بسم الله الرحمن الرحيم

CONTENTS

Company Information

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

DIRECTORS' REPORT

The Directors of your Company are pleased to present their 44th Annual Report on audited financial statements, setting out the detailed financial results of the company for the financial year ended on 30th June, 2022.

Our Performance:

The key business results company achieved in financial year 2022 are spelled out below for quick review of the performance of the Company:

Particulars	FY 2022	FY 2021
	Rupees	
Sales	13,305,237,768	10,372,403,663
Gross Profit	627,830,632	1,025,069,191
Operating Profit/(Loss)	(27,915,368)	509,482,624
Finance Cost	(515,322,589)	(390,301,894)
Profit/(Loss) before Tax	(420,415,858)	161,505,063
Profit/(Loss) after Tax	(796,640,657)	21,849,920
Earnings/(Loss) per Share	(42.35)	1.16

Your board of directors is pleased to disclose that sales of the company in value terms increased by 28.28% as compare to last financial year but this increase could not reflect into profit as it has been eroded away brutally by the spiraling costs of goods sold and other incidental expenses. Hemmed in by a deluge of financial meltdown your company had to endure horrendous financial losses during the year under review. A host of external threats and weaknesses; say, history ever low depreciation of local currency; exorbitant price of energy; sparse availability of raw material (cotton/yarn) at high cost and emaciated working capital pushed the company marooned and stranded in precarious financial slump.

The board of directors of the company is of the view that constant depleting working capital by way of colossal amount of long term repayments, spike in exchange rate to squeeze the purchasing capacity, servicing of markup were other critical factors propelled the company into the quagmire of financial constraints. All above and many other factors mounted the cost of doing business and resulted the company into losing a great amount of market share owing to uncompetitive sale prices.

It is a stark reality that the textile sector in particular has been struggling against the ongoing economic recession which voraciously demands in tandem efforts on part of all stakeholders arguably the regulatory authorities and financial partners. We know that the negative spillover effects of devastating flood would soon be herald in near future. We fear to see availability of less production of cotton at higher cost.

Future Outlook:
The Board of Directors believes that all of us will have to toil away at work round the clock to get the economy sail through. In order to get this sector out of woods, cogent and stern measures by the government like financing at soft terms; swapping existing financing of financial institutions at lucrative concessional pricing and a moratorium of at least two years against existing financing are essential. The financial partners should also come forward to deal with this ordeal situation amid a moratorium of long term repayments and noticeable slash in pricing to help the textile sector escalate its revenue and widening the gross margin. Sagacious and impressive decisions are to be made by the influential authorities to keep the economy out of soaring strains.

Further replenishment of working capital lines by means of fresh accommodation and/or enhancement in existing lines at favorable pricing by the financial institutions would spur the textile sector insulate against higher cost of raw material & exchange rate oscillation. The company believes that in a bid to enable and embolden the textile industry to increase its volume of sales reflecting improvement in the economy and pent-up demand from delayed purchases, financial and non-financial relief is required to the max.

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

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

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

Multan
Date: December 01, 2022

For and on behalf of the Board

Sd/-
Hussain Ahmad Fazal
(Director)

ڈائریکٹرز رپورٹ

آ پکی کمپنی کے ڈائریکٹرز کمپنی کی چوالیسویں سالانہ رپورٹ برائے سال 30 جون 2022 پیش کر رہے ہیں۔

کمپنی کا مالیاتی جائزہ:

کمپنی نے مالیاتی سال 2022 میں جو اہداف حاصل کیے وہ درج ذیل ہیں جس سے کمپنی کی کارکردگی ایک نظر سمجھنے میں مدد ملے گی۔

	2022 Rupees	2021 Rupees
فروختگی	13,305,237,768	10,372,403,663
مجموعی منافع	627,830,632	1,025,069,191
فرسودگی اور مالیاتی اخراجات سے پہلے کا منافع	(27,915,368)	509,482,624
مالیاتی خرچہ	(515,322,589)	(390,301,894)
منافع قبل از ٹیکس	(420,415,858)	161,505,063
منافع بعداز ٹیکس	(796,640,657)	21,849,920
فی حصص کمائی	(42.35)	1.16

آپکا بورڈ آف ڈائریکٹر بخوشی اظہار کرتا ہے کہ آ پکی کمپنی کی فروخت میں پچھلے سال کی نسبت 28.27 (فیصد) اضافہ ہوالیکن یہ اضافہ بوجوہ قوتِ خرید میں اضافہ اوراس سے منسلک دوسرے اخراجات میں کئی گنا زیادہ اضافہ ،منافع میں تبدیل نہ ہوسکا۔مالی مشکلات کے بھنور میں گھرے ہونے کے سبب زیرِ جائزہ مالی سال میں کمپنی کو بہت زیادہ مالی نقصان برداشت کرنا پڑا۔بہت سے بیرونی خطرات اور کمزوریاں جیسا کہ لوکل کرنسی کی قدر میں تاریخی گرانی، تیل کی قیمتوں میں ہوشربا اضافہ، خام مال (کپاس) کی دستیابی میں کمی وہ بھی مہنگے داموں پراور کام چلانے کیلئے محدود سرمایہ نے کمپنی کو گہری معاشی بدحالی میں بے یارومددگار لا کھڑا کیا ہے۔

کمپنی کے بورڈ آف ڈائریکٹرز کا خیال ہے کہ کام چلانے کیلئے سرمایہ کا ناکافی ہونا بوجوہ طویل المدتی قرضوں کی بے تحاشہ واپسی، ذرمبادلہ کی تبدیلی میں اضافہ کے بدولت قوتِ خرید میں کمی اور مارک اپ کی ادائیگیوں نے کمپنی کو مالی مشکلات کے دلدل میں دھکیل دیا ہے۔

مندرجہ بالا تمام اور بہت سے دیگر عوامل کی وجہ سے کاروبار کرنے کی لاگت میں بہت اضافہ ہوا اوراس کے نتیجے میں غیر مسابقتی قیمتوں کی وجہ سے ٹیکسٹائل صنعت کاروباری دنیا میں پیچھے رہ گئی۔

یہ ایک واضح حقیقت ہے کہ ٹیکسٹائل شعبہ خاص طور پر موجودہ معاشی کساد بازاری کے خلاف جدوجہد کررہا ہے اورساتھ ہی یہ تقاضہ کرتا ہے کہ تمام اسٹیک ہولڈرز بشمول ریگولیٹری ادارے اور مالیاتی شراکت دار اس میں کلیدی کردار ادا کریں۔ہم جانتے ہیں کہ حالیہ سیلاب کے تباہ کن اثرات جلد ہی ظاہر ہوں گے۔جس کی بدولت خدشہ ہے کہ کپاس کی پیداوار میں کمی ہوگی اوراس کے نرخ بڑھ جائیں گے۔

مستقبل کا جائزہ:

کمپنی کا خیال ہے کہ ٹیکسٹائل سیکٹر کو آگے بڑھانے کے لئے ہم سب کو چوبیں گھنٹے کام کرنا پڑے گا۔اس شعبہ کو مشکلات سے نکالنے کے لئے حکومت کی طرف سے ہنگامی اقدامات کی ضرورت ہے۔جیسا کہ آسان شرائط پر قرضے، موجودہ قرضوں کی شرائط کو مزید آسان کرنا اور کم ازکم دو سال کے لئے موجودہ قرضوں کی ادائیگیوں کو مؤخر کرنا۔

اس مشکل گھڑی سے نمٹنے کے لئے مالیاتی صنعت کو بھی آگے بڑھنا پڑے گا۔معیشت کو بڑھتے ہوئے تناؤ سے بچانے کیلئے بااثر حکام کی جانب سے دانشمندانہ اورمتاثر کن فیصلے درکار ہونگے۔

ورکنگ سرمایہ کی لائنوں میں اضافہ کرنا ہوگا اور ٹیکسٹائل کے شعبے کو نئی ورکنگ سرمایہ کی سہولیات دینا ہوں گی تاکہ خام مال کی قوت خرید ممکن ہو سکے اور شرح مبادلہ کے اثرات کو کم کیا جاسکے۔آپ کی کمپنی کا خیال ہے کہ ریوینیو (فروخت) کے حجم میں اضافہ کرنے کیلئے جو کہ معیشت میں بہتری لانے کا سبب بنے اور تعطل کے شکار کاروباری سودے عملی شکل اختیار کر سکیں ان سب کیلئے مالیاتی اور غیر مالیاتی سہولیات کی ضرورت ہے۔

آڈیٹرز:

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

انتظامیہ اور مزدور تعلقات:

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

اظہارِ تشکر:

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

Sd/-

بورڈ کی جانب سے

حسین احمد فضل

(ڈائریکٹر)

ملتان

01 دسمبر، 2022

INDEPENDENT AUDITOR’S REPORT

TO THE MEMBERS OF HUSSAIN MILLS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Adverse Opinion

We have audited the annexed financial statements of **Hussain Mills Limited** (“the Company”), which comprise of the statement of financial position as at **30th June 2022** and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of state of the Company's affairs as at 30th June 2022 and of the after tax loss, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

a) Note 1.2 in the financial statements, which indicates that as of 30th June, 2022 net after tax loss amounting to Rs. 796.641 million, the accumulated loss of the Company amounts to Rs. 1,877.559 million. As of that date, the current ratio of the Company has further deteriorated and its current liabilities exceeded its current assets by Rs. 1,226.229 million. The Long term Financing amounting to Rs. 231.206 million from financial institution has become overdue. Subsequent to year end, since July-2022 the operations of substantial part (units) of the mills of the Company have been suspended. The management has not been able to provide any financial plan for the future particularly for the next 12 months. These events indicate a material uncertainty which may cast significant doubt on the Company's will be unable to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, despite of all above factors financial statements are prepared on going concern basis.

b) The Company has rented out some of its godowns (note 4.5 in the financial statements). However, in these financial statements, the related property has neither been classified as 'Investment Property' nor has been disclosed and stated as required under International Accounting Standard (IAS) 40 'Investment Property'. In the absence of relevant information we have not been able to determine the impact of aforesaid non-compliance on these financial statements.

c) The trading of the shares of the listed companies, wherein the Company has made its long term investments (note 6 in the financial statements), has been suspended by the Pakistan Stock Exchange owing to various defaults on the part of the these Companies. Therefore market quoted prices of shares of these Companies on 30th June, 2022 has not been available. Further, current audited financial statements of Fatima Enterprises Limited are also not available. The Company neither arranged to determine nor has recognized impairment, if any, in respect of aforesaid investments. Consequently, in these financial statements, these investments are not appearing at fair value as of 30th June, 2022, as required under International Financial Reporting Standards (IFRS Standards) 13 'Fair Value Measurement'. In the absence of relevant information, we have not been able to determine the impact of aforesaid non-compliance, on these financial statements.

d) IAS-19 "Employee Benefits" of the International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB), as notified under the Companies Act, 2017. Consequently, neither the selected accounting policy of the Company in respect of "Employees Retirement Benefits" (note 3.12) is consistent with the applicable reporting framework nor the Company has carried out actuarial valuation, as required under the aforesaid IAS, of staff gratuity (employee benefit obligations) amounting to Rs. 69,145,640/-, payable on 30th June, 2022 (note 20.4). In the absence of related information, we have not been able to determine the impact of such valuation, on these Financial Statements.

e) The following balances have been due to 'Bank of Khyber' which, in the absence of response to our letters for direct confirmation, remained unverified.

Long Term Financing - Secured	(Note No. 17.3)		149,999,999
Short Term Borrowings	(Note No. 22)		543,716,500
Current Portion of Long Term Finance	(Note No. 23.2)		33,333,334
Cash and Bank Balances	(Note No. 13)		34,782
		Rs.	727,084,615

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 Adverse opinion.

Emphasis of Matters

Without qualifying our opinion we draw your attention to Note 14.2 of the financial statements which describes that the Company is defendant in a lawsuit preferred by the aggrieved share holders, holding 41.28% equity shares in the Company. The pray of aforesaid lawsuit includes the winding up of the Company. Preliminary hearings and case proceeding are in progress. The management of the Company and its legal counsel are confident to defeat the petition being baseless and without merit. However, the Honourable Sindh High Court, Karachi, vide its interim order dated 1st February, 2013, restrained the management of the Company from changing the composition of the shareholding of the Company.

