ANJUM TEXTILE MILLS (PVT) LTD

Annual Report 2022

INDEPENDENT AUDITOR'S REPORT

To the members of ANJUM TEXTILE MILLS (PVT.) LTD.
Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' 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.

Information other than the Financial Statements and Auditors' Report thereon

Management is responsible for the other information. The other information comprises the information in the directors' report, but does not include the financial statements of the company and our auditors' 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.

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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 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.

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- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements

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

a) 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 auditors' report is Muhammad Amin (FCA).

Zahid Jamil

Chartered Accountants
Place: Faisalabad
Date: September 12, 2022
UDIN NO. AR2022104385kXRKuCFW

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ANJUM TEXTILE MILLS (PVT.) LTD.
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	NOTES	2022 RUPEES	2021 RUPEES
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	870,087,990	825,152,031
Right-of-use assets	5	19,971,182	5,243,516
Long term deposits	6	6,241,150	6,241,150
		896,300,322	836,636,697
CURRENT ASSETS			
Stores and spares	7	44,719,427	49,280,235
Stock in trade	8	598,937,984	297,480,123
Trade debts	9	59,050	587,734
Loans and advances	10	14,305,407	35,487,463
Deposits and prepayments	11	3,014,497	2,608,996
Tax refunds due from the Government	12	46,385,276	14,854,358
Cash and bank balances	13	37,187,600	63,455,210
		744,609,241	463,754,119
		1,640,909,563	1,300,390,816
EQUITY & LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised			
2,000,000 (2021: 2,000,000) Ordinary shares of Rs. 100/- each		200,000,000	200,000,000
Issued, subscribed & paid up	14	200,000,000	200,000,000
Capital reserves			
Surplus on revaluation of operating fixed assets	15	295,741,199	314,339,552
Revenue reserves			
Unappropriated profit		369,628,834	262,850,431
		865,370,033	777,189,983
NON CURRENT LIABILITIES			
Long term financing	16	58,222,221	39,763,723
Lease liabilities	17	6,349,680	-
Deferred liabilities	18	157,138,424	81,721,636
		221,710,325	121,485,359
CURRENT LIABILITIES			
Trade and other payables	19	166,743,436	67,697,960
Mark-up accrued on loans	20	18,282,105	9,010,386
Short term financing	21	345,077,486	264,301,873
Current portion of non current liabilities	22	23,726,178	60,705,255
		553,829,205	401,715,474
CONTINGENCIES & COMMITMENTS	23	-	-
		1,640,909,563	1,300,390,816

The annexed notes from 1 to 36 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

ANJUM TEXTILE MILLS (PVT.) LTD.
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2022

	NOTE	2022 RUPEES	2021 RUPEES
Sales	24	2,340,591,300	2,210,441,855
Cost of sales	25	1,999,250,808	2,023,076,006
Gross profit		341,340,492	187,365,849
Operating expenses			
Administrative	26	67,525,713	56,512,902
Operating profit		273,814,779	130,852,947
Other income	27	3,198,438	1,508,682
Other charges			
Finance cost	28	70,467,176	47,090,550
Workers' profit participation fund		10,327,302	4,263,554
Workers' welfare fund		3,924,375	1,588,383
		84,718,853	52,942,487
Profit before taxation		192,294,364	79,419,142
Taxation	29	(98,736,526)	(11,780,744)
Net profit for the year		93,557,838	67,638,398

The annexed notes from 1 to 36 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

ANJUM TEXTILE MILLS (PVT.) LTD.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	NOTE	2022 RUPEES	2021 RUPEES
Net profit for the year		93,557,838	67,638,398
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurement (loss) / gain of defined benefit liability-net of tax		(5,377,788)	4,991,498
Total comprehensive income for the year		88,180,050	72,629,896

The annexed notes from 1 to 36 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

ANJUM TEXTILE MILLS (PVT.) LTD.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

PARTICULARS	SHARE CAPITAL	CAPITAL RESERVES SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS	REVENUE RESERVES UNAPPROPRIATED PROFIT	TOTAL
	Rupees			
Balances as on July 01, 2020	200,000,000	334,824,439	169,735,648	**704,560,087**
Net profit for the year	-	-	67,638,398	**67,638,398**
Other comprehensive income for the year - net of tax	-	-	4,991,498	**4,991,498**
Total comprehensive income for the year	-	-	72,629,896	**72,629,896**
Transfer to unappropriated profit in respect of incremental depreciation for the year - net of tax	-	(20,484,887)	20,484,887	-
	-	(20,484,887)	20,484,887	-
Balances as on June 30, 2021	200,000,000	314,339,552	262,850,431	**777,189,983**
Net profit for the year	-	-	93,557,838	**93,557,838**
Other comprehensive income for the year - net of tax	-	-	(5,377,788)	**(5,377,788)**
Total comprehensive income for the year	-	-	88,180,050	**88,180,050**
Transfer to unappropriated profit in respect of incremental depreciation for the year - net of tax	-	(18,598,353)	18,598,353	-
	-	(18,598,353)	18,598,353	-
Balances as on June 30, 2022	**200,000,000**	**295,741,199**	**369,628,834**	**865,370,033**

The annexed notes from 1 to 36 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

ANJUM TEXTILE MILLS (PVT.) LTD.
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2022

	2022 RUPEES	2021 RUPEES
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	192,294,364	79,419,142
Adjustments of non cash / non operating items		
Depreciation	64,162,790	66,662,664
Depreciation on right-of-use assets	3,939,806	1,650,879
Finance cost	70,467,176	47,090,550
Staff retirement benefit - gratuity	15,144,848	14,749,081
Workers' welfare fund	3,924,375	1,588,383
Workers' profit participation fund	10,327,302	4,263,554
Gain on disposal of operating fixed assets	(1,633,363)	(39,897)
Earned finance income	-	(180,285)
	166,332,934	135,784,929
Operating profit before working capital changes	358,627,298	215,204,071
Changes in working capital		
(Increase) / decrease in current assets		
Stores and spares	4,560,808	(2,646,039)
Stock in trade	(301,457,861)	122,318,414
Trade debts	528,684	(454,045)
Loans and advances	21,182,056	(20,687,596)
Deposits and prepayments	(405,501)	930,507
Tax refunds due from the Government	(27,795,807)	(375,589)
(Decrease) / increase in current liabilities		
Trade and other payables	89,057,353	(35,712,321)
	(214,330,268)	63,373,331
Cash generated from operations	144,297,030	278,577,402
Taxes paid	(38,004,919)	(33,633,713)
Workers' profit participation fund paid	(4,263,554)	-
Staff retirement benefit - gratuity paid	(9,233,574)	(10,048,600)
Finance cost paid	(61,195,457)	(54,585,476)
	(112,697,504)	(98,267,789)
Net cash generated from operating activities	31,599,526	180,309,613
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of operating fixed assets	(123,705,404)	(6,512,662)
Capital work in progress	(4,477,454)	(11,126,850)
Proceeds from disposal of operating fixed assets	2,050,000	72,000
Net cash used in investing activities	(126,132,858)	(17,567,512)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Short term financing	80,775,613	(176,053,996)
Lease liabilities	9,306,877	(3,225,603)
Long term financing	(21,816,768)	(6,912,399)
Net cash generated from / (used in) financing activities	68,265,722	(186,191,998)
Net decrease in cash and cash equivalents (A+B+C)	(26,267,610)	(23,449,897)
Cash and cash equivalents at the beginning of the year	63,455,210	86,905,107
Cash and cash equivalents at the end of the year	37,187,600	63,455,210

The annexed notes from 1 to 36 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

ANJUM TEXTILE MILLS (PVT.) LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1. STATUS AND ACTIVITIES

Anjum Textile Mills (Private) Limited was incorporated in Punjab, Pakistan as on April 12, 1984 as a private limited company under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017). The registered office of the company is situated at west canal road, adjacent Faisal Garden, Faisalabad, in the Province of Punjab. The manufacturing unit of the company is situated at 42 KM Sheikhupura road, Faisalabad, in the Province of Punjab, Pakistan. The principal business of the company is manufacture and sale of yarn.

