises are situated at 35-Kilometers Sheikhpura 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.

**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 8 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 2020:

- IAS 1 (Amendments) 'Presentation of Financial Statements' and IAS 8 (Amendments) 'Accounting Policies, Changes in Accounting Estimates and Errors';
- International Accounting Standards Board's revised Conceptual Framework – March 2018
- IFRS 16 (Amendments) 'Leases';
- Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures'

The amendments to published approved accounting standards above 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 approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2020 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 2021 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 those 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 derecognize 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 its financial statements. Earlier, IAS 1 states that an entity shall disclose its 'significant accounting policies' in its financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

COVID-19-Related Rent Concessions (Amendment to IFRS 16 'Leases') effective for annual reporting periods beginning on or after 01 April 2021. These amendments permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions. 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.

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.

Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' is applicable for annual financial periods beginning on or after 01 January 2021. The changes made relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

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

**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 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.

**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 12. 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 Investment properties**

Land and buildings held to earn rental income are classified as investment properties. Investment properties are carried at fair value which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The valuation of the properties is carried out with sufficient regularity.

Gain or loss arising from a change in the fair value of investment properties is recognized in the statement of profit or loss for the year in which it arises.

### **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 or amortization, 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.

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 present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the 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) Recognition of financial instruments**

The Company initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

### **ii) Classification and measurement of financial instruments**

#### **a) Classification**

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

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.



**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).

**iii) 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 basis.

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.

**iv) 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.



**v) Offsetting of financial assets and financial liabilities**

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 over the period of borrowings.

**2.15 Trade and other receivables**

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

The Company has applied the simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance. Actual credit loss experience over past years is used to base the calculation of

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, which is normally the transaction cost.

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

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The 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.

**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**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. 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.

**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 / (loss) per share**

The Company presents Earnings Per Share (EPS) or Loss Per Share (LPS) data for its ordinary shares. EPS / (LPS) 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**

2021 (NUMBER OF SHARES)	2020 (NUMBER OF SHARES)		2021 (RUPEES IN THOUSAND)	2020 (RUPEES IN THOUSAND)
9 060 000	9 060 000	Ordinary shares of Rupees 10 each fully paid in	90,600	90,600
600 000	600 000	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	6,000	6,000
<u>9 660 000</u>	<u>9 660 000</u>		<u>96,600</u>	<u>96,600</u>

**4. DIRECTORS' LOANS**

These represent unsecured interest free loans 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	-
	259,325	360,000
Add: Loan obtained during the year	100,675	-
Balance as at 30 June	<u>360,000</u>	<u>360,000</u>

**4.1** During the year an amount of Rupees 100.675 million was paid to a director against which approval was taken from the members of the Company in the Extra Ordinary General Meeting (EOGM) held on 31 March 2021.

**4.2** These loans are repayable at the discretion of the Company.

**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.

**6. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES - NET OF DEFERRED INCOME TAX**

Property, plant and equipment (Note 6.1)	307,540	256,181
Investment properties (Note 6.2)	-	61,357
	<u>307,540</u>	<u>317,538</u>



**6.1 Property, plant and equipment**

Balance as at 01 July	256,181	218,845
<b>Add:</b>		
Surplus arising on revaluation during the year - net of deferred income tax	-	32,934
Surplus related to investment properties - net of deferred income tax (Note 6.2)	61,357	10,729
	<u>317,538</u>	<u>262,508</u>
<b>Less:</b>		
Surplus transferred to unappropriated profit on sale of property, plant and equipment - net of deferred income tax	2,187	-
Transferred to unappropriated profit / (accumulated loss) in respect of incremental depreciation charged during the year - net of deferred income tax	7,811	6,327
	<u>9,998</u>	<u>6,327</u>
Balance as at 30 June	<u>307,540</u>	<u>256,181</u>

**6.1.1** 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.

**6.2 Investment properties**

Balance as at 01 July	61,357	72,086
Surplus related to property, plant and equipment - net of deferred income tax (Note 6.1)	(61,357)	(10,729)
Balance as at 30 June	<u>-</u>	<u>61,357</u>

**7. DEFERRED INCOME TAX LIABILITY**

This comprises the following:

**Taxable temporary difference**

Accelerated tax depreciation	187,132	180,837
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**Deductible temporary differences**

Staff retirement gratuity	(10,046)	(7,874)
Unused tax losses	(31,427)	(105,540)
Allowance for expected credit losses	-	(154)
	<u>(41,473)</u>	<u>(113,568)</u>
	<u>145,659</u>	<u>67,269</u>

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

At beginning of the year	67,269	69,265
Add / (less):		
- accelerated tax depreciation	(6,295)	(2,941)
- staff retirement gratuity	2,172	2,574
- allowance for expected credit losses	(154)	(1,899)
- unused tax losses and minimum tax	(74,113)	4,262
Net movement of temporary differences (Note 7.1.1)	<u>(78,390)</u>	<u>1,996</u>
Closing deferred income tax liability	<u>145,659</u>	<u>67,269</u>