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, we have concluded that the other information is materially misstated for the same reasons.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements
Based on our audit, we further report that in our opinion:

a) except for the effects of the matters discussed in the Basis for Adverse Opinion section of our report, proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) except for the effects of the matters discussed in the Basis for Adverse Opinion section of our report, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and the same are in agreement with the books of account and returns;

c) except for the effects of the matters discussed in the Basis for Adverse Opinion section of our report, investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Sd/-

Chartered Accountants
Lahore,

2nd December, 2022

UDIN: AR202210540aCJhM97nV

HUSSAIN MILLS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2022

	NOTE	2022 RUPEES	2021 RUPEES
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	4	9,252,204,098	6,134,341,366
Right-of-use Assets	5	23,655,271	23,672,756
Long Term Investments	6	12,002,214	12,002,214
Long Term Deposits and Prepayment	7	19,111,737	44,111,737
		9,306,973,320	6,214,128,073
CURRENT ASSETS			
Stores and Spares	8	116,758,237	116,230,673
Stock in Trade	9	928,803,791	1,122,289,952
Trade and Other Receivables	10	1,436,282,325	1,008,198,087
Prepayments and Advances	11	129,065,169	112,550,601
Short Term Investments	12	-	1,020,800
Income Tax Refundable		74,810,164	15,139,676
Cash and Bank Balances	13	314,792,600	307,393,143
		3,000,512,286	2,682,822,932
		12,307,485,606	8,896,951,005
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Capital:			
40,000,000 (2021: 40,000,000) Ordinary Shares of Rs. 10/- each		400,000,000	400,000,000
Issued, Subscribed and Paid-up Capital	14	188,102,570	188,102,570
Capital Reserves:			
Premium on Shares Issued		3,352,334	3,352,334
Merger Reserve		126,385,889	126,385,889
Fair Value Reserve		5,282,942	5,282,942
Surplus on Revaluation of Operating Fixed Assets	15	5,845,828,683	3,015,139,391
		5,980,849,848	3,150,160,556
Revenue Reserve (Accumulated Loss)		(1,877,559,079)	(1,153,634,127)
		4,291,393,339	2,184,628,999
Long Term Loan from Directors	16	314,054,814	187,242,901
Total Equity		4,605,448,153	2,371,871,900
NON-CURRENT LIABILITIES			
Long Term Financing	17	2,656,127,307	3,005,986,751
Long Term Loan from Director	18	-	51,652,562
Lease Liabilities	19	20,171,847	680,775
Deferred Liabilities	20	798,996,620	270,033,458
		3,475,295,774	3,328,353,546
CURRENT LIABILITIES			
Trade and Other Payables	21	1,687,238,929	1,223,319,850
Short Term Borrowings	22	1,751,614,609	1,570,055,112
Unclaimed Dividend		124,939	124,939
Current/Overdue Portion of Long Term Liabilities	23	787,763,202	403,225,658
		4,226,741,679	3,196,725,559
		12,307,485,606	8,896,951,005
CONTINGENCIES AND COMMITMENTS	24	-	-

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

Sd/-	Sd/-
DIRECTOR	**CHIEF EXECUTIVE**

HUSSAIN MILLS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30TH JUNE, 2022

	NOTE	2022 RUPEES	2021 RUPEES
SALES	25	13,305,237,768	10,372,403,663
COST OF SALES	26	(12,677,407,136)	(9,347,334,472)
GROSS PROFIT		627,830,632	1,025,069,191
MARKETING AND DISTRIBUTION COST	27	(225,818,630)	(176,316,278)
ADMINISTRATIVE AND GENERAL EXPENSES	28	(372,849,171)	(296,870,454)
OTHER OPERATING EXPENSES	29	(57,078,199)	(42,399,835)
		(655,746,000)	(515,586,567)
OPERATING (LOSS) / PROFIT before Other Income		(27,915,368)	509,482,624
OTHER INCOME	30	122,822,099	42,324,333
OPERATING PROFIT after Other Income		94,906,731	551,806,957
FINANCE COST	31	(515,322,589)	(390,301,894)
(LOSS) / PROFIT FOR THE YEAR before Taxation		(420,415,858)	161,505,063
INCOME TAX EXPENSE	32	(376,224,799)	(139,655,143)
(LOSS) / PROFIT FOR THE YEAR after Taxation		(796,640,657)	21,849,920
OTHER COMPREHENSIVE INCOME:			
Items that will never be reclassified to Statement of Profit or Loss:			
Revaluation Surplus on Operating Fixed Assets		3,195,995,551	-
Related Deferred Tax		(292,590,554)	-
		2,903,404,997	-
TOTAL COMPREHENSIVE INCOME		2,106,764,340	21,849,920
(LOSS) / EARNING PER SHARE - Basic and Diluted	33	(42.35)	1.16

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

Sd/-
DIRECTOR

Sd/-
CHIEF EXECUTIVE

HUSSAIN MILLS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE, 2022

	NOTE	2022 RUPEES	2021 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) / Profit before Taxation		(420,415,858)	161,505,063
Adjustment for:			
Provision for Staff Gratuity		57,608,963	53,925,447
Provision for Workers' (Profit) Participation Fund Paid		-	8,523,352
Provision for Expected Credit Loss on Long Term Deposits and Prepayments		25,000,000	-
Provision for Expected Credit Loss on Trade Receivables		22,864,045	1,147,699
Provision for Expected Credit Loss on Advance to Suppliers		9,185,414	438,631
Depreciation on Operating Fixed Assets		245,036,274	245,680,389
Depreciation on Right-of-use Assets		5,888,931	5,966,188
(Gain)/Loss on Re-Measurement on Fair Value of Investment through Profit or Loss		-	(371,800)
Exchange Gain on Realization of Foreign Debtors		(73,553,685)	-
Unrealised Exchange Gain on Foreign Debtors		(108,715)	(2,443,709)
Gain on Sale of Investments through Profit or Loss		(52,975)	(73,293)
Gain on Disposal of Operating Fixed Assets		(17,529,268)	(4,802,783)
Interest Income		-	(20,509)
Return on Financial Assets		(14,981,647)	(17,504,842)
Finance Cost		515,322,589	390,301,894
		774,679,926	680,766,664
Cash Generated from Operations before Working Capital Changes		354,264,068	842,271,727
EFFECT ON CASH FLOW OF WORKING CAPITAL CHANGES			
(Increase)/Decrease in Current Assets			
Stores, Spares and Loose Tools		(527,564)	1,019,499
Stock in Trade		193,486,161	(105,577,440)
Trade and Other Receivable		(377,285,883)	76,615,227
Prepayments and Advances		(25,699,982)	(52,783,412)
Increase/(Decrease) in Current Liabilities			
Trade and Other Payables		431,278,916	205,547,961
		221,251,648	124,821,835
		575,515,716	967,093,562
Income Tax Paid		(206,205,668)	(126,295,280)
Finance Cost Paid		(289,031,716)	(267,256,543)
Staff Gratuity Paid		(50,925,974)	(38,659,857)
Due to Government Authority		-	(62,845,336)
NET CASH INFLOW FROM OPERATING ACTIVITIES		29,352,358	472,036,546
CASH FLOW FROM INVESTING ACTIVITIES			
Interest Income		-	66,744
Return on Bank Deposits		14,981,647	17,504,842
Fixed Capital Expenditure		(155,257,882)	(127,110,720)
Addition to Right-of-use Assets		(22,550,097)	-
Proceeds from Disposal of Operating Fixed Assets		22,562,346	8,532,000
Short Term Investments		1,073,775	121,968
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(139,190,211)	(100,885,166)
CASH FLOW FROM FINANCING ACTIVITIES			
Disbursement of Long Term Loan from Directors		227,219,990	120,607,519
Repayment of Long Term Loan from Directors		(152,060,639)	(101,411,894)
Repayment of Long Term Finances		(161,861,273)	(87,820,713)
Repayment of Lease Liabilities - net		22,379,735	(8,955,914)
Short Term Borrowings - net		181,559,497	(342,306,255)
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES		117,237,310	(419,887,257)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		7,399,457	(48,735,877)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		307,393,143	356,129,020
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	13	314,792,600	307,393,143

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

Sd/-
DIRECTOR

Sd/-
CHIEF EXECUTIVE

HUSSAIN MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH JUNE, 2022

PARTICULARS	PAID-UP SHARE CAPITAL	CAPITAL RESERVES					REVENUE RESERVES (ACCUMULATED LOSS)	LONG TERM LOAN FROM DIRECTORS	TOTAL
		PREMIUM ON SHARES ISSUED	MERGER RESERVE	FAIR VALUE RESERVE	SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS	TOTAL			
	RUPEES								
Balance as at 30th June, 2020	**188,102,570**	**3,352,334**	**126,385,889**	**5,282,942**	**3,099,687,304**	**3,234,708,469**	**(1,260,031,960)**	**168,047,276**	**2,330,826,355**
Received during the Year	-	-	-	-	-	-	-	120,607,519	120,607,519
Payment during the Year	-	-	-	-	-	-	-	(101,411,894)	(101,411,894)
TOTAL COMPREHENSIVE LOSS									
Profit for the Year after Taxation	-	-	-	-	-	-	21,849,920	-	21,849,920
Other Comprehensive income for the Year	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	21,849,920	-	21,849,920
Incremental Depreciation on Revaluation of Operating Assets (net of deferred tax)	-	-	-		(84,547,913)	(84,547,913)	84,547,913	-	-
Balance as at 30th June, 2021	**188,102,570**	**3,352,334**	**126,385,889**	**5,282,942**	**3,015,139,391**	**3,150,160,556**	**(1,153,634,127)**	**187,242,901**	**2,371,871,900**
Received during the Year	-	-	-	-	-	-	-	227,219,990	227,219,990
Transfer from Non-Current Liabilities	-	-	-	-	-	-	-	51,652,562	51,652,562
Payment during the Year	-	-	-	-	-	-	-	(152,060,639)	(152,060,639)
TOTAL COMPREHENSIVE INCOME									
Loss for the Year after Taxation	-	-	-	-	-	-	(796,640,657)	-	(796,640,657)
Other Comprehensive Income for the Year	-	-	-	-	2,903,404,997	2,903,404,997	-	-	2,903,404,997
	-	-	-	-	2,903,404,997	2,903,404,997	(796,640,657)	-	2,106,764,340
Incremental Depreciation on Revaluation of Operating Assets (net of deferred tax)	-	-	-		(72,715,705)	(72,715,705)	72,715,705	-	-
Balance as at 30th June, 2022	**188,102,570**	**3,352,334**	**126,385,889**	**5,282,942**	**5,845,828,683**	**5,980,849,848**	**(1,877,559,079)**	**314,054,814**	**4,605,448,153**

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

Sd/-
DIRECTOR

Sd/-
CHIEF EXECUTIVE

HUSSAIN MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE, 2022

1 CORPORATE AND GENERAL INFORMATION

1.1 THE COMPANY AND ITS OPERATIONS

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

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

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

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

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

1.2 GOING CONCERN

During the year, the Company incurred a net after tax loss amounting to Rs. 796.641 million, accumulated loss amounts to Rs. 1,877.559 million (2021: Rs. 1,153.634 million), and its current liabilities exceeded its current assets by Rs. 1,226.229 million (2021: Rs. 513.903 million). The Long term Financing from financial institution has amounting to Rs. 231.206 million (2021: 39.500 million) become overdue. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, these financial statements have been prepared on going concern basis on the grounds that the Company will be able to achieve satisfactory levels of profitability in the future based on a plan made by the management enabling the Company to continue its business in a profitable manner and discharge its liabilities in the ordinary course of its business.

Financial Commitment from Sponsors

On the basis that the company will be able to obtain continuous financial support from the sponsors to meet the current cash flow crush to achieve satisfactory level of profitability.

The assessment of appropriateness of using the going concern basis of accounting has been subject to a due governance process involving the Board of Directors of the Company. In making such assessments, the Directors have taken into account all facts and circumstances as referred to in the above paragraphs.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

2.2 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below.

2.3 USE OF ESTIMATES AND JUDGMENTS

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

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

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

- Depreciation rates for useful life of the operating assets	(Note 4.2)
- Revaluation of Property, Plant and Equipment	(Note 15)
- Provision for defined benefit obligation	(Note 20.4)
- Estimate of contingent liabilities	(Note 24)
- Revenue Recognition	(Note 25)
- Taxation	(Note 32)

2.4 AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE EFFECTIVE IN CURRENT YEAR AND ARE RELEVANT TO THE COMPANY

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

- Amendments to IFRS 16 'Leases' – Covid-19 related rent concessions extended beyond 30th June, 2021.

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 4 'Insurance Contracts', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases'.

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

2.5 AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE EFFECTIVE IN CURRENT YEAR BUT NOT RELEVANT TO THE COMPANY

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

2.6 AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE BUT RELEVANT TO THE COMPANY

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

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

The 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 their financial statements. Earlier, IAS 1 states that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

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

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors') effective for annual periods beginning on or after 1 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

The International Accounting Standards Board (IASB) has published 'Reference to the Conceptual Framework (Amendments to IFRS 3)' with amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements. Effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2022. The amendments also add to IFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

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

2.7 STANDARDS AND AMENDMENTS TO APPROVED PUBLISHED 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 2022 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.8 FUNCTIONAL AND PRESENTATION CURRENCY

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

2.9 FIGURES

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 PROPERTY AND EQUIPMENT

(a) Operating Assets:

Initial recognition

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

Subsequent Measurement

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

Land is stated at Re-Valued amount.