2. BASIS OF PREPERATION

2.1. Basis of measurement

These financial statements have been prepared on the basis of "historical cost" convention except certain property, plant and equipment items carried at revaluation and employee retirement benefits carried at present value. Moreover, these financial statements have been prepared on accrual basis except for cash flow statement.

2.2. Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards.

- Provisions of and the directives issued under the Companies Act, 2017.

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

2.3. Functional and presentation currency

These financial statements are presented in Pakistan Rupee which is functional and presentational currency of the Company. Figures are rounded off to the nearest rupee unless otherwise specified.

2.4. Critical accounting estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company’s accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In process of applying the Company's accounting policies, the management has made following estimates and judgements which are significant to financial statements:

Useful lives, residual values and depreciation method of property, plant and equipment – Note 4

Measurement of defined benefit obligation-Key actuarial assumptions - Note 18.2.5

Recognition and measurement of provisions and contingencies - Note 23

Recognition of deferred tax and estimation of income tax provisions -Note 18.1 and 29.

Provisions for stores and spares -Note 3.15 and 7.

Provisions for stock in trade - Note 3.8 and 8.

Impairment of financial assets and non financial assets other than inventories - Note 3.2 and 3.18 (iv)

Right of use asset and related lease liability - Note 3.2, 3.3, 5 and 17.

3. SUMMARY OF SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

3.1. Changes in accounting standards and interpretations

3.1.1. 'New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after:
'Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, 'IFRS 4 and IFRS	January 1, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 1, 2021

3.1.1.1. New accounting standards and amendments that are not yet effective

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

	Effective from accounting period beginning on or after:
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 1, 2022
'Amendments to IAS 16 'Property, Plant and - Proceeds before intended use	January 1, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts — cost of fulfilling a contract	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 1, 2022
'Amendments to IAS 1 'Presentation of Financial - Classification of liabilities as current or non-current	January 1, 2023
'Amendments to IAS 1 'Presentation of Financial - Disclosure of accounting police	January 1, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 1, 2023
'Amendments to 'IAS 12 Income Taxes' - deferred tax related to Assets and liabilities arising from a single transaction	January 1, 2023
'Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

Other than the aforesaid standards, interpretations and amendments, the IASB has also issued the following standards which have not been adopted locally by the SECP:

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

3.2. Property, plant and equipment

Owned

Property, plant and equipment except freehold land and capital work in progress are stated at cost / revaluation less accumulated depreciation and impairment in value, if any. Freehold land is stated at revalued amount less accumulated impairment in value, if any. Capital work-in-progress is stated at cost less accumulated impairment in value, if any.

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 statement of profit or loss during the period in which they are incurred.

A revaluation surplus is recorded in other comprehensive income (OCI) and presented as a separate part of equity. However, the increase is recorded in the statement of profit or loss to the extent it reverses a revaluation deficit of the same asset previously. A decrease as a result of revaluation is recognized in the statement of profit or loss however, a decrease is recorded in statement of other comprehensive income to the extent of any credit balance in revaluation surplus in respect of same assets. The revaluation reserve is not available for distribution to the Company's shareholders.

Right-of-use assets

Right of use assets are initially measured at cost being the present value of lease payments, initial direct costs, any lease payments made at or before the commencement of the lease as reduced by any incentives received. These are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Capital work in progress

Capital work-in-progress represents expenditure on property, plant and equipment which are in the course of construction and installation. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.
Capital work-in-progress is stated at cost less any impairment loss.

Depreciation

Depreciation on property, plant and equipment is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is de-recognized. Depreciation is charged to statement of profit or loss applying the reducing balance method. Depreciation on building, plant & machinery, electric equipment & office equipment is charged to cost of goods manufactured and the rest is charged to administrative depreciation.

Residual value and the useful life of assets are reviewed at each financial year end and if expectations differ from previous estimates the change is accounted for as change in accounting estimate in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

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 statement of profit or loss in the year the asset is de-recognized.

Impairment

The Company assesses at each statement of financial position date whether there is any indication that assets excluding inventory may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where the carrying value exceeds the recoverable amount, assets are written down to the recoverable amount and the difference is charged to the statement of profit or loss.

3.3. Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease. If the implicit rate cannot be readily determined, the Company's incremental borrowing rate is used. Subsequently these are increased by interest, reduced by lease payments and remeasured for lease modifications, if any.

Liabilities in respect of short term and low value leases are not recognized and payments against such leases are recognized as expense in profit or loss.

3.4. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to current year income.

3.5. Trade debts

Trade debts are initially measured at their transaction price under IFRS 15 and subsequently measured at amortized cost less any allowance for expected credit losses (ECL).

3.6. Other receivables

Other receivables are recognized at nominal amount which is fair value of the consideration to be received in the future.

3.7. Allowance for Expected Credit Losses (ECL)

Allowance for expected credit losses (ECLs) are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. For trade and other receivables, the Company has applies the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

3.8. Stock in trade

These are valued at lower of cost and net realizable value.

Cost is determined on the following basis :-

Raw and packing material	- on average cost
Goods in transit	- at invoice value plus other charges incurred thereon.
Work in process	- at estimated manufacturing cost including appropriate production overheads
Finished goods	- at average manufacturing cost including appropriate production overheads
Scrap	- at net realizable value

3.9. Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, cash at banks in current, savings and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.10. Trade & other payables

Liabilities for trade and other amounts payable are initially recognized at fair value which is normally the transaction cost.

3.11. Staff retirement benefit

Gratuity

The Company operates a defined benefit plan of unfunded gratuity scheme covering all permanent employees. Provision is made annually on the basis of actuarial recommendation to cover the period of service completed by employees using Projected Unit Credit Method. All remeasurement adjustments are recognized in other comprehensive income as they occur.

The amount recognized in the statement of financial position represents the present value of defined benefit obligation as adjusted for remeasurement adjustments.

3.12. Provisions

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

3.13. Taxation

Current

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

Deferred

Deferred tax is accounted for using the liability method for all temporary differences arising between the tax basis of assets and liabilities and their carrying values for the financial reporting purpose. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release 27 of Institute of Chartered Accountants of Pakistan.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the statement of financial position date.

The company also recognizes deferred tax liability on surplus on revaluation of assets which is adjusted against the related surplus as per the requirements of revised IAS 12 " Income Taxes".

3.14. Revenue recognition

Revenue from contracts with customers for sale of yarn, waste and scrap:

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

Step-1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step-2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step-3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step-4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step-5: Recognize revenue when (or as) the Company satisfies a performance obligation.

Mentioned below are different revenue streams of the Company and their terms of recognition of revenue after satisfying all the five steps of revenue recognition in accordance with IFRS 15.