**7.1.1 Charged to the statement of profit or loss:**

Net movement of temporary differences (Note 7.1)	(78,390)	1,996
- on surplus on revaluation of property, plant and equipment	-	(9,710)
- on remeasurement of staff retirement gratuity	505	(137)
	<u>505</u>	<u>(9,847)</u>
	<u>(78,895)</u>	<u>11,843</u>

**8. STAFF RETIREMENT GRATUITY**

Latest actuarial valuation of the staff retirement gratuity was conducted as on 30 June 2021. 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	<u>34,640</u>	<u>27,152</u>
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**8.1 Movement in present value of defined benefit obligation**

Balance as at 01 July	27,152	18,274
Provision for the year (Note 8.3)	13,663	13,382
Retirement benefit paid	(7,918)	(4,030)
Remeasurements chargeable to other comprehensive income (Note 8.4)	1,743	(474)
Balance as at 30 June	<u>34,640</u>	<u>27,152</u>



	<b>2021</b>	<b>2020</b>			
	<b>(RUPEES IN THOUSAND)</b>				
<b>8.2 Reconciliation of the movements in the net liability recognized in the statement of financial position</b>					
Opening balance	27,152	18,274			
Add: Provision for the year (Note 8.3)	13,663	13,382			
Remeasurements chargeable to other comprehensive income (Note 8.4)	1,743	(474)			
	42,558	31,182			
Less: Paid during the year	(7,918)	(4,030)			
	34,640	27,152			
<b>8.3 Provision for the year</b>					
Current service cost	11,692	11,065			
Interest cost	1,971	2,317			
	13,663	13,382			
<b>8.4 Remeasurements chargeable to other comprehensive income</b>					
Actuarial loss / (gain) from changes in financial assumptions	26	(72)			
Experience adjustments	1,717	(402)			
	1,743	(474)			
	<b>2021</b>	<b>2020</b>			
<b>8.5 Principal actuarial assumptions used</b>					
Discount rate for interest cost in the statement of profit or loss charge (per annum)	8.50%	14.25%			
Discount rate for year end obligation (per annum)	10.00%	8.50%			
Expected rate of increase in salaries (% per annum)	9.00%	7.50%			
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			
<b>8.6</b>	The estimated expenses to be charged to the statement of profit or loss for the year ending on 30 June 2022 is Rupees 13.246 million.				
<b>8.7 Sensitivity analysis for actuarial assumptions:</b>					
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:					
Discount rate	1.00%	1.00%			
Increase in assumption (Rupees in thousand)	(1,771)	(1,338)			
Decrease in assumption (Rupees in thousand)	2,006	1,517			
Future salary increase	1.00%	1.00%			
Increase in assumption (Rupees in thousand)	2,006	1,517			
Decrease in assumption (Rupees in thousand)	(1,802)	(1,362)			
<b>8.8 Expected benefit payments for future years:</b>					
	<b>Within 1 year</b>	<b>1 - 2 years</b>	<b>2 - 3 years</b>	<b>3 - 4 years</b>	<b>More than 4 years</b>
	-----RUPEES IN THOUSAND-----				
	10,128	6,786	6,667	5,379	265,140

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 as when calculating the gratuity liability recognized within the statement of financial position.

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 8.5.

**8.9 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.

**9. TRADE AND OTHER PAYABLES**

**2021                      2020**  
**(RUPEES IN THOUSAND)**

Creditors	49,901	68,140
Accrued liabilities	92,787	55,717
Contract liabilities - unsecured	208,215	169,111
Income tax deducted at source	359	390
Sales tax payable	68,203	63,458
Workers' welfare fund (Note 28)	5,428	-
Workers' profit participation fund (Note 9.1)	12,866	-
Security deposit (Note 9.2)	4,000	4,000
	441,759	360,816

**9.1 Workers' profit participation fund**

Balance as on 01 July	-	3,239
Interest for the year	-	180
Provision for the year (Note 28)	12,866	-
	12,866	3,419
Less: Payments during the year	-	3,419
Balance as on 30 June	12,866	-

**9.1.1** The Company retains workers' profit participation fund for its business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.

**9.2** This represents security deposit received from Masood Textile Mills Limited (MTM) against lease of investment properties of the Company. This amount was being utilized by the Company in accordance with the written agreement between MTM and the Company in terms of section 217 of the Companies Act, 2017. However as whole of the rented area has been vacated by MTM during the year, therefore the security deposit will be repaid to MTM accordingly.

**10. SHORT TERM BORROWINGS**
**From banking companies - secured**

Running and cash finances (Note 10.1)	263,936	408,202
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**Others - unsecured**

Other related parties (Note 10.2)	203,378	38,203
	467,314	446,405

**10.1** 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 847 million (2020: Rupees 847 million). The rates of mark-up range from 6.75% to 12.69% (2020: 7.25% to 15.60%) per annum on the balance outstanding.