Subsequent Costs:

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

Depreciation:

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

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

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

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

(b) Capital Work in Progress:
All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when assets are available for use.

3.2 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT

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

3.3 RIGHT-OF-USE ASSETS

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

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

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

3.4 LEASE LIABILITIES

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

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

3.5 STORES AND SPARES

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

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

3.6 STOCKS IN TRADE

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

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

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

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

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

3.7 TRADE DEBTS

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

3.8 LONG TERM DEPOSITS

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

3.9 CASH AND CASH EQUIVALENTS

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

3.10 METHOD OF PREPARATION OF CASH FLOW STATEMENT

The cash flow statement is prepared using indirect method.

3.11 INVESTMENTS AND OTHER FINANCIAL INSTRUMENTS

(i) Recognition and Initial Measurement

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

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

(ii) Classification and subsequent measurement

Financial Assets

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

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

Amortized Cost

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

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

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

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

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

Debt Instrument - FVOCI

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

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

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

Equity Instrument - FVOCI

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

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

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

Fair value through profit or loss (FVTPL)

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

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

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

Financial asset measured at FVTPL comprise of short term investments in equity securities as detailed in note 12 of these financial statements.

Financial assets – Business model Assessment:

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

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

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

Financial Liabilities

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

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

(iii) Derecognition

Financial Assets

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

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

Financial Liabilities

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

(iv) Trade Debts, Deposits and other Receivables

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

(v) Impairment

Financial Assets

The Company recognizes loss allowances for ECLs on:

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

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

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

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

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

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

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

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

Non-Financial Assets

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

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

(vi) Off-setting of Financial Instruments

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

3.12 EMPLOYEES' RETIREMENT BENEFITS

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

3.13 TRADE AND OTHER PAYABLES

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

3.14 BORROWINGS

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

3.15 BORROWING COSTS

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

3.16 PROVISIONS

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

3.17 CONTINGENCIES AND COMMITMENTS

Contingent Liabilities are disclosed when there is:

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

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

Contingent Assets

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

3.18 DIVIDEND AND OTHER APPROPRIATIONS

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

3.19 REVENUE RECOGNITION

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

Step-1

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

Step-2

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

Step-3

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

Step-4

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

Step-5

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

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

a) The Company's performance does not create an asset with an alternate use to the Company and the Company has as an enforceable right to payment for performance completed to date.

b) The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

c) The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

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

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

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

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

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

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

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

3.20 CONTRACT LIABILITIES

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

3.21 CONTRACT ASSETS

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

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

3.22 TAXATION

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

Current:

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

Deferred:

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

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

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

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

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

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

3.23 FOREIGN CURRENCY TRANSLATION

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

3.24 RELATED PARTY TRANSACTIONS

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

3.25 EARNINGS PER SHARE ('EPS')

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

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

		2022 RUPEES	2021 RUPEES
4 PROPERTY, PLANT AND EQUIPMENT			
4.1 These Comprise of:			
Operating Assets	(Note 4.2)	9,238,265,732	6,134,341,366
Capital Work in Progress:			
Plant and Machinery		7,212,366	-
Vehicles		6,726,000	-
		13,938,366	-
		9,252,204,098	6,134,341,366

Notes to the Financial Statements
for the Year ended 30th June, 2022

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

PARTICULARS	COST / REVALUATION						DEPRECIATION						WRITTEN DOWN AT END OF THE YEAR
	AT BEGINNING OF THE YEAR	ADDITIONS	TRANSFERS FROM RIGHT-OF-USE ASSETS	DELETIONS	REVALUATION SURPLUS	AT END OF THE YEAR	RATE %	TO BEGINNING OF THE YEAR	ON TRANSFERS FROM RIGHT-OF-USE ASSETS	ON DELETIONS	PROVIDED FOR THE YEAR	TO END OF THE YEAR	
30TH JUNE, 2022													
LAND - Freehold													
Cost	65,045,316	-	-	-	-	65,045,316	-	-	-	-	-	-	65,045,316
Revaluation Surplus	1,524,750,184	-	-	-	1,560,245,500	3,084,995,684	-	-	-	-	-	-	3,084,995,684
	1,589,795,500	-	-	-	1,560,245,500	3,150,041,000		-	-	-	-	-	3,150,041,000
BUILDINGS - on Freehold Land													
Cost -Factory	505,560,527	-	-	-	-	505,560,527	5	274,740,542	-	-	11,540,999	286,281,541	219,278,986
Cost -Non Factory	324,464,560	-	-	-	-	324,464,560	5	164,724,983	-	-	7,986,978	172,711,961	151,752,599
Revaluation Surplus	1,383,484,741	-	-	-	655,591,819	2,039,076,560	5	358,789,377	-	-	51,234,768	410,024,145	1,629,052,415
	2,213,509,828	-	-	-	655,591,819	2,869,101,647		798,254,902	-	-	70,762,745	869,017,647	2,000,084,000
PLANT AND MACHINERY													
Cost	3,847,705,507	118,235,384	-	-	-	3,965,940,891	5	1,946,029,993	-	-	98,260,958	2,044,290,951	1,921,649,940
Revaluation Surplus	1,362,797,471	-	-	-	980,158,232	2,342,955,703	5	616,374,495	-	-	37,321,148	653,695,643	1,689,260,060
	5,210,502,978	118,235,384	-	-	980,158,232	6,308,896,594		2,562,404,488	-	-	135,582,106	2,697,986,594	3,610,910,000
POWER HOUSE	518,252,325	-	-	-	-	518,252,325	5	228,831,474	-	-	14,471,043	243,302,517	274,949,808
WEIGHING BRIDGE AND SCALE	2,325,374	-	-	-	-	2,325,374	10	1,988,935	-	-	33,644	2,022,579	302,795
LABORATORY EQUIPMENT	73,722,397	-	-	-	-	73,722,397	10	56,907,393	-	-	1,681,501	58,588,894	15,133,503
ELECTRIC INSTALLATION	184,876,607	-	-	-	-	184,876,607	5	102,244,564	-	-	4,131,603	106,376,167	78,500,440
TARPULINE	739,107	-	-	-	-	739,107	10	630,314	-	-	10,880	641,194	97,913
TUBE WELL	8,873,559	-	-	-	-	8,873,559	10	6,990,638	-	-	188,293	7,178,931	1,694,628
FURNITURE AND FIXTURE	39,584,100	-	-	-	-	39,584,100	10	27,533,739	-	-	1,205,036	28,738,775	10,845,325
COMPUTER	1,540,772	-	-	-		1,540,772	30	1,532,550	-	-	2,467	1,535,017	5,755
OFFICE EQUIPMENT	23,429,722	342,009	-	-	-	23,771,731	10	15,242,077	-	-	845,240	16,087,317	7,684,414
VEHICLES	145,093,865	22,060,416	31,609,640	22,853,208	-	175,910,713	20	81,539,005	14,930,989	17,820,130	15,449,919	94,099,783	81,810,930
FIRE FIGHTING EQUIPMENT	8,022,969	-	-	-	-	8,022,969	10	6,013,005	-	-	200,997	6,214,002	1,808,967
TELEPHONE	6,822,493	-	-	-	-	6,822,493	10	5,303,420	-	-	151,908	5,455,328	1,367,165
ARMS AND AMMUNITION	717,750	-	-	-	-	717,750	10	391,038	-	-	32,671	423,709	294,041
AIR CONDITIONERS AND REFRIGERATORS	2,126,662	681,707	-	-	-	2,808,369	10	914,364	-	-	173,495	1,087,859	1,720,510
TOOLS AND EQUIPMENTS	5,206,611	-	-	-	-	5,206,611	10	4,079,347	-	-	112,726	4,192,073	1,014,538
	10,035,142,619	141,319,516	31,609,640	22,853,208	3,195,995,551	13,381,214,118		3,900,801,253	14,930,989	17,820,130	245,036,274	4,142,948,386	9,238,265,732
30TH JUNE, 2021													
LAND - Freehold													
Cost	64,473,316	572,000	-	-	-	65,045,316	-	-	-	-	-	-	65,045,316
Revaluation Surplus	1,524,750,184	-	-	-	-	1,524,750,184	-	-	-	-	-	-	1,524,750,184
	1,589,223,500	572,000	-	-	-	1,589,795,500		-	-	-	-	-	1,589,795,500
BUILDINGS - on Freehold Land													
Cost -Factory	505,560,527	-	-	-	-	505,560,527	5	262,592,122	-	-	12,148,420	274,740,542	230,819,985
Cost -Non Factory	324,464,560	-	-	-	-	324,464,560	5	156,317,637	-	-	8,407,346	164,724,983	159,739,577
Revaluation Surplus	1,383,484,741	-	-	-	-	1,383,484,741	5	304,858,042	-	-	53,931,335	358,789,377	1,024,695,364
	2,213,509,828	-	-	-	-	2,213,509,828		723,767,801	-	-	74,487,101	798,254,902	1,415,254,926
PLANT AND MACHINERY													
Cost	3,749,633,581	98,071,926	-	-	-	3,847,705,507	5	1,849,446,113	-	-	96,583,880	1,946,029,993	1,901,675,514
Revaluation Surplus	1,362,797,471	-	-	-	-	1,362,797,471	5	577,089,075	-	-	39,285,420	616,374,495	746,422,976
	5,112,431,052	98,071,926	-	-	-	5,210,502,978		2,426,535,188	-	-	135,869,300	2,562,404,488	2,648,098,490
POWER HOUSE	519,118,021	-	-	865,696	-	518,252,325	5	213,875,610	-	289,713	15,245,577	228,831,474	289,420,851
WEIGHING BRIDGE AND SCALE	2,325,374	-	-	-	-	2,325,374	10	1,951,552	-	-	37,383	1,988,935	336,439
LABORATORY EQUIPMENT	73,722,397	-	-	-	-	73,722,397	10	55,039,059	-	-	1,868,334	56,907,393	16,815,004
ELECTRIC INSTALLATION	184,876,607	-	-	-	-	184,876,607	5	97,895,508	-	-	4,349,056	102,244,564	82,632,043
TARPULINE	739,107	-	-	-	-	739,107	10	618,225	-	-	12,089	630,314	108,793
TUBE WELL	8,873,559	-	-	-	-	8,873,559	10	6,781,425	-	-	209,213	6,990,638	1,882,921
FURNITURE AND FIXTURE	38,628,895	955,205	-	-	-	39,584,100	10	26,217,454	-	-	1,316,285	27,533,739	12,050,361
COMPUTER	1,540,772	-	-	-	-	1,540,772	30	1,529,026	-	-	3,524	1,532,550	8,222
OFFICE EQUIPMENT	23,429,722	-	-	-	-	23,429,722	10	14,332,338	-	-	909,739	15,242,077	8,187,645
VEHICLES	116,907,815	32,761,589	2,647,000	7,222,539	-	145,093,865	20	73,668,859	1,255,031	4,069,305	10,684,420	81,539,005	63,554,860
FIRE FIGHTING EQUIPMENT	8,022,969	-	-	-	-	8,022,969	10	5,789,676	-	-	223,329	6,013,005	2,009,964
TELEPHONE	6,822,493	-	-	-	-	6,822,493	10	5,134,634	-	-	168,786	5,303,420	1,519,073
ARMS AND AMMUNITION	717,750	-	-	-	-	717,750	10	354,737	-	-	36,301	391,038	326,712
AIR CONDITIONERS AND REFRIGERATORS	2,126,662	-	-	-	-	2,126,662	10	779,664	-		134,700	914,364	1,212,298
TOOLS AND EQUIPMENTS	5,206,611	-	-	-	-	5,206,611	10	3,954,095		-	125,252	4,079,347	1,127,264
	9,908,223,134	132,360,720	2,647,000	8,088,235	-	10,035,142,619		3,658,224,851	1,255,031	4,359,018	245,680,389	3,900,801,253	6,134,341,366

Notes to the Financial Statements
for the Year ended 30th June, 2022

4.3 **DISPOSAL OF OPERATING FIXED ASSETS** comprises of:

	COST	ACCUMULATED DEPRECIATION	BOOK VALUE	SALE PROCEEDS	GAIN	MODE OF DISPOSAL	PARTICULARS OF PURCHASER	RELATIONSHIP
	---- 30TH JUNE, 2022 ----							
VEHICLES								
Honda CG 125 MNP-13-7352	102,790	86,946	15,844	83,875	68,031	Negotiation	Muhamamd Imran	Third Party
Honda CD 70 MNP-13-7340	71,985	60,890	11,095	52,195	41,100	Negotiation	Ghazanfar Javed	Third Party
Honda CD 70 MNQ-13-5764	72,695	61,261	11,434	52,195	40,761	Negotiation	Ansar Mehmood	Third Party
Honda CD 70 MNN-14-6647	73,299	60,156	13,143	52,195	39,052	Negotiation	Ahmed Riffat	Third Party
Honda CD 70 MNM-14-9511	78,420	62,077	16,343	55,825	39,482	Negotiation	Umar Sajjad	Third Party
Honda CG 125 MN-15-241	87,250	54,416	32,834	83,875	51,041	Negotiation	Muhammad Aslam	Third Party
Honda CD 70 MNX-16-5196	67,735	46,511	21,224	52,195	30,971	Negotiation	Gulzar	Third Party
Honda CG 125 MNW-16-992	111,155	78,260	32,895	87,725	54,830	Negotiation	Muhammad Arif	Third Party
Honda CD 70 MNY-16-3009	67,735	47,297	20,438	55,000	34,562	Negotiation	Ali Bahadur	Third Party
Honda CD 70 MNO-16-1120	68,039	49,330	18,709	48,950	30,241	Negotiation	Tariq Aziz	Third Party
Honda CG 125 Deluxe MNL-16-7637	129,440	96,356	33,084	103,400	70,316	Negotiation	Fazal ur Rehman	Third Party
Honda CD 70 MNY-14-6584	62,350	46,221	16,129	55,000	38,871	Negotiation	Aslam Maseeh	Third Party
Honda Civic LEB-17-8200	3,118,630	1,947,688	1,170,942	3,500,000	2,329,058	Negotiation	Qamar Zaman	Third Party
Honda City MNE-18-290	1,854,071	881,714	972,357	2,200,000	1,227,643	Negotiation	Muhammad Mubeen	Third Party
Toyota Altis LEH-14-8010	2,394,740	2,024,776	369,964	2,300,000	1,930,036	Negotiation	Muhammad Javed	Third Party
Suzuki Swift MNE-17-528	1,434,723	944,800	489,923	1,450,000	960,077	Negotiation	Usama Saeed	Third Party
Honda Civic MN-09-3726	1,849,817	1,741,679	108,138	1,230,000	1,121,862	Negotiation	Sufyan Majeed	Third Party
Shahzor MNS-1113	1,560,940	1,409,723	151,217	1,350,000	1,198,783	Negotiation	Asif Nauman	Third Party
Honda CD 70 MNW-14-5456	73,449	59,270	14,179	52,195	38,016	Negotiation	Zafar Shehzad	Third Party
Honda Civic MN-14-4007	2,602,240	2,110,137	492,103	2,250,000	1,757,897	Negotiation	Muhammad Waqas	Third Party
Honda City MN-12-4841	1,538,600	1,344,784	193,816	1,550,000	1,356,184	Negotiation	Muhammad Asif Nauman	Third Party
Honda CD 70 MNL-14-285	76,685	63,900	12,785	55,825	43,040	Negotiation	Muhammad Ameer	Third Party
Honda CG 125 MNM-16-2069	108,540	79,218	29,322	83,875	54,553	Negotiation	Muhammad Baqir	Third Party
Honda CD 70 MNK-15-8788	73,649	58,585	15,064	52,195	37,131	Negotiation	Asif	Third Party
Shahzor MLG-7296	714,295	692,877	21,418	1,350,000	1,328,582	Negotiation	Muhammad Aslam	Third Party
Toyota Grande MN- 4277	2,388,640	1,987,893	400,747	2,500,000	2,099,253	Negotiation	Afshan Mansoor	Third Party
Honda CD 70 MNM-3003	78,195	63,710	14,485	55,825	41,340	Negotiation	Afshan Mansoor	Third Party
Suzuki Mehran MN-5007	736,181	610,097	126,084	750,000	623,916	Negotiation	Muhammad Abid	Third Party
Suzuki Swift MN-12-4034	1,256,920	1,049,559	207,361	1,050,000	842,639	Negotiation	Muhammad Imran	Third Party
	22,853,208	17,820,130	5,033,078	22,562,345	17,529,268			
	-	-			-			
	---- 30TH JUNE, 2021 ----							
POWER HOUSE								
Diesel Tank	865,696	289,713	575,983	600,000	24,017	Negotiation	Muhammad Tariq, Faisalabad	Third Party
VEHICLES								
Honda CD 70 MNK-15-1059	73,649	51,929	21,720	22,000	280	Negotiation	Muhammad Ahsan, Multan	Third Party
Honda CD 70 MNX-18-8233	69,635	23,212	46,423	60,000	13,577	Insurance Claim	EFU General Insurance Limited, Multan	Insurer
Suzuki Mehran MNE-17-526	772,723	401,404	371,319	815,000	443,681	Negotiation	Muhammad Salman, Multan	Third Party
Toyota Corolla LE-17-4895	2,688,810	1,493,783	1,195,027	3,400,000	2,204,973	Negotiation	Sufyan Majeed, Multan	Third Party
Honda CD 70 MNK-19-1849	74,365	23,565	50,800	60,000	9,200	Insurance Claim	EFU General Insurance Limited, Multan	Insurer
Honda Civic LEH-16-1978	2,742,350	1,543,419	1,198,931	2,850,000	1,651,069	Negotiation	Pervaiz Akhtar, Multan	Third Party
Suzuki Mehran MNC-16-232	694,782	451,781	243,001	685,000	441,999	Negotiation	Malik Murad, Multan	Third Party
Honda 125 MNN-7773	106,225	80,212	26,013	40,000	13,987	Negotiation	Adnan Idress, Multan	Third Party
	7,222,539	4,069,305	3,153,234	7,932,000	4,778,766			
	8,088,235	4,359,018	3,729,217	8,532,000	4,802,783			
	-	-			-			

4.4 **DEPRECIATION ALLOWANCE** provided for the year has been allocated as follows:

		2022 RUPEES	2021 RUPEES
Cost of Goods Manufactured	(Note 26.2)	226,861,815	232,078,053
Administrative and General Expenses	(Note 28.1)	18,174,459	13,602,336
		245,036,274	245,680,389

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

4.6 All assets of the Company as at 30th June, 2022 are located in Pakistan.

Notes to the Financial Statements
for the Year ended 30th June, 2022

5 RIGHT-OF-USE ASSETS

5.1 These comprise of:

PARTICULARS	COST				DEPRECIATION					WRITTEN DOWN AT END OF THE YEAR
	AT BEGINNING OF THE YEAR	ADDITIONS	TRANSFERS TO OPERATING ASSETS	AT END OF THE YEAR	RATE %	TO BEGINNING OF THE YEAR	ON TRANSFERS TO OPERATING ASSETS	PROVIDED FOR THE YEAR	TO END OF THE YEAR	
30TH JUNE, 2022										
VEHICLES	39,194,510	22,550,097	(31,609,640)	30,134,967	20	15,521,754	(14,930,989)	5,888,931	6,479,696	23,655,271
	39,194,510	22,550,097	(31,609,640)	30,134,967		15,521,754	(14,930,989)	5,888,931	6,479,696	23,655,271
30TH JUNE, 2021										
VEHICLES	41,841,510	-	(2,647,000)	39,194,510	20	10,810,597	(1,255,031)	5,966,188	15,521,754	23,672,756
	41,841,510	-	(2,647,000)	39,194,510	-	10,810,597	(1,255,031)	5,966,188	15,521,754	23,672,756

5.2 DEPRECIATION ALLOWANCE provided for the year has been allocated to Administrative and General Expenses. (Note 28.1)

			2022 RUPEES	2021 RUPEES
6 LONG TERM INVESTMENTS				
6.1 At Fair Value through OCI:				
	2022	**2021**		
Fatima Enterprises Limited - Related Party			6,536,572	6,536,572
No of Ordinary Shares of Rs. 10 each	829,808	829,808		
Per Share Quoted Price at Year End	(Note 6.2)			
Equity Held	5.83%	5.83%		
Fair Value Adjustment			5,329,682	5,329,682
			11,866,254	11,866,254
Mubarak Textile Mills Limited			182,700	182,700
No of Ordinary Shares of Rs. 10 each	66,000	66,000		
Per Share Quoted Price at Year End	(Note 6.3)			
Equity Held	1.22%	1.22%		
Fair Value Adjustment			(46,740)	(46,740)
			135,960	135,960
Fair Value at end of the Year			12,002,214	12,002,214

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

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

		2022	2021
7 LONG TERM DEPOSITS AND PREPAYMENTS			
7.1 These Comprise of:			
Deposits	(Note 7.2)	19,111,737	19,111,737
Prepayments		25,000,000	25,000,000
		44,111,737	44,111,737
Less: Provision for Expected Credit Loss		25,000,000	-
		19,111,737	44,111,737

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

	2022	2021
8 STORES AND SPARES comprise of:		
Stores	60,085,710	59,200,724
Spares		
At Factory	56,672,527	44,216,553
In Transit	-	12,813,396
	56,672,527	57,029,949
	116,758,237	116,230,673

		2022 RUPEES	2021 RUPEES

9 STOCK IN TRADE

9.1 This comprise of:

Raw Material			
In Godown	(Note 26.3)	204,712,213	298,024,248
In Transits		122,799,129	-
		327,511,342	298,024,248
Work in Process	(Note 26.2)	181,377,110	133,539,150
Finished Goods	(Note 26.1)	419,915,339	690,726,554
		928,803,791	1,122,289,952

9.2 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 56.699 million (2021: 62.749 million).

10 TRADE AND OTHER RECEIVABLES

10.1 These comprise of:

Trade Receivables	(Note 10.2)	934,369,123	791,374,106
Other Receivables	(Note 10.6)	501,913,202	216,823,981
		1,436,282,325	1,008,198,087

10.2 TRADE RECEIVABLES are made up as follows:

Export - Secured	(Note 10.3)	87,182,802	190,810,564
Local - Unsecured	(Note 10.4)	847,186,321	600,563,542
		934,369,123	791,374,106

10.3 Secured debtors represent foreign bills under collection secured against letters of credit from banks.

10.4 LOCAL TRADE RECEIVABLES are unsecured and are made up as follows:

Considered Good		847,186,321	600,563,542
Considered Doubtful		43,825,053	23,092,722
		891,011,374	623,656,264
Less: Provision for Expected Credit Loss	(Note 10.5)	43,825,053	23,092,722
		847,186,321	600,563,542

10.5 EXPECTED CREDIT LOSS is made up as follows:

Balance at the beginning of the Year		23,092,722	23,527,999
Less: Recovered during the Year	(Note 30)	2,131,714	1,582,976
		20,961,008	21,945,023
Add: Recognized during the Year	(Note 29)	22,864,045	1,147,699
Balance at end of the Year		43,825,053	23,092,722

10.6 OTHER RECEIVABLES comprise of:

Insurance Claims		793,000	-
Sales Tax		500,221,966	63,540,139
Rebate on Export Sales		-	149,257,956
Others		898,236	4,025,886
		501,913,202	216,823,981

11 PREPAYMENTS AND ADVANCES

11.1 These are unsecured but are considered good by the management and comprise of:

Advances to:			
Employees against Salaries and Expenses	(Note 11.2)	7,061,193	5,437,068
Suppliers of Goods and Services	(Note 11.3)	91,145,174	86,278,103
Immature Letters of Credit	(Note 11.5)	-	212,783
Security Deposits	(Note 11.6)	4,000,000	4,000,000
Prepayments		5,256,952	2,544,122
Margin against Guarantee		21,601,850	14,078,525
		129,065,169	112,550,601

11.2 Include therein amounts due from Executives.		2,620,611	2,555,833

		2022 RUPEES	2021 RUPEES
11.3 ADVANCES TO SUPPLIERS OF GOODS AND SERVICES are unsecured and are made up as follows:			
Considered Good		91,145,174	85,497,233
Considered Doubtful		5,462,530	9,998,474
		96,607,704	95,495,707
Less: Provision for Expected Credit Loss	(Note 11.4)	5,462,530	9,998,474
		91,145,174	85,497,233
11.4 EXPECTED CREDIT LOSS is made up as follows:			
Balance at the beginning of the Year		2,945,913	9,559,843
Less: Recovered during the Year	(Note 30)	62,797	-
		2,883,116	9,559,843
Add: Recognized during the Year	(Note 29)	2,579,414	438,631
Balance at end of the Year		5,462,530	9,998,474

11.5 These comprise of opening charges, bank charges and insurance.

11.6 This includes amount of Rs. 4,000,000/- (2021: Rs.4,000,000/-) relating to Collector of Custom, Multan, in connection with a case pending before the Customs Appellate Tribunal, Lahore and is indicated in Note 24.1 (d) in the financial statements.