Sales of goods

The Company's contracts with customers for the sale of goods generally include one performance obligation and recognized at a point of time. Revenue is recognized when goods are dispatched to customers. It is the time when control (significant risk and rewards) relating to ownership of goods and control over these goods has been transferred to the buyer.

Presentation and disclosure requirements

As required for the financial statements, the Company disaggregated revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

3.15. Store and spares

These are valued at lower of weighted average cost and net realizable value, except items in transit, which are stated at invoice amount plus other charges paid thereon. Provision for slow moving, damaged and obsolete items are charged to statement of profit or loss. Value of items is reviewed at each statement of financial position date to record provision for any slow moving items, damaged and obsolete items.

Net realizable value signifies the selling price in the ordinary course of business less estimated cost necessarily to be incurred in order to make the sale, which is generally equivalent to the estimated replacement cost.

3.16. Related party transactions

Transactions with related parties are priced on arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

3.17. Foreign currency transactions

Transactions in currencies other than Pak Rupee are recorded at the rates of exchange prevailing on the date of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the statement of financial position date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

Exchange differences are included in current income. All non-monetary items are translated into Pak Rupee at exchange rates prevailing on the date of transaction.

3.18. IFRS 9 Financial instruments

Financial instruments: assets

i) Classification & measurement of Financial Instrument

Financial instruments are initially recognized when an entity becomes a party to the contractual provisions of the instrument, and are classified into various categories depending upon the type of instrument, which then determines the subsequent measurement of the instrument.

IFRS 9 classification is based on two aspects; the business model within which the asset is held (the business model test) and the contractual cash flows of the asset which meet the solely payments of principal and interest (‘SPPI’) test.

IFRS 9 includes three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL). The Company determines the classification at initial recognition.

Financial assets at amortized cost

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

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

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTOCI

A debt instrument is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:

The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment by investment basis.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at fair value through profit or loss

A financial asset is mandatorily classified in this category if it is acquired principally for the purpose of selling in the short term, or if it fails the SPPI test. Derivatives are classified as FVTPL as they do not meet the SPPI criteria.

A financial asset can be classified in this category by choice if so designated by management at inception. This designation is because the relevant assets and liabilities (including derivatives) are managed together and internal reporting is evaluated on a fair value basis.

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

ii) Initial Recognition

At initial recognition, an entity shall measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

iii) Subsequent Measurement

Gains and losses arising from changes in the fair value of assets classified as fair value through profit or loss are included in the statement of profit or loss in the period in which they arise.

Gains and losses arising from changes in the fair value of debt instruments classified as fair value through other comprehensive income are recognized as other comprehensive income until the financial asset is derecognized or impaired, at which time the cumulative gain or loss previously recognized as other comprehensive income is recognized in the statement of profit or loss. Any premium or discount paid on the purchase of securities held at amortized cost is amortized through the statement of profit or loss using the effective interest rate method.

The fair values of quoted investments in active markets are based on current bid prices. In other cases, the Company establishes fair value by using appropriate valuation techniques.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Company has either transferred substantially all of the risks and rewards of ownership or the Company deems that it no longer retains control of the risks and rewards of ownership.

iv) Impairment of Financial Assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ model. IFRS 9 requires impairment assessment on all of the following financial instruments that are not measured at FVTPL:

-financial assets that are debt instruments measured at amortized cost or FVTOCI

-lease receivables; and

-loan commitments and financial guarantee contracts issued.

Under IFRS 9, no impairment loss is recognized on equity investments. IFRS 9 requires a loss allowance to be recognized at an amount equal to either 12-month Expected Credit Loss (ECL) or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.

The term ‘expected credit loss’ does not imply that losses are anticipated, rather that there is recognition of the potential risk of loss.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade debts have been grouped based on days overdue.

Financial instruments: liabilities

i) Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings.

ii) Subsequent Measurement

Financial liabilities are subsequently measured at amortized cost.

iii) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

3.19. Contingent liabilities

Contingent liability is disclosed when:

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

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

3.20. Contingent assets

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

3.21. Deferred grant

The company has obtained long term financing facility under State Bank Of Pakistan Refinance scheme for payment of wages and salaries to the Workers and Employees of Business Concerns (' Refinance Scheme'). It carries markup at SBP rate of 3% p.a., which is below prevailing market- rate. The government's underlying objective for introducing the said Refinance Scheme for the businesses is to support the employment of workers in the face of economic challenges posed by the spread of novel coronavirus (COVID- 19).

The Refinance Scheme shall be considered as the transfer of resources from government as reflected by below-market markup rate on the loans obtained under the Refinance Scheme. The said transfer shall be accounted for as Government grant in accordance with the circular # 11 of 2020 issued by the Institute Of Chartered Accountants Of Pakistan (ICAP).

Government grants are first recognized in the statement of financial position and then subsequently accounted for in the statement of profit or loss on the systematic basis over the periods in which the company recognises as expense the related cost for which the grants were intended to compensate.

	NOTE	2022 RUPEES	2021 RUPEES
4. Property, plant and equipment			
Operating fixed assets	4.1	867,612,851	819,302,920
Capital work in progress	4.2	2,475,139	5,849,111
		870,087,990	825,152,031

4.1. Operating fixed assets

2022

Particulars	Cost					Rate	Depreciation					Net book value
	As at 01 July 2021	Additions	Deletion	Transfer From Right Of Use Assets	As at 30 June 2022	(%)	As at 01 July 2021	For the period	Disposal	Transfer From Right Of Use Assets	As at 30 June 2022	as at 30 June 2022
Freehold land	--------------Rupees-----------											
- Cost	109,390,500	-	-	-	109,390,500		-	-	-	-	-	109,390,500
Buildings on freehold land	255,426,407	7,851,426	-	-	263,277,833	5	39,000,711	10,853,999	-	-	49,854,710	213,423,123
Plant and machinery	610,750,000	-	-	-	610,750,000	10	180,354,475	43,039,553	-	-	223,394,028	387,355,972
Electric installations and appliances	68,985,805	92,145,263	-	-	161,131,068	10	20,103,275	7,210,218	-	-	27,313,493	133,817,575
Factory equipment	488,725	-	-	-	488,725	10	368,722	12,000	-	-	380,722	108,003
Furniture and fixtures	4,777,623	19,800	-	-	4,797,423	10	1,203,355	358,417	-	-	1,561,772	3,235,651
Office equipment	1,784,022	25,000	-	-	1,809,022	10	598,796	120,606	-	-	719,402	1,089,620
Computers	2,152,892	224,550	-	-	2,377,442	30	1,351,450	275,112	-	-	1,626,562	750,880
Vehicles	28,830,270	8,166,330	(2,530,200)	8,944,000	43,410,400	20	20,302,540	2,292,885	(2,113,563)	4,487,011	24,968,873	18,441,527
	1,082,586,244	108,432,369	(2,530,200)	8,944,000	1,197,432,413		263,283,324	64,162,790	(2,113,563)	4,487,011	329,819,562	867,612,851