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



**11. CONTINGENCIES AND COMMITMENTS**
**a) Contingencies**

i) 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 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, subsequent to reporting date 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. On advice of legal counsel, in view of possible favourable outcome, no provision is accounted for in these financial statements.

ii) Guarantees of Rupees 43.090 million (2020: 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.

iii) 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 (2020: 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.

iv) 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 are being 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.

v) 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 (2020: 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.

vi) 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 (2020: 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.

vii) 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 (2020: 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.

viii) 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 (2020: 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.

ix) 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 (2020: 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.

**b) Commitments**

i) Letters of credit for capital expenditure is of Rupees 25.644 million as at 30 June 2021 (2020: Rupees Nil).

ii) Letters of credit / contracts for other than capital expenditure were of Rupees 220.015 million (2020: Rupees 63.887 million).

**12. PROPERTY, PLANT AND EQUIPMENT**

	<b>2021</b>	<b>2020</b>
	<b>(RUPEES IN THOUSAND)</b>	
Operating fixed assets (Note 12.1)	1,026,171	862,057
Capital work-in-progress (Note 12.2)	18,656	-
	<u>1,044,827</u>	<u>862,057</u>



**12.1 Property, plant and equipment**

	Buildings on freehold land		Plant and machinery	Electric installations / appliances	Factory equipment	Generators	Laboratory equipment	Furniture, fixtures	Office equipment	Computers	Vehicles	Total	
	Mills	Other											
<b>(RUPEES IN THOUSAND)</b>													
<b>At 30 June 2019</b>													
Cost / revalued amount	91,601	172,998	61,323	952,610	30,534	1,768	108,084	13,578	4,011	3,444	3,955	38,041	1,481,947
Accumulated depreciation	-	(53,982)	(17,709)	(464,508)	(15,034)	(1,446)	(62,084)	(5,579)	(2,931)	(2,815)	(3,793)	(23,360)	(653,241)
Net book value	91,601	119,016	43,614	488,102	15,500	322	46,000	7,999	1,080	629	162	14,681	828,706
<b>Year ended 30 June 2020</b>													
Opening net book value	91,601	119,016	43,614	488,102	15,500	322	46,000	7,999	1,080	629	162	14,681	828,706
Additions	-	-	-	12,685	-	-	-	-	-	-	-	2,160	14,845
Transferred from investment properties	3,168	12,553	-	-	-	-	-	-	-	-	-	-	15,721
Effect of surplus on revaluation	9,160	1,764	2,181	26,564	775	-	1,300	900	-	-	-	-	42,644
Disposals:													
Cost	-	-	-	-	-	-	-	-	-	-	-	(346)	(346)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	167	167
	-	-	-	-	-	-	-	-	-	-	-	(179)	(179)
Depreciation charge	-	(6,055)	(2,181)	(24,653)	(775)	(32)	(2,300)	(400)	(108)	(63)	(48)	(3,065)	(39,680)
Closing 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
<b>At 30 June 2020</b>													
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
<b>Year ended 30 June 2021</b>													
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
<b>At 30 June 2021</b>													
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
<b>Annual rate of depreciation (%)</b>	-	5	5	5	5	10	5	5	10	10	30	20	

12.1.1.1 Forced sale value of revalued property, plant and equipment as per latest revaluation report as on 30 June 2020 was Rupees 648,502 million.

**12.1.2 Depreciation charge for the year has been allocated as follows:**

	2021 (RUPEES IN THOUSAND)	2020 (RUPEES IN THOUSAND)
Cost of sales (Note 25)	40,400	36,396
Administrative expenses (Note 27)	4,305	3,284
	<u>44,705</u>	<u>39,680</u>

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

Particulars	Location	Area Kanals	Covered area Sq ft.
Manufacturing facility and Head Office	35-Kilometers, Sheikhpura Road, Faisalabad.	125.95	337 384

**12.1.4** Detail of operating fixed assets, exceeding the book value of Rupees 500,000, disposed of during the year is as follows:

Description	Quantity	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of the purchasers
<b>Plant and machinery</b>								
Nos .....(RUPEES IN THOUSAND).....								
Auto cone machine	1	9,145	76	9,069	10,000	931	Negotiation	Crescent Cotton Mills Limited, Faisalabad
Auto cone machines	2	18,288	76	18,212	20,000	1,788	Negotiation	Crescent Cotton Mills Limited, Faisalabad
Auto cone machine	1	12,000	2,737	9,263	8,000	(1,263)	Negotiation	Crescent Cotton Mills Limited, Faisalabad
		39,433	2,889	36,544	38,000	1,456		
		3,468	2,590	878	3,481	2,603		
		<u>42,901</u>	<u>5,479</u>	<u>37,422</u>	<u>41,481</u>	<u>4,059</u>		

**Aggregate of property, plant and equipment with individual book values not exceeding Rupees 500,000**
**12.1.5** 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	119,304	79,343	39,961
Other	29,180	15,829	13,351
Plant and machinery	1,116,618	599,877	516,741
Electric installations / appliances	27,530	14,696	12,834
Generators	82,044	59,066	22,978
Laboratory equipment	11,533	7,355	4,178
<b>2021</b>	<u>1,399,508</u>	<u>731,312</u>	<u>623,342</u>
<b>2020</b>	<u>1,228,724</u>	<u>701,943</u>	<u>526,781</u>

**12.2** Capital work-in-progress

This represents plant and machinery in transit of Rupees 18.656 million.