12 SHORT TERM INVESTMENTS

	2022	2021	2022 RUPEES	2021 RUPEES
At Fair Value through Profit or Loss:				
Nishat Chunian Limited - quoted			-	649,000
No of Ordinary Shares	-	21,500		
Per Share Quoted Price at Year End	-	32.45		
Equity Held	-	0.009%		
Fair Value Adjustment		(Note 29)	-	371,800
Fair Value at end of the Year			-	1,020,800

13 CASH AND BANK BALANCES

		2022 RUPEES	2021 RUPEES
13.1 These comprise of:			
Cash in Hand		4,249,105	4,761,057
Cash with Banks in:			
Current Accounts		59,643,924	55,513,110
Saving Accounts	(Note 13.2)	33,173	31,163
Deposit Accounts	(Note 13.3)	250,866,398	247,087,813
		310,543,495	302,632,086
		314,792,600	307,393,143

13.2 Saving Accounts are subject to return ranging from 5.00% to 7.50% (2021: 4.00% to 5.50%) per annum.

13.3 Deposit Accounts are subject to return ranging from 7.25% to 12.50% (2021: 6.00% to 7.25%) per annum.

14 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

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

2022	2021			2022 RUPEES	2021 RUPEES
NUMBER OF SHARES					
17,024,093	17,024,093	Fully paid in Cash		170,240,930	170,240,930
1,760,809	1,760,809	Fully paid Bonus Shares		17,608,090	17,608,090
25,355	25,355	Consideration Other than Cash	(Note 14.3)	253,550	253,550
18,810,257	18,810,257			188,102,570	188,102,570

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

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

15 SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS

15.1 This is made up as follows:

	2022 RUPEES	2021 RUPEES
Gross Surplus		
Balance at beginning of the Year		
Land - Freehold	1,524,750,184	1,524,750,184
Buildings - on Freehold Land	1,024,695,364	1,078,626,699
Plant and Machinery	746,422,976	785,708,396
	3,295,868,524	3,389,085,279
Resulted from Revaluation during the Year - net of Deferred Tax	2,903,404,997	-
Related Deferred Tax	292,590,554	-
	3,195,995,551	-
Incremental Depreciation on Revaluation - net of Deferred Tax	(72,715,705)	(84,547,913)
Related Deferred Tax	(15,840,211)	(8,668,842)
	(88,555,916)	(93,216,755)
Balance at end of the Year	6,403,308,159	3,295,868,524
Deferred Tax liability on Revaluation Surplus		
Balance at beginning of the Year	280,729,133	289,397,975
Deferred Tax Liability Relating to:		
- Surplus Resulted from Revaluation during the Year	292,590,554	-
- Incremental Depreciation on Revaluation	(15,840,211)	(8,668,842)
	276,750,343	(8,668,842)
Balance at end of the Year	557,479,476	280,729,133
Revaluation Surplus on Operating Fixed Assets	5,845,828,683	3,015,139,391

15.2 This represents surplus over book value resulting from the revaluation of Land-Freehold, Building on Freehold Land, Factory and non-Factory Building and Plant and Machinery. The valuation was carried out on 30th June, 2022 by K. G. Traders (Private) Limited an independent valuer not connected with the Company and is on the panel of Pakistan Bankers Association and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations.

Freehold Land

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

Factory and Non-Factory Building

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

Plant and Machinery

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

Forced Sale Value

The latest valuation of the certain operating fixed assets of the Company's, stated under revaluation model, was carried out on 30th June, 2022. As per report for the aforesaid valuation, the forced sale value of the re-valued Land (Freehold) has been assessed at Rs. 2,494.433 million, Buildings on Freehold Land (Factory and non Factory Building) at Rs. 1,600.067 million and Plant and Machinery at Rs. 2,708.183 million.

		2022 RUPEES	2021 RUPEES

16 LONG TERM LOAN FROM DIRECTORS - unsecured

These represent unsecured and interest free loans from directors/sponsors of the Company which are repayable at the option of the Company. This loan an amount of Rs. 215 million (2021: Rs. 215 million) which has been subordinated to the Banks against financing availed by the Company. These have been obtained for the purpose of funding requirement of the Company and comprise of:

		2022 RUPEES	2021 RUPEES
Balance at beginning of the Year		187,242,901	168,047,276
Add:			
Disbursement during the Year		227,219,990	120,607,519
Transfer from Non-Current Liabilities	(Note 18)	51,652,562	-
		278,872,552	120,607,519
		466,115,453	288,654,795
Less: Payments made during the Year		152,060,639	101,411,894
Balance at end of the Year		314,054,814	187,242,901

17 LONG TERM FINANCING - secured

17.1 Term/Demand finances from banking companies comprising:

		2022 RUPEES	2021 RUPEES
Askari Bank Limited	(Note 17.2)	269,953,912	313,719,464
Bank of Khyber	(Note 17.3)	149,999,999	183,333,333
Soneri Bank Limited	(Note 17.4)	388,570,457	423,969,647
Allied Bank Limited	(Note 17.5)	110,570,304	134,887,544
National Bank of Pakistan	(Note 17.6)	1,269,965,446	1,464,841,787
Habib Bank Limited	(Note 17.10)	189,939,763	198,640,000
MCB Bank Limited	(Note 17.11)	268,014,316	274,585,788
Faysal Bank Limited	(Note 17.12)	9,113,110	12,009,188
		2,656,127,307	3,005,986,751

In addition to securities indicated under respective finances, these are secured by way of Joint Pari Passu Charge amounting to Rs. 3,320.000 million (2021: Rs. 3,320.000 million) over Fixed Assets and Personal Guarantees of the Sponsoring Directors of the Company, except other wise stated.

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

		2022 RUPEES	2021 RUPEES
Balance at beginning of the Year		313,719,464	326,735,016
Less: Current Portion Shown under Current Liabilities	(Note 23.2)	43,765,552	13,015,552
Balance at end of the Year		269,953,912	313,719,464

This includes short term borrowing re-scheduled vide an approval Letter No. 2020/03/CIB/013/33 dated 5th March, 2020 of the bank. These are secured by lien over deposits in the name of the Company, by way of Joint Pari Passu Charge amounting to Rs. 1,475 million (2021: Rs. 1,475 million) over Fixed Assets, and Personal Guarantees of the Directors of the Company. These are repayable over a period from 24th August, 2022 to 4th March, 2028, in 20 to 24 quarterly installments. These carry mark-up ranging from 9.69% to 13.46% (2021: 9.35%) per annum for TF and 5.00% (2021: 5.00%) per annum for LTFF Scheme introduced by SBP, payable quarterly.

17.3 DEMAND FINANCE FROM BANK OF KHYBER is made up as follows:

		2022 RUPEES	2021 RUPEES
Balance at beginning of the Year		183,333,333	248,200,525
Less:			
Transfer to Accrued Markup		-	12,200,525
Current Portion Shown under Current Liabilities	(Note 23.2)	33,333,334	52,666,667
		33,333,334	64,867,192
Balance at end of the Year		149,999,999	183,333,333

This includes short term borrowing re-scheduled vide an approval letter No. FOL/MFT/BOK/RENEWAL/HUSSAIN MILLS LTD dated 24th June, 2020 of the bank. The re-scheduled term loan carries mark up ranging from 9.17% to 12.96% per annum and is payable semi-annually. These are secured by way of 1st Joint Pari Passu charge over fixed assets of the company amounting to Rs.267 Million and personal guarantees of the directors of the company. These are repayable over a period from 31st December, 2022 to 31st July, 2027 in 12 half yearly installments.

		2022 RUPEES	2021 RUPEES
17.4	**TERM FINANCE FROM SONERI BANK LIMITED**		
	Balance at beginning of the Year	423,969,647	485,625,000
	Add: Re-Scheduled from Accrued Mark-up	45,538,302	12,537,348
		469,507,949	498,162,348
	Less: Current Portion Shown under Current Liabilities (Note 23.2)	80,937,492	74,192,701
	Balance at the end of the Year	388,570,457	423,969,647

This represents short term borrowing re-scheduled vide an approval Letter No. SBL/CAD-CIBG/19/22 dated 20th March, 2019 and further rescheduled vide an approval letter no. SBL/CAD-CIBG/21/50 dated July 07, 2021 of the bank and is repayable in 74 equal monthly installments commencing from 1st May, 2022. This is secured by way of joint Pari Passu charge amounting to Rs. 620 Million over Fixed Assets of the Company, specific charge amounting to Rs. 130 million (2021: Rs. 130 million) over 17 Air Jet Looms installed at Weaving Unit of the Company located at Qadirpur Rawn Bypass, Multan and Specific Charge of Rs. 200 million (2021: Rs. 200 million) over (03) three Draw Frames and (10) ten Cards installed at Unit - 01 and Personal Guarantees of the Directors of the Company. This carries mark-up ranging from 7.95% to 12.45% per annum.

			2022 RUPEES	2021 RUPEES
17.5	**TERM FINANCE FROM ALLIED BANK LIMITED** is made up as follows:			
	Balance at beginning of the Year		134,887,544	84,638,868
	Add: Re-Scheduled from:			
	Current Portion Shown under Current Liabilities		-	40,011,132
	Accrued Mark-up		6,845,260	28,935,044
			6,845,260	68,946,176
			141,732,804	153,585,044
	Less: Current Portion Shown under Current Liabilities	(Note 23.2)	31,162,500	18,697,500
	Balance at end of the Year		110,570,304	134,887,544

This is repayable in 17 equal quarterly installments commencing from 15th June, 2022 to 15th June, 2026. This includes Re-Scheduled from Accrued Mark-up is payable in 12 equal monthly installments commencing from 15th October, 2026 to 15th September, 2027. This is secured by way of 1st Joint Pari Passu charge amounting to Rs. 570 million (2021: Rs. 570 million), over Fixed Assets and Personal Guarantees of the Directors of the Company. This carries Mark-up ranging from 5.65% to 7.54% (2021: 7.54% to 8.76%) per annum.

			2022 RUPEES	2021 RUPEES
17.6	**FINANCE FROM NATIONAL BANK OF PAKISTAN**			
	Demand Finance	(Note 17.7)	1,206,615,446	1,383,391,787
	Frozen Markup	(Note 17.8)	63,350,000	81,450,000
		(Note 17.9)	1,269,965,446	1,464,841,787
17.7	**DEMAND FINANCE FROM NATIONAL BANK OF PAKISTAN**			
	Balance at beginning of the Year		1,383,391,787	1,427,891,603
	Add: Re-Scheduled from Accrued Mark-up		90,304,935	89,040,822
			1,473,696,722	1,516,932,425
	Less: Current Portion Shown under Current Liabilities		267,081,276	133,540,638
	Balance at end of the Year		1,206,615,446	1,383,391,787
17.8	**FROZEN MARKUP FROM NATIONAL BANK OF PAKISTAN**			
	Balance at beginning of the Year		81,450,000	90,500,000
	Less: Current Portion Shown under Current Liabilities		18,100,000	9,050,000
	Balance at end of the Year		63,350,000	81,450,000

17.9 This represents short term borrowing re-scheduled vide an approval Letter No. CIBG/MTN/2019/337 dated 19th December, 2019 of the bank and is repayable in 28 quarterly installments commencing from 31st March, 2022. This is secured by way of ranking charge of Rs. 3,000 million (2021: Rs. 3,000 million) over present and future fixed assets of the Company with further upgradation into 1st Joint Pari Passu charge and Personal Guarantees of the Directors of the Company. This carries Mark-up ranging from 8.95% to 13.45% (2021: 8.76% to 9.09%) per annum.

	2022 RUPEES	2021 RUPEES
17.10 TERM FINANCE FROM HABIB BANK LIMITED		
Balance at beginning of the Year	198,640,000	217,049,729
Add: Re-Scheduled from Accrued Mark-up	15,549,763	-
	214,189,763	217,049,729
Less:		
Transfer to Accrued Markup	-	3,409,729
Current Portion Shown under Current Liabilities	24,250,000	15,000,000
	24,250,000	18,409,729
Balance at end of the Year	189,939,763	198,640,000

This represents short term borrowing re-scheduled vide an approval letter no. nil dated 4th December, 2019 of the bank and is repayable in 27 quarterly installments commencing from 30th June, 2022. This is secured by way of ranking charge amounting to Rs. 295.000 million (2021: Rs. 295 million) over Present and Future Fixed Assets of the Company with further upgradation ranking charge into 1st Joint Pari Passu charge and Personal Guarantees of the Directors of the Company. This carries Mark-up ranging from 7.45% to 11.95% (2021: 7.25% to 7.58%) per annum.

	2022 RUPEES	2021 RUPEES
17.11 DEMAND FINANCE FROM MCB BANK LIMITED		
Balance at beginning of the Year	274,585,788	306,890,000
Add: Re-Scheduled from Accrued Mark-up	34,408,528	-
	308,994,316	306,890,000
Less: Current Portion Shown under Current Liabilities	40,980,000	32,304,212
Balance at end of the Year	268,014,316	274,585,788

This represents short term borrowing re-scheduled vide an approval letter no. MCB/GEN/2020/85 dated 23rd January, 2020 of the bank and is repayable in installments commencing from 25th April, 2022.This involves rescheduling of deffered mark up payable in 19 quaterly installments commencing from 25th June,2022 to 25th December,2031. This is secured by way of ranking charge of amounting to Rs. 410.000 million (2021: Rs. 410.000 million) over Present and Future Fixed Assets of the Company with further upgradation into 1st Joint Pari Passu charge and Personal Guarantees of the Directors of the Company. This carries markup ranging between 7.95% to 12.45% per annum.