2021

Particulars	Cost					Rate	Depreciation					Net book value
	As at 01 July 2020	Additions	Deletion	Transfer From Right Of Use Assets	As at 30 June 2021	(%)	As at 01 July 2020	For the year	Disposal	Transfer From Right Of Use Assets	As at 30 June 2021	as at 30 June 2021
Freehold land	--------------Rupees-----------											
- Cost	109,390,500	-	-	-	109,390,500		-	-	-	-	-	109,390,500
Buildings on freehold land	248,604,922	6,821,485	-	-	255,426,407	5	27,938,992	11,061,719	-	-	39,000,711	216,425,696
Plant and machinery	610,750,000	-	-	-	610,750,000	10	132,532,750	47,821,725	-	-	180,354,475	430,395,525
Electric installations and appliances	67,700,000	1,285,805	-	-	68,985,805	10	14,690,900	5,412,375	-	-	20,103,275	48,882,530
Factory equipment	488,725	-	-	-	488,725	10	355,388	13,334	-	-	368,722	120,003
Furniture and fixtures	1,935,431	2,842,192	-	-	4,777,623	10	988,429	214,926	-	-	1,203,355	3,574,268
Office equipment	903,559	880,463	-	-	1,784,022	10	472,925	125,871	-	-	598,796	1,185,226
Computers	1,344,240	808,652	-	-	2,152,892	30	1,068,481	282,969	-	-	1,351,450	801,442
Vehicles	20,638,205	695,550	(153,485)	7,650,000	28,830,270	20	14,784,177	1,729,745	(121,382)	3,910,000	20,302,540	8,527,730
	1,061,755,582	13,334,147	(153,485)	7,650,000	1,082,586,244		192,832,042	66,662,664	(121,382)	3,910,000	263,283,324	819,302,920

	NOTE	2022 RUPEES	2021 RUPEES
4.1.1. Depreciation for the year has been allocated as follows;			
Cost of goods manufactured	25.1	61,115,770	64,309,153
Administrative	26	3,047,020	2,353,511
		64,162,790	66,662,664

4.1.2. Disposal of operating fixed assets

Particulars	Buyer name	Gross carrying amount	Opening depreciation	Depreciation for the Year	Accumulated depreciation	Net carrying amount	Sale value	Gain on disposal	Mode of disposal
		A	B	C	(B+C)=D	(A-D)=E	(F)	(F-E)	
SUZUKI SWIFT ZV-604	Muhammmd Arham	1,268,200	1,055,431	21,277	1,076,708	191,492	800,000	608,508	Negotiation
SUZUKI SWIFT BU-343	Suzuki Motors	1,262,000	986,312	50,543	1,036,855	225,145	1,250,000	1,024,855	Negotiation
		2,530,200	**2,041,743**	**71,820**	**2,113,563**	**416,637**	**2,050,000**	**1,633,363**	

4.1.3. Forced Sales Value (FSV) of freehold land and buildings was Rs. 295.385 million, plant and machinery and electric installations and appliances was Rs. 576.682 million as per last revaluation date.

4.1.4. Had there been no revaluation the related figures of freehold land and building, plant and machinery and electric installations and appliances as on June 30, 2022 would have been as follows:

Year	2022			2021		
Particulars	**Cost**	**Accumulated depreciation**	**WDV**	**Cost**	**Accumulated depreciation**	**WDV**
Freehold	------Rupees------					
Land	11,806,287	-	11,806,287	11,806,287	-	11,806,287
Building	236,188,661	105,112,609	131,076,052	228,337,235	98,592,666	129,744,569
Plant and machinery	650,265,508	440,854,891	209,410,617	650,265,508	417,587,045	232,678,463
Electric installation and appliances	174,478,084	59,462,430	115,015,654	82,332,821	54,341,313	27,991,508
Total	**1,072,738,540**	**605,429,930**	**467,308,610**	**972,741,851**	**570,521,024**	**402,220,827**

	NOTE	2022 RUPEES	2021 RUPEES
4.2. Capital work in progress			
Building:			
Opening balance		5,849,111	1,543,746
Additions during the year		4,477,454	11,126,850
Capitalized during the year		(7,851,426)	(6,821,485)
Closing Balance		2,475,139	5,849,111
5. Right-of-use Assets			
Vehicles:			
Cost			
Opening balance		8,944,000	16,594,000
Additions during the year		23,124,461	-
Transfer during the year to owned assets		(8,944,000)	(7,650,000)
Total		23,124,461	8,944,000
Accumulated depreciation			
Opening balance		3,700,484	5,959,605
Charge during the year at the rate of 20%	5.1.	3,939,806	1,650,879
Transfer adjustment to owned assets		(4,487,011)	(3,910,000)
Closing balance		3,153,279	3,700,484
Total		19,971,182	5,243,516

5.1. The depreciation was charged to administrative expenses.

6. Long term deposits

Considered good		
Securities		
Electricity	6,192,510	6,192,510
Telephone and mobiles	21,400	21,400
WASA	27,240	27,240
	6,241,150	6,241,150

7. Stores and spares

Stores	17,149,058	16,608,332
Spares	20,439,484	23,785,452
Loose tools	3,712,666	4,039,947
Packing material	3,418,219	4,846,504
	44,719,427	49,280,235

7.1. Most of the items of stores, spares and loose tools are of interchangeable nature and can be used as machine spares or consumed as stores. Accordingly, it was not practicable to distinguish stores from spares until their actual usage.

	NOTE	2022 RUPEES	2021 RUPEES
8. Stock in trade			
Raw material		435,462,490	265,519,234
Work in process		19,892,571	16,105,704
Finished goods	8.1.	143,582,923	15,855,185
		598,937,984	297,480,123

8.1. Finished goods comprising of fabric amounting to Rs. 589,670/- (2021: Rs.1,773,419/-) are at net realizable value.

8.2. Stock in trade amounting to Rs. 485.207 million (2021: Rs. 247.18 million) at ruling market rates were pledged as security with the banks.

	NOTE	2022 RUPEES	2021 RUPEES
9. Trade debts			
Considered good			
Local - unsecured		59,050	587,734
10. Loans and advances			
Considered good			
Advances			
Staff			
Against salary	10.1	3,115,399	7,718,055
Against expenses		7,131,334	6,134,697
Supplies & services		3,910,523	17,769,291
Letter of credit		148,151	2,364,718
Against lease liability		-	1,500,702
		14,305,407	35,487,463

10.1. The amount is interest free and maximum amount outstanding in respect of advances to key management personnel in any month was Rs.7,010,728/- (2021: Rs.8,103,475/-).

		2022 RUPEES	2021 RUPEES
11. Deposits and prepayments			
Prepayments			
Bank guarantee commission		315,643	241,055
Insurance		2,259,121	2,053,586
Subscription		-	113,221
Utilities		289,733	51,134
Deposits			
Against fuel		150,000	150,000
		3,014,497	2,608,996
12. Tax refunds due from the Government			
Income tax		10,947,103	7,211,992
Sales tax		35,438,173	7,642,366
		46,385,276	14,854,358
13. Cash and bank balances			
Cash in hand		33,360,127	49,451,041
Cash with banks			
- in current accounts		3,827,473	14,004,169
		37,187,600	63,455,210

14. Issued, subscribed and paid up share capital

2022	2021		2022	2021
(Number of shares)			(Rupees)	
1,800,000	1,800,000	Ordinary shares of Rs. 100 each fully paid in cash	180,000,000	180,000,000
200,000	200,000	Ordinary shares of Rs. 100 each issued as fully paid bonus shares	20,000,000	20,000,000
2,000,000	2,000,000		200,000,000	200,000,000

	NOTE	2022 RUPEES	2021 RUPEES
15. Surplus on revaluation of operating fixed assets			
Balance as on July 01,		402,873,424	431,725,377
Transferred to unappropriated profit on account of Incremental depreciation for the year		(26,194,864)	(28,851,953)
		(26,194,864)	(28,851,953)
		376,678,560	402,873,424
Less: Related deferred tax liability			
Opening balance		88,533,872	96,900,938
Transferred to unappropriated profit on account of Incremental depreciation		(7,596,511)	(8,367,066)
		80,937,361	88,533,872
Closing balance		295,741,199	314,339,552

15.1. It represents surplus on revaluation of freehold land, building thereon, plant & machinery and electric installation & appliances on present market values basis that was carried out by an independent valuer M/S Arch Lattice as at March 09, 2018. Previous valuation was carried out by Material Design Services (Pvt) Ltd. as at March 14, 2012.