	<b>2021</b>	<b>2020</b>
	<b>(RUPEES IN THOUSAND)</b>	
<b>13. INVESTMENT PROPERTIES</b>		
Balance as on 01 July	102,968	115,554
Fair value gain transferred to the statement of profit or loss on remeasurement of investment properties at the year end	-	2,847
Fair value gain transferred to the statement of profit or loss on remeasurement of investment properties at the time of transfer to property, plant and equipment	2,091	288
	<u>2,091</u>	<u>3,135</u>
	105,059	118,689
Transferred to property, plant and equipment	(105,059)	(15,721)
Balance as on 30 June	<u>-</u>	<u>102,968</u>
<b>13.1</b> During the year the Company, on termination of lease, transferred all of its freehold land and buildings thereon, given on lease, from investment properties to property, plant and equipment using fair value model.		
<b>14. LONG TERM LOANS</b>		
<b>Considered good:</b>		
Loans to employees	4	104
Less: Current portion shown under current assets (Note 19)	(4)	(84)
	<u>-</u>	<u>20</u>
<b>14.1</b> These represent interest free loans given to employees for meeting their personal expenditure and are secured against balance to the credit of employees in the staff retirement gratuity. These are recoverable in equal monthly installments.		
<b>15. LONG TERM DEPOSITS AND PREPAYMENTS</b>		
Long term deposits	3,726	3,726
Long term prepayments	446	449
	<u>4,172</u>	<u>4,175</u>
Less: Current portion shown under current assets (Note 20)	413	316
	<u>3,759</u>	<u>3,859</u>
<b>16. STORES, SPARE PARTS AND LOOSE TOOLS</b>		
Stores (Note 16.1)	17,188	15,787
Spare parts	55,084	40,656
Loose tools	167	174
	<u>72,439</u>	<u>56,617</u>
<b>16.1</b> These include stores in transit of Rupees 2.868 million (2020: Rupees 1.380 million).		
<b>17. STOCK IN TRADE</b>		
Raw materials (Note 17.1)	466,513	402,066
Work-in-process	32,053	22,665
Finished goods	34,572	15,496
Waste	3,558	668
	<u>536,696</u>	<u>440,895</u>
<b>17.1</b> Raw materials include stock in transit of Rupees 26.886 million (2020: Rupees Nil).		
<b>17.2</b> Stock in trade of Rupees 3.558 million (2020: Rupees 117.917 million) is being carried at net realizable value.		

- 17.3** The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees Nil (2020: Rupees 4.851 million).

	<b>2021</b>	<b>2020</b>
	<b>(RUPEES IN THOUSAND)</b>	
<b>18. TRADE DEBTS</b>		
<b>Considered good:</b>		
Unsecured (Note 18.1)	88,876	6,668
Less: Allowance for expected credit losses (Note 18.2)	-	529
	<u>88,876</u>	<u>6,139</u>

- 18.1** As at 30 June 2021, trade debts of Rupees 45.956 million (2020: Rupees 2.268 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:

Upto 1 month	3,791	1,879
1 to 6 months	8,687	20
More than 6 months	33,478	369
	<u>45,956</u>	<u>2,268</u>

**18.2 Allowance for expected credit losses**

Balance as on 01 July	529	7,081
Add: Recognized during the year	-	529
	529	7,610
Less:		
Bad debts written off	-	1,681
Trade debts recovered during the year	529	5,400
	529	7,081
Balance as on 30 June	<u>-</u>	<u>529</u>

- 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	1,779	943
Against expenses:		
Executive	200	200
Other employees	235	223
	435	423
	<u>2,214</u>	<u>1,366</u>
Current portion of long term loans (Note 14)	4	84
Advances to suppliers / service providers	1,472	3,121
Letters of credit	918	250
	<u>4,608</u>	<u>4,821</u>

**20. SHORT TERM DEPOSITS AND PREPAYMENTS**

**Considered good:**

Deposits	7,700	1,861
Current portion of long term deposits and prepayments (Note 15)	413	316
	<u>8,113</u>	<u>2,177</u>