	2022 RUPEES	2021 RUPEES
17.12 DIMINISHING MUSHARAKAH FROM FAYSAL BANK LIMITED		
Balance at beginning of the Year	12,009,188	-
Add: Re-Scheduled from:		
Short Term Borrowings	-	14,812,000
Accrued Mark-up	1,003,922	3,198,188
	1,003,922	18,010,188
	13,013,110	18,010,188
Less:		
Payment made during the Year	300,000	1,201,000
Current Portion Shown under Current Liabilities	3,600,000	4,800,000
	3,900,000	6,001,000
Balance at end of the Year	9,113,110	12,009,188

This represents short term borrowing re-scheduled vide Faisal Bank letter dated 4th Aug, 2020 and is repayable in 43 monthly installments commencing from 25th July, 2022. This is secured by the way of 1st Joint Pari Passu charge amounting to Rs. 200.00 Million over Current Assets of the Company and personal guarantees of the directors of the Company. This carries markup ranging from 7.50% to 14.31% per

		2022 RUPEES	2021 RUPEES

18 LONG TERM LOAN FROM DIRECTORS

This is made up as follows:

		2022 RUPEES	2021 RUPEES
Balance at beginning of the Year		51,652,562	51,652,562
Less: Transfer to Long term Loan - unsecured	(Note 16)	51,652,562	-
Balance at end of the Year		-	51,652,562

This represents the a finance facility amounting to Rs. Nil (2021: Rs. 110 million) from Bank of Khyber, sanctioned to Sheikh Umer Farooq a director of the Company, having 0.41% Shareholding in the Company. This bears markup @ 0.75% (2021: 0.75%) over and above profit rate on term deposit receipts (under lien), and is born by the Company. This has been obtained for the purpose of funding requirement of the Company.

19 LEASE LIABILITIES

19.1 This is made up as follows:

		2022 RUPEES	2021 RUPEES
Liability due for the year ended 30th June:			
2021		-	11,417,557
2022		18,360,340	11,221,964
2023		17,022,760	696,841
2024		14,611,410	-
2025		7,852,720	-
		57,847,230	23,336,362
Less: Payments during the year		18,360,340	11,417,557
Gross Minimum Lease Payments		39,486,890	11,918,805
Less: Future Period Financial Charges		5,967,992	779,642
Present Value of Gross Minimum Lease Payments		33,518,898	11,139,163
Less: Current Portion Shown under Current Liabilities	(Note 23.1)	13,347,051	10,458,388
		20,171,847	680,775

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

	2022 RUPEES	2021 RUPEES
GROSS MINIMUM LEASE PAYMENTS		
Not later than one Year	17,022,760	11,221,964
Later than one Year but not later than five Years	22,464,130	696,841
Later than Five Years	-	-
	39,486,890	11,918,805
PRESENT VALUE OF MINIMUM LEASE PAYMENTS		
Not later than one Year	13,347,051	10,458,388
Later than one Year but not later than five Years	20,171,847	680,775
Later than Five Years	-	-
	33,518,898	11,139,163

19.3 The Company entered into the Finance Lease agreements with various Financial Institutions to acquire Power House and Vehicles. The implicit Mark-up rate used to discount the minimum lease payments ranges from 13.41% to 13.75% (2021: 9.15% to 14.22%) per annum. These are secured against Title of the Leased Assets and Personal Guarantees of the Directors of the Company. The Company avails the option to purchase the Assets at the end of respective lease terms.

20 DEFERRED LIABILITIES:

20.1 These comprise of

		2022 RUPEES	2021 RUPEES
Deferred Taxation	(Note 20.2)	729,850,980	207,570,807
Staff Retirement Benefits	(Note 20.4)	69,145,640	62,462,651
		798,996,620	270,033,458

20.2 DEFERRED TAXATION is in respect of the following temporary differences:

	2022 RUPEES	2021 RUPEES
Accelerated Depreciation	990,732,560	512,003,170
Export Debtors	871,828	4,405,651
Lease Liability	(2,831,840)	940,818
Staff Gratuity	(12,368,247)	(5,770,819)
Unused Tax Losses	(246,553,321)	(304,008,013)
	729,850,980	207,570,807

20.3 ANALYSIS OF CHANGE IN DEFERRED TAX LIABILITY

PARTICULARS	BALANCE AT BEGINNING OF THE YEAR	RECOGNISED IN PROFIT OR LOSS	RECOGNISED IN OTHER COMPREHENSIVE INCOME	BALANCE AT END OF THE YEAR
Balance as at 30th June, 2022				
Accelerated Depreciation	512,003,170	186,138,836	292,590,554	990,732,560
Export Debtors	4,405,651	(3,533,823)	-	871,828
Lease Liability	940,818	(3,772,658)	-	(2,831,840)
Staff Gratuity	(5,770,819)	(6,597,428)	-	(12,368,247)
Unused Tax Losses	(304,008,013)	57,454,692	-	(246,553,321)
	207,570,807	229,689,619	292,590,554	729,850,980

PARTICULARS	BALANCE AT BEGINNING OF THE YEAR	RECOGNISED IN PROFIT OR LOSS	RECOGNISED IN OTHER COMPREHENSIVE INCOME	BALANCE AT END OF THE YEAR
Balance as at 30th June, 2021				
Accelerated Depreciation	512,003,170	-	-	512,003,170
Export Debtors	4,405,651	-	-	4,405,651
Lease Liability	940,818	-	-	940,818
Surplus on Revaluation of		-		
Operating Fixed Assets	-	-	-	-
Staff Gratuity	(5,770,819)	-	-	(5,770,819)
Unused Tax Losses	(304,008,013)	-	-	(304,008,013)
	207,570,807	-	-	207,570,807

20.4 STAFF RETIREMENT BENEFITS represent Staff Gratuity and is made up as follows:

	2022 RUPEES	2021 RUPEES
Balance at beginning of the Year	62,462,651	47,197,061
Expense for the Year	57,608,963	53,925,447
Payments made during the Year	(50,925,974)	(38,659,857)
Present Value of Defined Benefit Obligation	69,145,640	62,462,651

ALLOCATION OF CHARGE FOR THE YEAR is as follows:

	2022 RUPEES	2021 RUPEES
Cost of Goods Manufactured	47,454,970	42,330,777
Administrative Expenses	10,153,993	11,594,670
	57,608,963	53,925,447
	-	-

Historical information is as follows:

	2022	2021	2020	2019	2018
Charge for Gratuity	57,608,963	53,925,447	48,200,898	43,496,814	45,049,426

21 TRADE AND OTHER PAYABLES comprise of:

21.1 These comprise of:

		2022 RUPEES	2021 RUPEES
Creditors		1,020,803,235	554,027,682
Accrued Liabilities		346,420,163	314,407,042
Contract Liabilities		88,792,396	142,031,510
Accrued Interest and Mark-up	(Note 21.2)	163,517,289	130,877,126
Income Tax Withheld		67,705,846	40,927,389
Workers' (Profit) Participation Fund	(Note 29)	-	8,523,352
Sales Tax Payable		-	14,980,603
Bills Payable		-	17,545,146
		1,687,238,929	1,223,319,850

		2022 RUPEES	2021 RUPEES
21.2 ACCRUED INTEREST AND MARK-UP relates to:			
Long Term Finances		117,642,434	66,667,735
Short Term Borrowings		44,627,232	62,197,474
Workers' (Profit) Participation Fund		1,247,623	2,011,917
		163,517,289	130,877,126

22 SHORT TERM BORROWINGS

22.1 These comprise of:

Secured - from Banking Companies:			
Pre/Post-Shipment Advance	(Note 22.2)	437,313,759	429,003,863
Cash/Running Finances	(Note 22.2)	1,127,043,057	1,050,485,578
		1,564,356,816	1,479,489,441
Unsecured - Overdraft	(Note 22.3)	187,257,793	90,565,671
		1,751,614,609	1,570,055,112

22.2 These facilities have been obtained from various Commercial Banks with sanctioned limits aggregating Rs. 1.731 Billion (2021: Rs. 2.383 Billion). The aggregate facilities are secured by a 1st joint pari passu hypothecation charge on all present and future current assets of the Company including Stock in Trade, Trade Debts, Lien on Export Bills and Personal Guarantees of the Working Directors of the Company. These include an amount of Rs. 30.00 million (2021: 580.000 million) which is secured against the personal deposits of the working directors of the Company. The expiry dates of the facilities range during the period from 16th September, 2022 to 31st January, 2023. These facilities carry Mark up rates ranging from 6.35% to 16.49% (2021: 0.50% to 10.85%) per annum. Short term borrowing facilities which remained unutilized at year end are Rs. 0.164 billion (2021: Rs. 0.904 billion).

22.3 This represents the cheques issued in excess of the available balances in the Banks of the Company, which have been presented for payment subsequent to the year end.

23 CURRENT/OVERDUE PORTION OF LONG TERM LIABILITIES

23.1 These comprise of:

Current Portion of Long Term Finances	(Note 23.2)	774,416,151	392,767,270
Current Portion of Lease Liabilities	(Note 19)	13,347,051	10,458,388
		787,763,202	403,225,658

23.2 CURRENT PORTION OF LONG TERM FINANCES is made up as follows:

Balance at beginning of the Year		392,767,270	172,938,661
Less:			
Payments made during the Year		161,561,273	86,619,713
Transfer to Accrued Markup		-	6,807,816
Transferred to Long Term Liabilities		-	40,011,132
		161,561,273	133,438,661
Overdue Portion		231,205,997	39,500,000
Add: Transferred from Long Term Portion		543,210,154	353,267,270
Balance at end of the Year	(Note 17.5)	774,416,151	392,767,270

24 CONTINGENCIES AND COMMITMENTS

24.1 CONTINGENCIES

(a) A case of the Company is pending for decision before the Honorable Sind High Court, Karachi, against the imposition of a levy by the Excise and Taxation Officer, Karachi, amounting to Rs. 141.644 million (2021: Rs. 136.644 million), on imports of the Company, which has not been recognized in the financial statements of the Company.

		2022 RUPEES	2021 RUPEES
(b) Letters of Guarantee issued by the Banks on behalf of the Company in favour of:			
Sui Northern Gas Pipelines Limited		158,429,400	159,640,400
Excise and Taxation	(Note 27.1 (a))	141,644,299	136,644,299
Multan Electric Company		9,770,600	9,770,600
		309,844,299	306,055,299

(c) Since January, 2017, the Company has stopped production and payment of monthly rental amounting to Rs. 4.000 million per month, of the leased facilities, which up to 18th December, 2019 (the date on which factory has been handed over to its owners) aggregates to Rs. 142.323 million (2020: 142.323 million) and has not been recognised in these financial statements. The case of the Company for waiver of aforesaid rentals and release of deposit amounting to Rs. 25.000 million is pending before Lahore Court, Lahore.

(d) A case dated 04-12-2018 of the Company is pending before the Customs Appellate Tribunal, Lahore, against the imposition of a Duty & Tax Remission amounting to Rs. 92,157,627/- (2021: Rs. 92,157,627/-) by the Collectorate of (Customs) Adjudication, Faisalabad, alleging export of yarn to have been produced using Pakistani Cotton instead of Imported Cotton by the Company. The aforesaid amount has not been recognized in the financial statements of the Company.

(e) Subsequent to the financial year end, the supreme Court of Pakistan has upheld the Gas Infrastructure Development Cess (GIDC) Act, 2015 to be constitutional and intra vires. In connection with this decision, the Company filed a writ petition in Lahore High Court, Lahore on 14th September, 2020 against the charge of GIDC at the rate of captive power consumer instead of industrial consumer. Lahore High Court, Lahore suspended the payment of Rs. 134.982 million related to this difference, subject to furnishing of post dated cheques. post dated cheque of first installment has been furnished by the Company. Keeping in view the opinion of the legal counsel of the Company, the related provision is not made in these financial statements as there are strong grounds of favorable outcome of the petition.

(f) The Company has field an Appeal before the Commissioner Inland Revenue (CIR(A)), Karachi, against dispute amendment under section 122(5A) of the Ordinance, resulting additions under various heads of account, for Tax Year 2016, 2017 & 2019 relevant to the financial year ended 30th June, 2016, 2017 & 2019, which are pending for hearing.

(g) The officials of LTO, Karachi initiated proceedings for withholding taxes on payments of the Company, for tax year 2021 relevant to the financial year ended 30th June, 2021. The Company submitted its response through its legal council and unable to determine the outcome of this case.