15.2 The revaluation surplus on property, plant and equipment is a capital reserve and is not available for distribution to the shareholders of the company in accordance with section 241 of the Companies Act, 2017.

	NOTE	2022 RUPEES	2021 RUPEES
16. Long term financing			
Secured - Under mark-up arrangements			
From banking companies			
Bank Alfalah Limited - Term Finance- I & II	16.1	-	31,514,215
National Bank - Refinance for salaries	16.2	-	8,249,508
National Bank - Refinance for Solar Energy	16.3	58,222,221	-
	16.4. &16.5.	58,222,221	39,763,723

16.1 Term finance-I carried markup at the rate of 6 month KIBOR + 2% p.a. (2021: 6 month KIBOR + 2% p.a.). It was secured against 1st exclusive charge of Rs. 530 million over the entire fixed assets of the company. It was payable in 60 monthly installments of Rs.3,551,604/- each. The loan has been fully repaid during the year.

Term finance-II was obtained on September 30, 2016 amounting to Rs. 67 million, under same mark up and same securities as mentioned above for TF-I. It was payable in 60 monthly installments of Rs. 1,116,667/- each. The loan has been fully repaid during the year.

16.2 In order to offset the financial impact of payment of Salaries & Wages during the mills closure due to COVID-19 Pandemic from March to June 2020, the company obtained Rs. 34.354 million of SBP Refinance which carried markup at SBP rate for active taxpayer i.e., 3 % p.a. (in case of bank's funds involved, 3MK + 4.50 % p.a. to be applied) through National Bank of Pakistan. It was secured against ranking charge of Rs.152 million on fixed assets of the company along with existing cash finance and personal property of director. It was repayable in 8 quarterly installments in 2.5 years including a grace period of 6 months starting from October 2020.

16.3 The Company has obtained loan under SBP Refinance scheme for Renewable Energy from NBP. The loan is secured against 1st JPP charge of Rs. 96 million over fixed assets of the Company and exclusive charge of NBP on solar system. The repayment of this loan is to be made in monthly installments in 7 years inclusive of 03 month grace period starting from January 01 2022. Markup is charged at SBP refinance rate of 6% when SBP funds will utilized otherwise 3-MK + 2.5% p.a. when bank funds will be utilized.

16.4 These loans are further secured by personal guarantees of all the directors.

16.5 Reconciliation of liabilities arising from long term financings was as follows:

	NOTE	2022 RUPEES	2021 RUPEES
Opening balance		97,363,009	106,206,556
Obtained during the year		72,000,000	34,354,000
Recognized as grant		-	(3,571,134)
Paid / adjusted during the year		(92,224,612)	(39,626,413)
		77,138,397	97,363,009
Payable within one year		(18,916,176)	(57,599,286)
Closing balance		58,222,221	39,763,723

17. Lease Liabilities

	2022	2021
Opening balance	1,513,813	4,739,416
Obtained during the year	14,999,000	-
Accrued interest during the year	1,779,413	442,982
	18,292,226	5,182,398
Paid / adjusted during the year	(7,471,536)	(3,668,585)
	10,820,690	1,513,813
Current portion shown under current liabilities	(4,471,010)	(1,513,813)
	6,349,680	-

17.1 Reconciliation of minimum lease payments and their present value is given below:

Particluars	2022 (Rupees)			2021 (Rupees)		
	Minimum lease payments	Finance cost of future periods	Present value of minimum lease payments	Minimum lease payments	Finance cost of future periods	Present value of minimum lease payments
Payable within one year	6,271,440	1,800,430	4,471,010	1,597,680	83,867	1,513,813
Payable after one year but not more than five years	7,279,800	930,120	6,349,680	-	-	-
Total	**13,551,240**	**2,730,550**	**10,820,690**	**1,597,680**	**83,867**	**1,513,813**

17.2 It represents finance obtained against vehicle under finance lease liability. The purchase option is available to the company on payment of last installment and surrender of deposit paid under the agreement. The liability represents total minimum lease payments discounted at the rate of 3/6 month KIBOR + 6% (2021: 3 month KIBOR + 5.5%). There is no major restriction imposed by leasing company.

	NOTE	2022 RUPEES	2021 RUPEES
18. Deferred liabilities			
Deferred taxation	18.1	99,258,705	36,988,548
Staff retirement benefits - gratuity	18.2	57,879,719	44,394,096
Deferred grant	18.3	-	338,992
		157,138,424	81,721,636
18.1. Deferred taxation			
Deferred tax			
Opening balance		36,988,548	56,399,369
Deferred tax liability reversed during the year related to:			
Profit or loss account		64,466,718	(21,449,602)
Statement of comprehensive income			
-Staff retirement benefit		(2,196,561)	2,038,781
Closing balance	18.1.1	99,258,705	36,988,548
18.1.1. Deferred tax liability			
Accelerated tax depreciation		168,358,121	153,900,288
Right of use asset		5,791,643	1,520,620
		174,149,764	155,420,908
Deferred tax assets			
Provision for gratuity		(16,785,119)	(13,280,288)
Lease liability		(3,138,000)	(439,006)
Excess of minimum tax liability over normal tax liability		(45,092,121)	(69,781,123)
Excess of ACT over minimum tax liability		(3,369,297)	-
Carried forward losses		(6,506,522)	(34,931,943)
		(74,891,059)	(118,432,360)
Net deferred tax liability		99,258,705	36,988,548
Deferred tax liability recognized		99,258,705	36,988,548
18.2. Staff retirement benefits - gratuity			
Amount recognized in the statement of financial position			
Present value of defined benefit obligation	18.2.1.	57,879,719	44,394,096
18.2.1. Present value of defined benefit obligation			
Present value of defined benefit obligation		44,394,096	48,123,894
Current service cost		10,292,346	10,430,168
Past service cost		874,771	714,948
Interest cost on defined benefit obligation		3,977,731	3,603,965
Benefits due but not paid		-	(1,400,000)
Benefits paid		(9,233,574)	(10,048,600)
Remeasurement gain on obligation		7,574,349	(7,030,279)
		57,879,719	44,394,096
18.2.2. Expenses to be charged to P&L			
Current service cost		10,292,346	10,430,168
Past service cost		874,771	714,948
Interest cost on defined benefit obligation		3,977,731	3,603,965
		15,144,848	14,749,081
18.2.3. Total remeasurements chargeable in other comprehensive income			
Remeasurements:			
Actuarial loss from changes in financial assumptions		5,681,342	44,399
Experience adjustments		1,893,007	(7,074,678)
		7,574,349	(7,030,279)

18.2.4. Changes in net liability

Statement of financial position liability	44,394,096	48,123,894
Expense chargeable to P&L	15,144,848	14,749,081
Remeasurements gain/(loss) chargeable in other comprehensive income	7,574,349	(7,030,279)
Benefits due but not paid	-	(1,400,000)
Benefits paid	(9,233,574)	(10,048,600)
	57,879,719	44,394,096

18.2.5. Significant actuarial assumptions

Discount rate	13.25% p.a.	10.00% p.a.
Expected rate of increase in salary	25.00% in next one year as per company's expectation & 12.25% p.a. thereafter in future.	9.00% p.a.
Average expected remaining working life time of employees	7 years	7 years

18.2.6. Year end sensitivity analysis (+ 100 bps) on defined benefit obligation

Discount rate + 100 bps	53,943,335	41,415,906
Discount rate - 100 bps	62,381,817	47,811,952
Salary increase + 100 bps	62,328,682	47,811,952
Salary increase - 100 bps	53,923,495	41,364,429

The average duration of the defined benefit obligation is 7 years.