	<b>2021</b>	<b>2020</b>
	<b>(RUPEES IN THOUSAND)</b>	
<b>21. OTHER RECEIVABLES</b>		
<b>Considered good:</b>		
Sales tax and special excise duty refundable	65,601	67,441
Miscellaneous	3,235	2,186
	<u>68,836</u>	<u>69,627</u>
<b>22. SHORT TERM INVESTMENT</b>		
This represents term deposit receipt issued by National Bank of Pakistan having maturity period of 6 months. Rate of profit is 6.65 percent (2020: 5.75 percent) per annum.		
<b>23. CASH AND BANK BALANCES</b>		
<b>With banks:</b>		
On current accounts	67,690	35,121
<b>Cash in hand</b>	580	368
	<u>68,270</u>	<u>35,489</u>
<b>24. REVENUE</b>		
Revenue from contracts with customers:		
Sales	2,368,205	1,483,191
Waste	135,252	80,840
	<u>2,503,457</u>	<u>1,564,031</u>
Less: Sales tax	406,804	248,854
	<u>2,096,653</u>	<u>1,315,177</u>
<b>24.1</b>	The amount of Rupees 162.643 million included in contract liabilities as at 30 June 2020 has been recognized as revenue in 2021 (2020: Rupees 1.553 million)	
<b>25. COST OF SALES</b>		
Raw materials consumed (Note 25.1)	1,185,931	810,512
Loading, unloading and weightment charges	1,856	1,711
Salaries, wages and other benefits	147,181	136,822
Staff retirement benefit	12,612	12,170
Stores, spare parts and loose tools consumed	76,904	52,426
Packing materials consumed	22,212	18,941
Repair and maintenance	1,440	2,415
Fuel and power	311,611	242,108
Insurance	2,236	2,113
Other factory overheads	662	979
Depreciation (Note 12.1.2)	40,400	36,396
	<u>1,803,045</u>	<u>1,316,593</u>
Work-in-process		
Opening stock	22,665	19,574
Closing stock	(32,053)	(22,665)
	<u>(9,388)</u>	<u>(3,091)</u>
Cost of goods manufactured	<u>1,793,657</u>	<u>1,313,502</u>
Finished goods		
Opening stock	16,164	8,060
Closing stock	(38,130)	(16,164)
	<u>(21,966)</u>	<u>(8,104)</u>
	<u>1,771,691</u>	<u>1,305,398</u>



	<b>2021</b>	<b>2020</b>
	<b>(RUPEES IN THOUSAND)</b>	
<b>25.1 Raw materials consumed</b>		
Opening stock	402,066	395,599
Add: Purchased during the year	1,250,378	816,979
	1,652,444	1,212,578
Less: Closing stock	466,513	402,066
	<u>1,185,931</u>	<u>810,512</u>
<b>26. DISTRIBUTION COST</b>		
Salaries and other benefits	810	521
Staff retirement benefit	40	39
Outward freight and handling	566	488
Commission to selling agents	248	988
	<u>1,664</u>	<u>2,036</u>
<b>27. ADMINISTRATIVE EXPENSES</b>		
Salaries and other benefits	20,496	15,598
Staff retirement benefit	1,011	1,173
Rent, rates and taxes	1,272	115
Insurance	2,241	1,798
Travelling and conveyance	2,548	2,160
Vehicles' running	5,859	4,244
Entertainment	1,062	1,110
Auditor's remuneration (Note 27.1)	950	850
Advertisement	176	98
Postage and telephone	1,286	1,242
Utilities	3,610	3,492
Printing and stationery	158	226
Repair and maintenance	1,019	459
Fee and subscription	1,977	798
Legal and professional	522	736
Miscellaneous	1,465	1,566
Depreciation (Note 12.1.2)	4,305	3,284
	<u>49,957</u>	<u>38,949</u>
<b>27.1 Auditor's remuneration</b>		
Audit fee	800	700
Half yearly review	100	100
Other certification	50	50
	<u>950</u>	<u>850</u>
<b>28. OTHER EXPENSES</b>		
Workers' profit participation fund (Note 9.1)	12,866	-
Workers' welfare fund (Note 9)	5,428	-
Other receivables written off	-	1,161
	<u>18,294</u>	<u>1,161</u>
<b>29. OTHER INCOME</b>		
<b>Income from financial assets</b>		
Profit on investment	366	316
Reversal of allowance for expected credit losses - net	529	4,871
Bad debts recovered during the year	1,681	-
	<u>2,576</u>	<u>5,187</u>
<b>Income from non-financial assets</b>		
Gain on sale of property, plant and equipment (Note 12.1.4)	4,059	118
Rental income	11,098	13,921
Others	65	-
Gain on remeasurement of investment properties (Note 13)	2,091	3,135
	<u>17,313</u>	<u>17,174</u>
	<u>19,889</u>	<u>22,361</u>

	<b>2021</b>	<b>2020</b>
	<b>(RUPEES IN THOUSAND)</b>	
<b>30. FINANCE COST</b>		
Mark-up on short term borrowings	34,608	61,009
Bank charges and commission	1,304	1,248
Interest on workers' profit participation fund	-	180
	<u>35,912</u>	<u>62,437</u>
<b>31. TAXATION</b>		
Charge for the year:		
Current (Note 31.1)	40,634	19,727
Deferred	78,895	(11,843)
	<u>119,529</u>	<u>7,884</u>