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

24.2 COMMITMENTS

	2022 RUPEES	2021 RUPEES
Outstanding Letters of Credit for:		
Store and Spares	53,934,808	63,795,457
Raw Material	-	140,144,135
	53,934,808	203,939,592

		2022 RUPEES	2021 RUPEES
25	**SALES**		
25.1	These represent revenue from contracts with customers and is made up as follows:		
	Local Sales:		
	Goods	10,755,180,310	7,637,068,242
	Waste	252,515,822	106,348,883
	Conversion Income	909,962,606	527,430,611
		11,917,658,738	8,270,847,736
	Less: General Sales Tax including Further Tax	1,758,731,336	1,224,644,876
	Total Local Sales	10,158,927,402	7,046,202,860
	Export Sales:		
	Direct Export:		
	Goods	3,146,310,366	3,251,110,614
	Waste	-	-
		3,146,310,366	3,251,110,614
	Indirect Export - Goods	-	75,090,189
	Total Export Sales	3,146,310,366	3,326,200,803
		13,305,237,768	10,372,403,663

25.2 These include revenue amounting to Rs. 142,031,510/- (2021: Rs. 46,672,237/-) recognised that was included in the contract liabilities balance at the beginning of the Year.

25.3 TIMING OF REVENUE RECOGNITION

	2022	2021
Goods transferred at a point in time	13,305,237,768	10,372,403,663

PERFORMANCE OBLIGATION

The performance obligation is satisfied upon delivery of goods and payment is generally due within 30 to 120 days from delivery.

25.4 CONTRACT BALANCES

	2022	2021
Trade Receivables	934,369,123	791,374,106
Contract Liabilities	88,792,396	142,031,510

25.5 The increase in trade receivables is due to less recovery made during the Year.

25.6 The increase in contract liabilities pertains to addition in advance due to increase in contracts.

25.7 GEOGRAPHIC MARKET

	2022	2021
Asia	12,400,436,260	9,362,801,907
Europe	870,837,016	870,837,016
America	138,764,740	138,764,740
	13,410,038,016	10,372,403,663

26 COST OF SALES

26.1 This is made up as follows:

		2022	2021
Finished Goods at beginning of the Year		690,726,554	441,242,951
Add: Cost of Goods:			
Manufactured	(Note 26.2)	12,382,768,736	9,588,508,326
Purchased		23,827,185	8,309,749
		12,406,595,921	9,596,818,075
		13,097,322,475	10,038,061,026
Finished Goods at end of the Year		419,915,339	690,726,554
		12,677,407,136	9,347,334,472

		2022 RUPEES	2021 RUPEES
26.2 COST OF GOODS MANUFACTURED is made up as follows:			
Work in Process at beginning of the Year		133,539,150	119,360,953
Raw Material Consumed	(Note 26.3)	9,344,461,912	7,085,679,843
Packing Material Consumed		114,017,414	103,996,065
Stores Consumed		468,865,344	422,213,965
Salaries, Wages and Benefits	(Note 26.4)	818,178,661	727,436,212
Power and Fuel		1,400,242,926	974,248,116
Insurance		26,651,108	21,383,203
Repair and Maintenance		25,764,750	32,465,250
Processing Charges		1,045,080	1,443,439
Depreciation	(Note 4.4)	226,861,815	232,078,053
Other Manufacturing Expenses		4,517,686	1,742,377
		12,564,145,846	9,722,047,476
Work in Process at end of the Year		181,377,110	133,539,150
		12,382,768,736	9,588,508,326

	2022 RUPEES	2021 RUPEES
26.3 RAW MATERIAL CONSUMED is made up as follows:		
Balance at beginning of the Year	298,024,248	456,108,608
Add: Purchases including Expenses	9,251,149,877	6,927,595,483
Available for Consumption	9,549,174,125	7,383,704,091
Balance at end of the Year	204,712,213	298,024,248
	9,344,461,912	7,085,679,843

26.4 These include Rs. 47.455 million (2021: 42.331 million) in respect of Staff Retirement Benefits.

	2022 RUPEES	2021 RUPEES
27 MARKETING AND DISTRIBUTION COST comprises of:		
Local Freight, Octroi and Other Charges	17,969,631	9,709,560
Sea and Trailer Freight	105,067,553	68,762,301
Clearing and Forwarding Expenses	4,908,645	6,912,865
Commission on:		
Local Sales	33,946,579	17,752,538
Export Sales	43,120,222	55,058,168
Insurance	818,974	1,003,818
Bill of Lading Charges	692,437	944,340
Export Development Surcharge	8,161,339	7,857,432
Sales Promotion Expenses	146,795	2,096,590
Others Expenses	10,986,455	6,218,666
	225,818,630	176,316,278

		2022 RUPEES	2021 RUPEES
28 ADMINISTRATIVE AND GENERAL EXPENSES			
28.1 These comprise of:			
Directors' Remuneration		7,020,000	4,890,600
Staff Salaries and Benefits	(Note 28.2)	214,966,142	173,425,766
Printing and Stationery		837,528	955,541
Communication		7,994,498	9,875,754
Sui Gas and Water Charges		3,842,861	3,605,266
Electricity		3,553,378	4,997,826
Insurance		10,484,731	6,605,136
Travelling and Conveyance		25,651,626	11,824,946
Entertainment		6,931,351	3,594,288
Rent, Rates and Taxes		1,981,179	1,341,859
Vehicle Running and Maintenance		21,544,772	13,267,506
Repair and Maintenance		14,369,651	11,488,443
Fees and Subscriptions		6,538,721	8,351,142
Legal and Professional Charges		5,750,100	5,419,955
Auditors' Remuneration	(Note 28.3)	800,000	800,000
Advertisement and Publicity		72,470	59,180
ISO Expenses		4,028,325	5,478,387
Charity and Donations		4,302,097	1,546,791
Newspapers and Periodicals		79,675	98,167
Depreciation - Owned Assets	(Note 4.4)	18,174,459	13,602,336
Depreciation - Right-of-use Assets	(Note 5.2)	5,888,931	5,966,188
General Expenses		8,036,676	9,675,377
		372,849,171	296,870,454

28.2 These include Rs. 10.154 million (2021: 11.595 million) in respect of Staff Retirement Benefits.

28.3 This is in respect of Company's statutory audit.

		2022 RUPEES	2021 RUPEES
29 OTHER OPERATING EXPENSES comprises of:			
Exchange Loss on Realization of Foreign Debtors		28,740	32,290,153
Provision for Doubtful:			
Long Term Deposits and Prepayments	(Note 7.1)	25,000,000	-
Trade Receivables	(Note 10.5)	22,864,045	1,147,699
Advance to Suppliers	(Note 11.4)	9,185,414	438,631
Workers' (Profit) Participation Fund	(Note 21)	-	8,523,352
		57,078,199	42,399,835

		2022 RUPEES	2021 RUPEES
30 OTHER INCOME comprises of income from:			
Financial Assets			
Return on Financial Assets		14,981,647	17,504,842
Gain on Re-Measurement on fair value through profit or loss		-	371,800
Gain on Sale of Short Term Investment		52,975	73,293
Rental Income (Godowns)	(Note 4.5)	13,422,485	15,524,421
Interest Income		-	20,509
Dividend Income		159,175	-
Recovered of Provision for Doubtful Trade Receivable	(Note 10.5)	2,131,714	1,582,976
Recovered of Provision for Doubtful Advacnes to Suppliers		882,435	-
Exchange Gain on Realization of Foreign Debtors		73,553,685	-
Unrealised Exchange Gain on Foreign Debtors		108,715	2,443,709
		105,292,831	37,521,550
Non Financial Assets			
Gain on Disposal of Operating Fixed Assets		17,529,268	4,802,783
		122,822,099	42,324,333

	2022 RUPEES	2021 RUPEES
31 FINANCE COST comprises of:		
Interest/Mark-up on:		
Short Term Borrowings	121,821,137	111,964,542
Long Term Finance	336,930,652	240,429,278
Worker's (Profit) Participation Fund	1,247,623	-
Finance Lease Charges	2,951,970	2,424,911
Exchange Loss on Foreign Currency Finances	30,055,458	7,116,088
Bank Charges and Commission	22,315,749	28,367,075
	515,322,589	390,301,894

32 INCOME TAX EXPENSE

32.1 This relates to:

	2022 RUPEES	2021 RUPEES
Current Taxation:		
For the Year	159,944,037	141,418,336
Prior Year	(13,408,857)	(1,763,193)
	146,535,180	139,655,143
Deferred Taxation		
For the Year	62,034,115	-
Prior Year	167,655,504	-
	229,689,619	-
	376,224,799	139,655,143

32.2 In view of available tax losses, current taxation represents tax levied on turnover U/S 113 of the Income Tax Ordinance, 2001 ("the Ordinance"), on Local Sale and tax deducted U/S 169 of the Ordinance on export proceeds realized during the Year.

32.3 Income tax assessments of the Company have been completed or the returns were filed under self assessment scheme in accordance with the provisions of the Income Tax Ordinance, 2001, which are deemed to be assessed as declared.

32.4 Numerical reconciliation between the effective tax and the applicable tax is not required as the entire taxation of the Company comprises of final and minimum tax only, under respective provisions of the Income Tax Ordinance, 2001.

33 (LOSS) / EARNING PER SHARE

33.1 Basic (Loss) / Earning per Share

	2022	2021
(Loss) / Profit for the Year	(796,640,657)	21,849,920
	NUMBER OF SHARES	
Shares Outstanding during the Year	18,810,257	18,810,257
	R U P E E S	
Basic (Loss) / Earning per Share	(42.35)	1.16

33.2 Diluted (Loss) / Earning per Share

There are no dilutive potential ordinary shares outstanding as at 30th June, 2022 and 2021.

34 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	LOAN FROM DIRECTORS	LONG TERM FINANCING	LEASE LIABILITY	SHORT TERM FINANCING	TOTAL
Balance as at 30th June, 2020	**219,699,838**	**3,360,469,402**	**20,095,077**	**1,927,173,367**	**5,527,437,684**
Disbursements	120,607,519	-	-	-	120,607,519
Transfer from Current Liabilities - net	-	126,105,332	-	-	126,105,332
Repayments	(101,411,894)	(87,820,713)	(8,955,914)	-	(198,188,521)
Repayments - net	-	-	-	(357,118,255)	(357,118,255)
Balance as at 30th June, 2021	**238,895,463**	**3,398,754,021**	**11,139,163**	**1,570,055,112**	**5,218,843,759**
Disbursements	227,219,990	-	37,998,800	-	265,218,790
Transfer from Current Liabilities - net	-	193,650,710	-	-	193,650,710
Repayments	(152,060,639)	(161,861,273)	(15,619,065)	-	(329,540,977)
Disbursements - net	-	-	-	181,559,497	181,559,497
Balance as at 30th June, 2022	**314,054,814**	**3,430,543,458**	**33,518,898**	**1,751,614,609**	**5,529,731,779**

35 RELATED PARTIES DISCLOSURES

Disclosure of transactions between the Company and Related Parties.

NATURE OF TRANSACTIONS	RELATIONSHIP/PERCENTAGE OF SHARE HOLDING	2022 RUPEES	2021 RUPEES

The related parties comprise of associated undertaking, directors and other key management personnel. The Company in the normal course of business carries out transactions with various related parties. The Company enters into transactions with related parties on the basis of mutually agreed terms. Significant balances and transactions with related parties are as follows:

Long Term Loan from Directors:

Sh. Umar Farooq	Director holding 0.41% (2021: 0.41%) equity shares	(Note 16)
Ghazala Nasreen	Director holding 0.46% (2021: 0.46%) equity shares	(Note 16)
Hussain Ahmed Fazal	Director holding 51.96% (2021: 51.96%) equity shares	(Note 16)
Deferred Liabilities	Expense in relation to staff retirement gratuity	(Note 20.4)
Compensation paid to key management personnel	Key management personnel	(Note 36)

These are to be settled as indicated in relevant notes. The receivables and payables in respect of related parties are primarily unsecured in nature and bear no interest.

36 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

Executive means an employee whose basic salary exceeds Rs. 1,200,000 (2021: Rs. 1,200,000) per year. The aggregate amount charged in the account for the year for remuneration, including certain benefits, to the Chief Executive, Director and Executives of the Company is as follows:

	2022 RUPEES		
PARTICULARS	Chief Executive	Director	Executives
Managerial Remuneration	654,000	6,000,000	56,412,957
House Rent allowance	264,000	-	-
Utility Allowance	36,000	-	-
Medical Allowance	66,000	-	5,641,296
Gratuity	-	-	4,402,705
	1,020,000	6,000,000	66,456,958
NUMBER OF PERSONS	1	1	25

	2021 RUPEES		
PARTICULARS	Chief Executive	Director	Executives
Managerial Remuneration	827,502	3,600,000	53,263,310
House Rent allowance	334,038	-	-
Utility Allowance	45,551	-	-
Medical Allowance	83,509	-	5,326,331
Gratuity	-	-	7,215,119
	1,290,600	3,600,000	65,804,760
NUMBER OF PERSONS	1	1	26

In addition to above Chief Executive, Director and certain Executives are provided with Company maintained vehicles.