18.2.7. Expected payment to the obligation for next year is Rs. 7,870,403/-

18.3. Deferred grant

State Bank of Pakistan introduced a temporary Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns to support payments of salaries wages under economic challenges due to COVID-19.

The company has availed this facility from National Bank of Pakistan. The loan carried the markup at SBP rate + 3%. However, the effective interest rate is calculated as 12% and the loan has been recognized at the present value. The differential markup has been recognized as government grant which will be amortized to interest income over the tenor of the facility.

	NOTE	2022 RUPEES	2021 RUPEES
Opening balance		1,931,148	-
Grant recognized during the year		-	3,571,134
Amortization of grant		(1,592,156)	(1,639,986)
		338,992	1,931,148
Less: current portion of deferred grant		(338,992)	(1,592,156)
		-	338,992

The grant was conditional upon the fact that the company would not terminate any employee for a period of three months from the date of receipt of loan which was duly met.

19. Trade and other payables

Creditors		6,793,353	742,014
Advances from customers		106,298,802	766,093
Accrued charges		36,272,490	32,261,689
Income tax payable		176,580	-
Sales tax payable		1,362,151	26,676,227
Staff retirement benefit fund - Gratuity		-	1,400,000
Workers welfare fund payable		5,512,758	1,588,383
Workers' profit participation fund	19.1	10,327,302	4,263,554
		166,743,436	67,697,960

	NOTE	2022 RUPEES	2021 RUPEES
19.1. Workers' profit participation fund			
Balance as at July 01,		4,263,554	-
Charge for the year		10,327,302	4,263,554
		14,590,856	4,263,554
Paid to workers during the year		(4,263,554)	-
Balance as at June 30,		10,327,302	4,263,554
20. Mark-up accrued on loans			
Long term financings		1,814,192	-
Short term financings		16,467,913	9,010,386
		18,282,105	9,010,386
21. Short term financing			
Secured From banking companies			
Under mark-up arrangements Limit			
Cash finance (Pledge) 650 M (2021: 500 M)	22.1	338,493,264	221,444,827
Cash finance (Hypo) 70 M (2021: 70 M)	22.2	6,584,222	42,857,046
		345,077,486	264,301,873

21.1 These carry mark-up at the rate of 1 month KIBOR + 1.75% (2021: 1 months KIBOR + 1.75%) for Bank Alfalah Limited and 3 months KIBOR + 1.75% (2021: 3 months KIBOR + 1.75%) for National Bank of Pakistan. These are secured against pledge of stocks as mentioned in note no. 8.2.

21.2 These carry mark-up at the rate of 1 month KIBOR + 2% (2021: 1 months KIBOR + 2%) for Bank Alfalah Limited and 3 months KIBOR + 2% (2021: 3 months KIBOR + 2%) for National Bank of Pakistan. These are secured against hypothecation of Rs. 335 million current assets of the company. Cash finance from National Bank of Pakistan was further secured by personal property of the director.

21.3 Loans are further secured against personal guarantees of all the directors.

21.4 Total unavailed limits as at statement of financial position date are Rs. 240.923 million (2021: Rs.305.699 million).

21.5 Reconciliation of liabilities arising from short term financings was as follows:

	NOTE	2022 RUPEES	2021 RUPEES
Balance as at July 01,		264,301,873	440,355,869
Obtained during the year		2,729,014,196	2,261,159,108
		2,993,316,069	2,701,514,977
Paid / adjusted during the year		(2,648,238,583)	(2,437,213,104)
Balance as at June 30,		345,077,486	264,301,873
22. Current portion of non current liabilities			
Long term financing	16.5	18,916,176	57,599,286
Liabilities against assets subject to finance lease	17	4,471,010	1,513,813
Deferred grant	18.3	338,992	1,592,156
		23,726,178	60,705,255
23. Contingencies & commitments			
23.1. Contingencies			
a. Bank guarantee - SNGPL		16,622,600	16,622,600
b. Bank guarantee - FESCO		3,567,000	2,384,000

c. The Honorable Lahore High Court, Lahore has disposed off the constitutional petition on June 17, 2021 regarding unlawful levy / recovery of enhanced Gas Infrastructure Development Cess (GIDC) from July 2012 to March 2015 amounting to Rs. 9.034 million along with late payment surcharge and referred the case back to Executive Committee formed by SNGPL. As per the legal opinion, the instant case of the company is on merit as being an industrial consumer, Sui Northern Gas Pipelines Ltd (SNGPL) cannot recover the unpaid Cess under the first provision of Section 8 of GIDC Act, 2015. The related provision was not provided for in these financial statements.

d. The company is in dispute with Sui Northern Gas Pipelines Ltd. (SNGPL) against the alleged demand of arrears of gas bill on three months average basis of Rs. 9,563,011/- for the month of January, 2017 during which the installed gas meter did not record reading as a result of malfunction. The company has challenged the whole demand raised as hypothetically high and without taking consideration of winter gas disruptions and consumption of WAPDA power source. The company deposited an amount of Rs. 8,574,071/- under protest against the said demand in the proceeding years and charged to the expense account during the year 2017 .The decision of the review committee of SNGPL was not in the favor of the company, and it filed appeal before OGRA, Lahore. On December 29, 2017, OGRA, Lahore decided in favor of the company on the ground that the demand for arrears by SNGPL was not justified. On March 07, 2018, SNGPL filed an appeal before OGRA, Islamabad against the order issued in favor of the company. The company filed its reply on March 15, 2018 to the appeal present before OGRA, Islamabad. The last hearing was conducted on February 28, 2019 and the matter was pending for further hearing before the competent authority. The remaining amount was not provided for in these financial statements.