**31.1** Provision for current taxation represents alternative corporate tax under section 113C of the Income Tax Ordinance, 2001. The Company has unused tax losses of Rupees 108.368 million representing unabsorbed depreciation as at 30 June 2021 (2020: Rupees 363.930 million representing business losses and unabsorbed depreciation). 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. Total minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 as at 30 June 2021 is of Rupees 112.133 million. The Company has not recognised deferred income tax asset in respect of minimum tax available for carry forward as sufficient taxable profits would not be available to utilise these in the forceable future and would expire as follows:

Accounting year to which the minimum tax relates	Amount of minimum tax	Accounting year in which minimum tax will expire
	<b>RUPEES IN THOUSAND</b>	
2021	31,450	2026
2020	19,728	2025
2019	23,566	2024
2018	19,981	2023
2017	11,030	2022
2016	6,378	2021
	<u><u>112,133</u></u>	

**32. EARNINGS /(LOSS) PER SHARE - BASIC AND DILUTED**

There is no dilutive effect on the basic (loss) / earnings per share which is based on:

		<b>2021</b>	<b>2020</b>
Profit / (loss) for the year after taxation	(Rupees in thousand)	<u>119,495</u>	<u>(80,327)</u>
Weighted average number of ordinary shares	(Numbers)	<u>9 660 000</u>	<u>9 660 000</u>
Earnings / (loss) per share	(Rupees)	<u>12.37</u>	<u>(8.32)</u>

	<b>2021</b>	<b>2020</b>
	<b>(RUPEES IN THOUSAND)</b>	
<b>33. CASH GENERATED FROM / (USED IN) OPERATIONS</b>		
<b>Profit /(loss) before taxation</b>	239,024	(72,443)
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	44,705	39,680
Gain on sale of property, plant and equipment	(4,059)	(118)
Provision for staff retirement gratuity	13,663	13,382
Gain on remeasurement of investment properties	(2,091)	(3,135)
Profit on investment	(366)	(316)
Other receivables written off	-	1,161
Finance cost	35,912	62,437
Reversal of allowance for expected credit losses-net	(529)	(4,871)
Working capital changes (Note 33.1)	(117,805)	129,981
	<u>208,454</u>	<u>165,758</u>
<b>33.1 Working capital changes</b>		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(15,822)	(13,915)
Stock in trade	(95,801)	(17,662)
Trade debts	(82,208)	30,410
Loans and advances	213	1,566
Short term deposits and prepayments	(5,936)	(622)
Other receivables	806	(18,177)
	<u>(198,748)</u>	<u>(18,401)</u>
Increase in trade and other payables	80,943	148,381
	<u>(117,805)</u>	<u>129,981</u>

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

	<b>2021</b>			<b>2020</b>		
	<b>Short term</b>	<b>Unclaimed dividend</b>	<b>Total</b>	<b>Short term</b>	<b>Unclaimed dividend</b>	<b>Total</b>
	----- <b>(RUPEES IN THOUSAND)</b> -----					
Balance as at 01 July	446,405	1,861	448,266	526,495	742	527,237
Borrowings (repaid) / obtained - net	20,909	-	20,909	(80,090)	-	(80,090)
Dividend declared	-	-	-	-	3,864	3,864
Dividend paid	-	(1,069)	(1,069)	-	(2,745)	(2,745)
Balance as at 30 June	<u>467,314</u>	<u>792</u>	<u>468,106</u>	<u>446,405</u>	<u>1,861</u>	<u>448,266</u>

**34. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES**

The aggregate amount charged in these financial statements for remuneration including all benefits to Chief Executive Officer, Directors and Executives of the Company is as follows:

	<b>Executive</b>	
	<b>2021</b>	<b>2020</b>
	<b>(RUPEES IN THOUSAND)</b>	
<b>Managerial remuneration</b>	3,080	1,517
<b>Allowances</b>		
House rent	1,462	755
Utilities	78	3
	<u>4,620</u>	<u>2,275</u>
<b>Number of persons</b>	<u>2</u>	<u>1</u>

**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 associated undertaking, 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	2021 (RUPEES IN THOUSAND)	2020
<b>Associated undertaking</b>				
Blue Moon Filling Station	Former director of the Company is partner of the undertaking	Fuel purchased	-	2,127
<b>Other related parties</b>				
Directors and their spouses		Borrowings obtained / (repaid) - net	165,175	17,500
		Dividend paid	-	2,011

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

	2021 (NUMBER OF PERSONS)	2020
<b>36. NUMBER OF EMPLOYEES</b>		
Number of employees as on 30 June	531	497
Average number of employees during the year	498	511

**37. PLANT CAPACITY AND ACTUAL PRODUCTION**

	2021	2020
100% plant capacity converted to 20s count based on 3 shifts per day for 1 095 shifts (2020: 1 098 shifts)	(Kgs.) 11 324 000	10 025 392
Actual production converted to 20s count based on 3 shifts per day for 1090 shifts (2020: 885 shifts)	(Kgs.) 8 396 685	5 708 864