Notes to the Financial Statements
for the Year ended 30th June, 2022

37 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

	CARRYING AMOUNT						FAIR VALUE			
AS AT 30TH JUNE, 2022	FINANCIAL ASSETS AT AMORTIZED COST	FAIR VALUE THROUGH PROFIT OR LOSS	FAIR VALUE THROUGH OCI	CASH AND CASH EQUIVALENTS	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
	---------- R U P E E S ----------									
Financial Assets - Measured at Fair Value										
Long Term investment	-	-	12,002,214	-	-	12,002,214	-	12,002,214	-	12,002,214
Financial Assets - Not Measured at Fair Value										
Trade and Other Receivables	936,060,359	-	-	-	-	936,060,359	-	-	-	-
Prepayments and Advances	25,601,850	-	-	-	-	25,601,850	-	-	-	-
Bank Balances	-	-	-	310,543,495	-	310,543,495	-	-	-	-
Long Term Deposits and Prepayments	19,111,737	-	-	-	-	19,111,737	-	-	-	-
	980,773,946	-	12,002,214	310,543,495	-	1,303,319,655	-	12,002,214	-	12,002,214
Financial Liabilities - Not Measured at Fair Value										
Long Term Financing	-	-	-	-	2,656,127,307	2,656,127,307	-	-	-	-
Long Term Loan from Director	-	-	-	-	-	-	-	-	-	-
Lease Liabilities	-	-	-	-	20,171,847	20,171,847	-	-	-	-
Trade and Other Payables	-	-	-	-	1,687,238,929	1,687,238,929	-	-	-	-
Short Term Borrowings	-	-	-	-	1,751,614,609	1,751,614,609	-	-	-	-
Unclaimed Dividend	-	-	-	-	124,939	124,939	-	-	-	-
Current Portion of Long Term Liabilities	-	-	-	-	787,763,202	787,763,202	-	-	-	-
	-	-	-	-	6,903,040,833	6,903,040,833	-	-	-	-

Notes to the Financial Statements
for the Year ended 30th June, 2022

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

38 FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

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

38.2 RISK MANAGEMENT FRAMEWORK

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

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

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

38.3 CREDIT RISK

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

EXPOSURE TO CREDIT RISK

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

	2022 RUPEES	2021 RUPEES
Assets as per Statement of Financial Position		
At FVOCI		
Long Term Investment	12,002,214	12,002,214
At FVTPL		
Short Term Investment	-	1,020,800
At Amortized Cost		
Long Term Deposits and Prepayments	19,111,737	44,111,737
Trade and Other Receivables	936,060,359	944,657,948
Prepayments and Advances	25,601,850	18,078,525
Cash and Cash Equivalents		
Bank Balances	310,543,495	302,632,086
	1,303,319,655	1,322,503,310

COUNTERPARTIES WITH EXTERNAL CREDIT RATING

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

	Rating			2022	2021
	Short Term	Long Term	Agency	RUPEES	RUPEES
AL Baraka Bank (Pakistan) Ltd.	A-1	A	PACRA	23,722	23,722
Allied Bank Ltd.	A1+	AAA	PACRA	406,938	78,491
Askari Bank Ltd.	A1+	AA+	PACRA	137,146,455	158,292,771
Bank Al- Habib Ltd.	A1+	AAA	PACRA	3,527,239	-
Bank Alfalah Ltd.	A-1+	AA+	PACRA	3,313,083	1,523,301
Bank Islami Pakistan Ltd.	A1	A+	PACRA	382,390	382,390
Habib Bank Ltd.	A-1+	AAA	VIS	260,168	26,334
Habib Metropolitan Bank Ltd.	A1+	AA+	PACRA	1,828,921	325,921
JS Bank Ltd.	A1+	AA-	PACRA	114,603	114,603
MCB Bank Ltd.	A1+	AAA	PACRA	2,968,964	2,965,364
Meezan Bank Ltd.	A-1+	AAA	VIS	-	133,290
National Bank of Pakistan	A1+	AAA	VIS	24,517,204	73,802
Soneri Bank Ltd.	A1+	AA-	PACRA	201,456	24,175,842
Bank of Khyber	A1	A	PACRA	116,657,282	113,622,500
The Bank of Punjab	A1+	AA+	PACRA	18,945,898	38,868
United Bank Ltd.	A-1+	AAA	VIS	249,172	854,887
				310,543,495	302,632,086

COUNTERPARTIES WITHOUT EXTERNAL CREDIT RATING

These mainly include customers which are counter parties to local and foreign trade debts against sale of yarn and fabric. The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery. The management uses an allowance matrix to base the calculation of ECL of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'role rate' method based on the probability of receivable progressing through successive stages of delinquency to write-off. The Company has used three years quarterly data in the calculation of historical loss rates along with the matching quarterly ageing brackets for the computation of roll rates. These rates are multiplied by scalar factors to reflect the effect of forward looking macro economic factors. These mainly include customers which are counter parties to trade debts. The Company is exposed to credit risk. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at 30th June, 2022 was determined as follows:

The aging of Trade Debts at the reporting date is:

	2022	2021
Export Debtors - Secured		
Neither past due nor impaired	87,182,802	190,810,564
Local Debtors - Unsecured		
Neither past due nor impaired	772,966,134	540,507,188
Past due but not impaired 0-60 days	51,804,153	42,039,448
Past due but not impaired 61-90 days	22,416,034	18,016,906
	934,369,123	791,374,106
	-	-

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and shipments to the export customers are generally covered by letters of credit or other form of credit insurance.

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

CONCENTRATION OF CREDIT RISK

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

38.4 LIQUIDITY RISK

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

Exposure to liquidity risk

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

Financial Liabilities' Maturities as at 30th June, 2022:

	Carrying Amount	6 Month or Less	6-12 Months	1-2 Years	More than 2 Years
	----	----	Rupees	----	----
Long Term Financing - Secured	3,430,543,458	464,649,691	309,766,460	774,416,151	1,881,711,156
Lease Liabilities	33,518,898	6,673,526	6,673,526	20,171,847	-
Trade and Other Payables	1,687,238,929	1,181,067,250	506,171,679	-	-
Short Term Borrowings - Secured	1,564,356,816	1,016,831,930	547,524,886	-	-
	6,715,658,101	2,669,222,397	1,370,136,550	794,587,998	1,881,711,156

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

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

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

38.5 MARKET RISK

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

(i) Currency Risk

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

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

	2022 USD	2021 USD	2022 RUPEES	2021 RUPEES
Financial Assets				
Trade Receivables	416,396	8,821,790	87,182,802	190,810,564
Financial Liabilities				
Contract liabilities	-	(89,198)	-	(9,114,006)
Net Exposure	416,396	8,732,592	87,182,802	181,696,558

The following significant exchange rates have been applied:

	AVERAGE RATE		REPORTING RATE	
	2022	2021	2022	2021
USD to PKR	209.11	166.84	205.50	158.30

Sensitivity Analysis:
At reporting date, if the PKR had strengthened by 10% (2021: 10%) against the foreign currencies with all other variables held constant, post-tax profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign debtors.

	2022 RUPEES	2021 RUPEES
Effect on Profit and Loss		
Trade Receivables	8,707,409	19,081,056
Contract liabilities	-	(911,401)
Net Exposure	8,707,409	18,169,656

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

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

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

	2022	2021
Reporting date all index points	0.00	24660.31

		Changes in KSE all Index	Effects on Loss Before Tax (Rupees)	Effects on Other Comprehensive Income (Rupees)
Fair Value through Profit or Loss				
	2022	+10%	-	-
		-10%	-	-
	2021	+10%	102,080	-
		-10%	(102,080)	-

(iii) Interest Rate Risk

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

	EFFECTIVE PERCENTAGE		CARRYING AMOUNT	
	2022	2021	2022 RUPEES	2021 RUPEES
Liabilities as per Statement of Financial Position				
Fixed Rate Instruments				
Long Term Financing	5	5	4,055,326	4,055,326
Variable Rate Instruments				
Long Term Financing	0.75 - 14.31	0.75 - 9.84	3,426,488,132	3,408,066,638
Lease Liabilities	13.41 - 13.75	9.15 - 14.22	33,518,898	20,095,077
Short Term Borrowings	6.35 - 16.49	0.50 - 10.85	1,564,356,816	1,479,489,441
Assets as per Statement of Financial Position				
Variable Rate Instruments				
Saving Accounts	5.00 - 7.50	4.00 - 5.50	33,173	31,163
Deposit Accounts	7.25 - 12.50	6.00 - 7.25	250,866,398	247,087,813

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

		Changes in Interest Rate	Effects on Loss before Tax (Rupees)
Bank balances - saving and deposit accounts			
	2022	+1.50	3,763,494
		-1.50	(3,763,494)
	2021	+1.50	3,706,785
		-1.50	(3,706,785)
Long term financing			
	2022	+2.00	(68,529,763)
		-2.00	68,529,763
	2021	+2.00	(68,161,333)
		-2.00	68,161,333

		Changes in Interest Rate	Effects on Loss before Tax
			(Rupees)
Lease Liabilities			
	2022	+2.00	(670,378)
		-2.00	670,378
	2021	+2.00	(222,783)
		-2.00	222,783
Short term borrowings			
	2022	+2.00	(31,287,136)
		-2.00	31,287,136
	2021	+2.00	(29,589,789)
		-2.00	29,589,789

38.6 OPERATIONAL RISK

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

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

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

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

39 CAPITAL RISK MANAGEMENT

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

The Company's objectives when managing capital are:

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

ii) to provide an adequate return to shareholders.

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

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

		2022 RUPEES	2021 RUPEES
(A)	The gearing ratio of the Company as on the financial position sheet date was as follows:		
	External Borrowings	4,994,900,274	4,878,243,462
	Loan from Directors	314,054,814	238,895,463
	Total Debt	5,308,955,088	5,117,138,925
	Total Equity	4,605,448,153	2,371,871,900
	Total Capital Employed	9,914,403,241	7,489,010,825
	Gearing Ratio	53.55%	68.33%

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

		2022 RUPEES	2021 RUPEES
(B)	**Financial Instruments by Categories**		
	Assets as per Statement of Financial Position		
	At FVOCI		
	Long Term Investment	12,002,214	12,002,214
	At FVTPL		
	Short Term Investment	-	1,020,800
	At Amortized Cost		
	Long Term Deposits and Prepayments	19,111,737	44,111,737
	Trade and Other Receivables	936,060,359	944,657,948
	Prepayments and Advances	25,601,850	18,078,525
	Cash and Cash Equivalents		
	Bank Balances	310,543,495	302,632,086
		1,303,319,655	1,322,503,310
	Liabilities as per Statement of Financial Position		
	Long Term Financing	2,656,127,307	3,005,986,751
	Long Term Loan from Director	-	51,652,562
	Lease Liabilities	20,171,847	680,775
	Trade and Other Payables	1,687,238,929	1,223,319,850
	Short Term Borrowings	1,751,614,609	1,570,055,112
	Unclaimed Dividend	124,939	124,939
	Current Portion of Long Term Liabilities	787,763,202	403,225,658
		6,903,040,833	6,255,045,647

40 NUMBER OF EMPLOYEES

	2022	2021
Number of Employees including Contractual Employees at end of the Year	3,300	2,887
Average Number of Employees including Contractual Employees during the Year	2,714	2,871
Number of Employees of Factory including Contractual Employees at end of the Year	2,863	2,518
Average Number of Employees of Factory including Contractual Employees during the Year	2,364	2,526

		2022	2021
41	**PLANT CAPACITY AND ACTUAL PRODUCTION**		
	Ring Spinning Sections		
	Number of Spindles Installed	75,360	75,360
	Number of Spindle Shifts Worked	3	3
	Installed Capacity at 20/S Count (Kgs) 365 Days	27,605,148	27,605,148
	Actual Production of All Counts (Kgs)	16,370,099	20,777,399
	Actual Production Converted into 20/S Count (Kgs)	22,096,880	22,867,414
	Weaving Section		
	Number of Looms Installed	130	130
	Number of Looms Shifts Worked	3	3
	Capacity at 50 picks/inch (Meters) - 365 days	31,287,622	31,287,622
	Actual Production of All picks/inch	19,006,759	19,459,468
	Actual Production Converted into 50 picks/inch	22,821,326	24,427,939

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

42 DATE OF AUTHORIZATION FOR ISSUE

These Financial Statements have been authorized for issue by the Board of Directors of the Company on **1st December 2022.**

Sd/- Sd/-

DIRECTOR **CHIEF EXECUTIVE**