	NOTE	2022 RUPEES	2021 RUPEES
23.2. Commitments			
Letter of credit		17,805,209	7,604,476
24. Sales			
Local			
-Yarn		2,724,368,319	2,573,108,825
-Waste		18,222,301	17,350,543
Less : Sales Tax		(398,496,073)	(376,391,532)
		2,344,094,547	2,214,067,836
Less : Commission		(3,503,247)	(3,625,981)
		2,340,591,300	2,210,441,855
25. Cost of sales			
Cost of goods manufactured	25.1	2,126,978,546	2,007,802,376
Finished goods			
Opening stock		15,855,185	31,128,815
Closing stock	25.1.5	(143,582,923)	(15,855,185)
		- 127,727,738	15,273,630
Cost of sales		1,999,250,808	2,023,076,006
25.1.Cost of goods manufactured			
Raw material consumed	25.1.1	1,470,893,463	1,375,680,367
Fuel and power		287,836,015	287,713,121
Salaries, wages & benefits	25.1.4	223,404,012	199,393,355
Packing material consumed	25.1.2	21,666,885	24,077,217
Store & spares consumed	25.1.3	56,295,641	51,837,781
Repair & maintenance		3,209,221	2,884,476
Insurance		5,520,366	4,456,939
Depreciation	4.1.1	61,115,770	64,309,153
Other materials, services & overheads		824,040	1,072,550
		2,130,765,413	2,011,424,959
Work in process			
Opening stock		16,105,704	12,483,121
Closing stock		(19,892,571)	(16,105,704)
		- 3,786,867	(3,622,583)
Cost of goods manufactured		2,126,978,546	2,007,802,376

25.1.1. Raw material consumed

	2022	2021
Purchases including direct expenses		
Cotton	1,071,549,681	742,974,857
Polyester	569,287,038	522,038,143
	1,640,836,719	1,265,013,000
Stock		
Opening	265,519,234	376,186,601
Closing	(435,462,490)	(265,519,234)
	(169,943,256)	110,667,367
	1,470,893,463	1,375,680,367

25.1.2. Packing material consumed

	2022	2021
Purchases including direct expenses	20,238,600	27,144,428
Stock		
Opening	4,846,504	1,779,293
Closing	(3,418,219)	(4,846,504)
	1,428,285	(3,067,211)
	21,666,885	24,077,217

25.1.3. Store & spares consumed

	2022	2021
Purchases including direct expenses	53,163,118	51,416,609
Stock		
Opening	44,433,731	44,854,903
Closing	(41,301,208)	(44,433,731)
	3,132,523	421,172
	56,295,641	51,837,781

25.1.4. It includes provision for staff retirement benefit - gratuity amounting to Rs. 13,630,363/-(2021: Rs. 13,274,173/-)

25.1.5. It includes an amount of Rs 1,183,749/- (2021: Rs. 1,082,929/-) in respect of write down of inventories to net realizable value.

26. Administrative

	NOTE	2022 RUPEES	2021 RUPEES
Directors' remuneration	26.1	22,475,000	14,400,000
Salaries & benefits	26.1. &26.2	20,124,346	21,151,175
Communications		519,667	446,426
Electricity		730,180	413,729
Insurance		1,820,107	1,446,420
Printing and stationery		241,560	149,230
Vehicle running and maintenance		4,294,703	4,562,385
Repair and maintenance		385,450	431,355
Staff travelling		144,860	84,190
Entertainment		1,370,941	909,801
Rent, rates & taxes		3,543,687	4,251,458
Newspaper & periodicals		6,350	6,180
Auditors' remuneration	26.3	700,000	575,000
Legal & professional		321,691	503,570
Charity & donation	26.4	1,300,000	919,000
Depreciation	4.1.1	3,047,020	2,353,511
Depreciation on right of use asset	5	3,939,806	1,650,879
Sales tax expense		372,413	416,720
Ijarah rentals		-	712,876
Others		2,187,932	1,128,997
		67,525,713	56,512,902

26.1. Directors' remuneration

	2022				2021			
	CEO	Director	Executives	Total	CEO	Director	Executives	Total
No. of persons	1	2	5	8	1	1	5	7
				------------- Rupees ------------				
Remuneration for services	13,272,727	7,159,091	11,031,818	31,463,636	9,272,727	3,818,182	10,474,848	23,565,757
Medical allowance	1,327,273	715,909	1,103,182	3,146,364	927,273	381,818	1,047,485	2,356,576
	14,600,000	7,875,000	12,135,000	34,610,000	10,200,000	4,200,000	11,522,333	25,922,333

26.1.1. Chief Executive Officer, directors and executives of the company are provided with company maintained vehicles

26.1.2. Executive means an employee whose basic salary exceeds Rs. 1.2 million (2021: Rs. 1.2 million) during the year.

26.2. It includes provision for staff retirement benefit - gratuity amounting to Rs. 1,514,485/- (2021: Rs. 1,474,908/-).

26.3. Auditor remuneration includes the following:

	NOTE	2022 RUPEES	2021 RUPEES
Statutory audit fee		700,000	575,000

26.4. No director or his spouse had any interest in the donees' fund.

27. Other Income

	NOTE	2022 RUPEES	2021 RUPEES
Other than financial assets			
Scrap sale	27.1	1,565,075	1,288,500
Gain on disposal of operating fixed assets		1,633,363	39,897
Earned lease finance income		-	180,285
		3,198,438	1,508,682

27.1. Scrap sale

Gross sale		1,831,138	1,507,545
Less: sales tax		(266,063)	(219,045)
		1,565,075	1,288,500

28. Finance cost

Bank charges & commission		1,075,941	2,218,041
Lease finance charges		1,779,413	442,982
Mark-up on secured loans			
- on long term financings		9,775,279	10,328,394
- on short term financings		57,836,543	34,101,133
		70,467,176	47,090,550

29. Taxation

Current		34,269,808	33,230,346
Deferred		64,466,718	(21,449,602)
		98,736,526	11,780,744

29.1 The relationship between tax expenses and accounting profit has not been presented in these financial statements as the company's current year taxation is based on alternate corporate taxation under the Income Tax Ordinance, 2001.

30. Financial instruments- Fair values and risk management

30.1. Accounting classification

The following table shows the carrying amounts of financial assets and financial liabilities by categories.

	NOTE	2022 RUPEES	2021 RUPEES
Financial assets:			
Financial assets at amortized cost			
Long term deposits		6,241,150	6,241,150
Trade debts		59,050	587,734
Loans and advances		3,115,399	7,718,055
Deposits and prepayments		150,000	150,000
Cash and bank balances		37,187,600	63,455,210
		46,753,199	78,152,149
Financial liabilities:			
Financial liabilities at amortized cost			
Long term financing		77,138,397	97,363,009
Lease liabilities		10,820,690	1,513,813
Trade and other payables		43,065,843	34,403,703
Markup accrued on loans		18,282,105	9,010,386
Short term financing		345,077,486	264,301,873
		494,384,521	406,592,784

31 Financial risk management

The company has exposure to the following risks from the use of its financial instruments:

- Credit risk and concentration of credit risk
- Liquidity risk
- Market risk

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

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

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

31.2.1. Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The maximum exposure to credit risk at the reporting date is as follows:

	2022 RUPEES	2021 RUPEES
Long term deposits	6,241,150	6,241,150
Trade debts	59,050	587,734
Loans and advances	3,115,399	7,718,055
Deposits and prepayments	150,000	150,000
Bank balances	3,827,473	14,004,169
	13,393,072	28,701,108

Due to the Company's long standing relations with counter parties and after giving due consideration to their financial standing, the management do not expect non performance by these counter parties on their obligations to the company.

For trade debts, credit quality of customers is assessed taking into consideration their financial position and previous dealings and on its basis, individual credit limits are set. The management regularly monitors and reviews customers' credit exposure. The credit risk exposure is limited in respect of bank balances as these are placed with the banks having good credit from international and local credit rating agencies.