**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.

**38. FINANCIAL RISK MANAGEMENT**
**38.1 Financial risk factors**

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 2021 (2020: 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 market 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 short term borrowings and short term investment. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

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

	<b>2021</b>	<b>2020</b>
	<b>(RUPEES IN THOUSAND)</b>	
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Short term investment	5,500	5,500
<b>Floating rate instruments</b>		
<b>Financial liabilities</b>		
Short term borrowings	263,936	408,202

**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 / (loss) after taxation for the year would have been Rupees 2.457 million lower / higher (2020: Rupees 4.082 million higher / lower) 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	5,500
Loans and advances	1,783	1,047
Deposits	11,426	5,587
Trade debts	88,876	6,139
Other receivables	3,235	2,186
Bank balances	67,690	35,121
	<u>178,510</u>	<u>55,580</u>

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.

	<b>Rating</b>			<b>2021</b>	<b>2020</b>
	<b>Short Term</b>	<b>Long term</b>	<b>Agency (RUPEES IN THOUSAND)</b>		
<b>Banks</b>					
<b>Conventional Accounts / Term Deposit Receipt</b>					
Bank Alfalah Limited	A1+	AA+	PACRA	2,164	5
Habib Bank Limited	A-1+	AAA	VIS	22,672	7,435
National Bank of Pakistan	A-1+	AAA	VIS	138	5,500
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	70	20
MCB Bank Limited	A1+	AAA	PACRA	88	89
Soneri Bank Limited	A1+	AA -	PACRA	6	1
Bank Al-Habib Limited	A1+	AAA	PACRA	7,042	4
Sindh Bank Limited	A-1	A+	VIS	10	10
Faysal Bank Limited	A-1+	AA	VIS	79	1,902
				32,269	14,966
<b>Shariah Compliant Accounts</b>					
Meezan Bank Limited	A-1+	AAA	VIS	34,779	25,013
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
				35,421	25,655
				67,690	40,621

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. Sales contracts and credit terms are approved by the senior management and where considered necessary, advance payments are obtained from certain parties. 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 2021, the Company had Rupees 583.064 million (2020: Rupees 438.798 million) available borrowing limits from financial institutions and Rupees 68.270 million (2020: Rupees 35.489 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 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	-	-
	<u>620,772</u>	<u>632,583</u>	<u>632,583</u>	<u>-</u>	<u>-</u>

**Contractual maturities of financial liabilities as at 30 June 2020:**
**Non-derivative financial liabilities:**

Trade and other payables	127,857	127,857	127,857	-	-
Unclaimed dividend	1,861	1,861	1,861	-	-
Accrued mark-up	11,977	11,977	11,977	-	-
Short term borrowings	446,405	464,284	464,284	-	-
	<u>588,100</u>	<u>605,979</u>	<u>605,979</u>	<u>-</u>	<u>-</u>

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 10 to these financial statements.

**38.2 Financial instruments by categories**

	At amortized cost	
	2021	2020
	(RUPEES IN THOUSAND)	
<b>Financial assets as per statement of financial position</b>		
Investment	5,500	5,500
Loans and advances	1,783	1,047
Deposits	11,426	5,587
Trade debts	88,876	6,139
Other receivables	3,235	2,186
Cash and bank balances	68,270	35,489
	<u>179,090</u>	<u>55,948</u>
<b>Financial liabilities as per statement of financial position</b>		
Accrued mark-up	5,978	11,977
Unclaimed dividend	792	1,861
Short term borrowings	467,314	446,405
Trade and other payables	146,688	127,857
	<u>620,772</u>	<u>588,100</u>

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

	2021			2020		
	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	5,500	-	5,500
Loans and advances	1,783	2,825	4,608	1,047	3,794	4,841
Deposits and prepayments	11,426	446	11,872	5,587	449	6,036
Trade debts	88,876	-	88,876	6,139	-	6,139
Other receivables	3,235	65,601	68,836	2,186	67,441	69,627
Cash and bank balances	68,270	-	68,270	35,489	-	35,489
	<u>179,090</u>	<u>68,872</u>	<u>247,962</u>	<u>55,948</u>	<u>71,684</u>	<u>127,632</u>

	2021			2020		
	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) -----						
Trade and other payables	146,688	295,071	441,759	127,857	232,959	360,816
Unclaimed dividend	792	-	792	1,861	-	1,861
Accrued mark-up	5,978	-	5,978	11,977	-	11,977
Short term borrowings	467,314	-	467,314	446,405	-	446,405
	<u>620,772</u>	<u>295,071</u>	<u>915,843</u>	<u>588,100</u>	<u>232,959</u>	<u>821,059</u>

**38.4 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.

**38.5 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 borrowings divided by total capital employed. Borrowings represent short term borrowings obtained by the Company as referred to in Note 10. Equity represents 'total equity' as shown in the statement of financial position. Total capital employed includes 'total equity' plus 'borrowings' as shown below:

		<b>2021</b>	<b>2020</b>
Borrowings	Rupees in thousand	467,314	446,405
Total equity	Rupees in thousand	840,942	722,685
Total capital employed	Rupees in thousand	<u>1,308,256</u>	<u>1,169,090</u>
Gearing ratio	Percentage	<u>35.72</u>	<u>38.18</u>

The decrease in the gearing ratio resulted primarily due to having profit after taxation.

**39. 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.



**40. 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-----				
<b>At 30 June 2021</b>				
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
<b>Total non-financial assets</b>	<b>-</b>	<b>1,004,737</b>	<b>-</b>	<b>1,004,737</b>
<b>At 30 June 2020</b>				
Freehold land	-	103,929	-	103,929
Buildings on freehold land	-	170,892	-	170,892
Plant and machinery	-	502,698	-	502,698
Electric installations / appliances	-	15,500	-	15,500
Generators	-	45,000	-	45,000
Laboratory equipment	-	8,499	-	8,499
Investment properties	-	102,968	-	102,968
<b>Total non-financial assets</b>	<b>-</b>	<b>949,486</b>	<b>-</b>	<b>949,486</b>

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.

**41. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX**

Description	Note	2021	2020
		(RUPEES IN THOUSAND)	
<b>Revenue earned from shariah compliant business</b>	24	2,096,653	1,315,177
<b>Shariah compliant bank deposits and bank balances</b>			
Bank balances	38.1 (b)	35,421	25,655
<b>Profits earned or interest paid on any conventional loan / advance</b>			
Mark-up on short term borrowings	30	34,608	61,009
Profit on investment	29	366	316
<b>Loans / advances obtained as per Islamic mode</b>			
Contract liabilities - unsecured	9	208,215	169,111
Short term borrowings	10	203,378	38,203

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 38.1(b).

**42. EVENT AFTER THE REPORTING PERIOD**

The Board of Directors of the Company in their meeting held on October 05, 2021 has proposed a cash dividend of Rupees 0.7 per share for the year ended 30 June 2021. However, this event has been considered as non-adjusting event under IAS 10 'Events after the Reporting Period' and has not been recognized in these financial statements.

**43. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on October 05, 2021 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 except for showing the income tax separately in the statement of financial position instead of grouping in 'Loans and advances'. Moreover security deposit has been transferred from non-current liabilities to current liabilities due to its nature.

**45. GENERAL**

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

**AIZAD AMER**  
Chief Executive Officer

**ANNS AMER**  
Director

**Muhammad Saqib Ehsan**  
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 30-06-2021

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
588	1	100	17,997
244	101	500	56,928
48	501	1,000	43,907
67	1,001	5,000	175,782
17	5,001	10,000	131,461
6	10,001	15,000	75,348
6	15,001	20,000	103,119
3	20,001	25,000	73,000
1	35,001	40,000	36,000
2	40,001	45,000	84,587
1	60,001	65,000	63,500
1	75,001	80,000	78,225
2	85,001	90,000	179,000
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
<b>996</b>			<b>9,660,000</b>



**Categories of Shareholding required under Code of Corporate Governance (CCG)  
As on June 30, 2021**

Sr. No.	Name	No. of Shares Held	Percentage
<b>Associated Companies, Undertakings and Related Parties (Name Wise Detail):</b>		-	0.0000
<b>Mutual Funds (Name Wise Detail)</b>			
1	CDC - TRUSTEE GOLDEN ARROW SELECTED STOCK FUND (CDC)	6,500	0.0673
<b>Directors and their Spouse and Minor Children (Name Wise Detail):</b>			
1	MR. AIZAD AMER	1,740,170	18.0142
2	MRS. NAZIMA 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
<b>Executives:</b>		-	-
<b>Public Sector Companies &amp; Corporations:</b>		-	-
<b>Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:</b>		41,246	0.4270
<b>Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)</b>			
S. No.	Name	Holding	% AGE
1	MRS. NAZIMA 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
<b>All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:</b>			
S. No.	Name	Sale	Purchase
1	KHAWAJA AMER KHURSHID (CDC)		38,000

**Categories of Shareholding required under Code of Corporate Governance (CCG)  
As on June 30, 2021**

Sr. No.	Name	No. of Shares Held	Percentage
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**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. NAZIMA AMER	1,926,890	19.9471
3	MR. ANNS AMER	1,475,611	15.2755
4	KHA WAJA 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 interest in the listed company (Name Wise Detail)**

S. No.	Name	Holding	% AGE
1	MRS. NAZIMA AMER	1,926,890	19.9471
2	KHA WAJA 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

**All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:**

S. No.	Name	Sale	Purchase
1	KHA WAJA AMER KHURSHID (CDC)		38,000





**AN TEXTILE MILLS LIMITED  
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 40<sup>th</sup> Annual General Meeting of the Company to be held on October 27, 2021 at 11:00 a.m. at its Registered Office 35 K.M. Sheikhpura Road, Faisalabad and/or any adjournment thereof.

As witness my/our hand seal this \_\_\_\_\_ day of \_\_\_\_\_ 2021  
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.