The Company's most significant customers are industrial users of yarn. Aging analysis of trade debtors as at balance sheet date is as under:

	2022 (Rupees)		2021 (Rupees)	
The age of trade debts	**Gross debts**	**Impairment**	**Gross debts**	**Impairment**
Not past due	-	-	-	-
Past due 0 - 365 days	59,050	-	587,734	-
More than 365 days	-	-	-	-
	59,050	**-**	**587,734**	**-**

The credit quality of company's bank balances can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate.

Banks	Rating		Rating agency	2022	2021
	Short term	Long term		--------- Rupees --------	
Bank Al-Falah Limited	A-1+	AA+	PACRA	180,444	215,964
National Bank of Pakistan	A-1+	AAA	PACRA	134,528	8,664,129
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	2,620,403	5,020,065
Meezan Bank Limited	A-1+	AAA	JCR-VIS	875,871	87,474
Habib Bank Limited	A-1+	AAA	JCR-VIS	16,227	16,537
		Total		**3,827,473**	**14,004,169**

31.2.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table analyzes the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the undiscounted cash flows.

Particulars	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
	-------------------- (Rupees) --------------------				
June 30, 2022					
Trade and other payables	43,065,843	43,065,843	43,065,843	-	-
Markup accrued on loans	18,282,105	18,282,105	18,282,105	-	-
Short term financings	345,077,486	345,077,486	345,077,486	-	-
Long term financings	77,138,397	77,138,397	19,255,168	57,883,229	-
Lease liabilities	10,820,690	10,820,690	10,820,690	-	-
Total	**494,384,521**	**494,384,521**	**436,501,292**	**57,883,229**	**-**

Particulars	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
	-------------------- (Rupees) --------------------				
June 30, 2021					
Trade and other payables	34,403,703	34,403,703	34,403,703	-	-
Markup accrued on loans	9,010,386	9,010,386	9,010,386	-	-
Short term financings	264,301,873	264,301,873	264,301,873	-	-
Long term financings	97,363,009	97,363,009	59,191,442	38,171,567	-
Lease liabilities	1,513,813	1,513,813	1,513,813	-	-
Total	**406,592,784**	**406,592,784**	**368,421,217**	**38,171,567**	**-**

31.3 Market risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as interest rates and foreign exchange rates**.** The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company's market risk comprises of two types of risk: interest rate risk and foreign currency risk. The market risks associated with the Company's business activities are discussed as under:

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. The Company is not exposed to any significant interest rate except as disclosed in the respective notes. The rate of financing and their maturities are disclosed in the respective notes.

	2022	2021
	----(RUPEES)----	
Financial liabilities		
Fixed rate instruments		
Long term financings - Fixed	77,138,397	23,834,352
Floating rate instruments		
Long term financings - Floating	-	73,528,657
Short term financings	345,077,486	264,301,873
Lease liabilities	10,820,690	1,513,813
	433,036,573	363,178,695

Cash flow sensitivity analysis for fixed rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been changed as following:

		Changes Interest Rate	Effects on Profit after Tax
Fixed-rate instruments	**2022**	+1%	53,117
		-1%	(53,117)
Fixed-rate instruments	**2021**	+1%	13,038
		-1%	(13,038)

Cash flow sensitivity analysis for floating rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been changed as following:

		Changes Interest Rate	Effects on Profit after Tax
Variable-rate instruments	**2022**	+1%	641,110
		-1%	(641,110)
Variable-rate instruments	**2021**	+1%	435,687
		-1%	(435,687)

(ii) Foreign currency risk

Foreign 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. Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The Company is not exposed to currency risk on reporting date. The total foreign currency risk exposure on reporting date in respect of LC commitment amounted to Rs. 17.805 million . (2021: Rs.7.604 million).

(iii) Equity price risk

Trading and investing in equity securities give rise to equity price risk. The Company is not exposed to any equity price risk.

(iv) Other price risk

Other price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to 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 effects of changes in fair value of such investments made by Company, on the future profits are not considered to be material in the overall context of these financial statements.

31.4. Determination of fair value

31.4.1 Fair values of financial instrument

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The carrying values of all the financial assets and financial liabilities reported in the financial statements approximate their fair values.

31.4.2 Fair values of non financial instrument

Fair value hierarchy

The different levels have been defined as follows.

Level 1	Quoted prices (unadjusted) in active markets for individual assets or liabilities
Level 2	Inputs other than quoted prices included within level 1 that are observable for assets or liabilities, either directly (i.e as prices) or indirectly (i.e derived from prices)
Level 3	Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

Details of the Company's revalued assets and information about fair value hierarchy as at June 30, 2022 are as follows:

Particulars	Level 1		Level 2		Level 3	
	2022	2021	2022	2021	2022	2021
	-------------------------------Rupees-------------------------------					
Operating fixed assets						
Freehold						
Land	-	-	109,390,500	109,390,500	-	-
Building	-	-	213,423,123	216,425,696	-	-
Plant and Machinery	-	-	387,355,972	430,395,525	-	-
Electric installation and appliances	-	-	133,817,575	48,882,530	-	-
Total	**-**	**-**	**843,987,170**	**805,094,251**	**-**	**-**

31.4. Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its businesses. The Comapny manages its capital structure by monitoring return on net assets and makes adjustments to economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. The Company also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings thereon, less cash and bank balances. Capital signifies equity as shown in statement of finacial position plus net debt. The gearing ratio as at June 30, is as follows:

	2022 RUPEES	2021 RUPEES
Long term financing	77,138,397	97,363,009
Short term financing	345,077,486	264,301,873
Lease liabilities	10,820,690	1,513,813
Total debts	433,036,573	363,178,695
Less: Cash and bank balances	37,187,600	63,455,210
Net debt	395,848,973	299,723,485
Equity	865,370,033	777,189,983
Capital employed	1,261,219,006	1,076,913,468
Gearing ratio	31.39%	27.83%

32. Plant capacity and actual production

	2022	2021 Restated
Number of spindles installed	24,888	24,888
Annual Installed capacity (31/s count)	136,605	136,605
Annual Actual production (31/s count)	123,730	127,750
No. of shifts per day	3	3

32.1. Reason for shortfall

Power load-shedding by utility companies, periodic maintenance and changes in spin plans.

33. Number of employees

	2022	2021
Total number of employees as at June 30,		
-Staff	19	20
-Unit employees	421	422
	440	442

	2022	2021
Average number of employees (Staff) for the year	19	20
Average number of employees (Unit) for the year	434	418

34.Related parties transaction

The related parties comprise directors of the company and key management personnel. The company in the normal course of business carries out transaction with related parties. The transactions with related parties other than those disclosed in relevant notes are as follows;

Relationship with the Company	Nature of transactions	2022 RUPEES	2021 RUPEES
Key management personnel	Rent expense	2,640,000	2,400,000
	Remuneration due to Directors	2,000,000	1,200,000

35. Events after the reporting period

There are no significant activities since June 30, 2022 causing any adjustment or disclosure in these financial statements.

36. General

36.1. Nomenclature of the following account head have been changed in these financial statements for better presentation:

Previous	Current
Loan & Advances	Loan & Advances
-Purchase of vehicle	-Against lease liability

36.2. Following reclassifications have been made in these financial statements for better presentation.

A/C Head	Previous	Current
Lease key money	Long term deposits	Loan & Advances
Rs. 949,900	Lease key money	Against lease liability

36.3. Date of authorization for issue

These financial statements have been authorized for issue by the Board of Directors as on September 12, 2022.

36.4. Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR