

**ANNUAL
REPORT
2021**



AMTEX LIMITED

COMPANY PROFILE

Amtex Limited is amongst the largest vertically integrated Textile setups in Pakistan having production facilities in all sectors of Textile Industry from Spinning, Weaving, Processing, Printing, Finishing, Cut and Sewn processes and provides employment opportunities to large number of families. After establishing strong foothold in the Textile exports, Amtex successfully switched to Direct to Retail (“DTR”) business model that has enabled it to focus on exporting high value added diversified Products directly to premier Retailers in the EU, USA and across the globe. Amtex holds an iconic textile position in the Global textile industry, being the “One Stop Shop” concept by offering largest variety and combination of products to its diversified customers.

With state of the art Textile manufacturing facility, internationally recognized R&D Department, Strong outsourcing capabilities, Professional management, International display centers and warehouses for facilitating procurement of orders and direct dealing with retailing giants, Amtex is marching towards becoming a leader. Amtex has shown huge promise in value added Home Textile sector, where it has become a leader in exporting high end quality Products. Amtex has maintained its focus and commitment in balancing, modernization and value addition activities, as core business philosophy. Amtex aims at developing synergies by keeping abreast with their strong vendor base and establishing partnerships with them so as to increase the Product portfolio as well as to have the flexibility to react to the dynamics of ever demanding growing parameters of market and global business.

Company Information

Board of Directors

Mr. Muhammad Ahsan
Mr. Khurram Iftikhar
Mr. Shahzad Iftikhar
Mr. Nadeem Iftikhar
Mr. Suhail Maqsood Ahmed
Mr. Gul Muhammad Naz
Mrs. Jawaria Ahsan

Chairman
Chief Executive Officer

Chief Financial Officer

Mr. Waheed Aslam

Company Secretary

Mr. Muhammad Raza Farooq

Audit Committee

Mr. Suhail Maqsood Ahmed
Mr. Muhammad Ahsan
Mr. Usman Ghani

Chairman

Human Resource & Remuneration Committee

Mr. Gul Muhammad Naz
Mr. Suhail Maqsood Ahmed
Shahzad Iftikhar

Chairman

Auditors

Zahid Jamil & Co.
Chartered Accountants

Legal Advisor

Mr. Aamir Nawaz Bhatti
Advocate High Court

Share Registrar Office

Vision Consulting Limited
3-C, LDA Flats, Lawrance Road, Lahore

Registered Office

P-225 Tikka Gali # 2 Montgomery Bazar, Faisalabad

Projects Locations

30-k.m. Shaiekhupura Road Faisalabad
Punj Pullian Daewoo Road Faisalabad

Spinning Unit
Processing & Stitching Unit

Website

www.amtextile.com

Vision Statement

Our vision is to provide our customers all their required goods and services from one platform.

Mission Statement

Our mission is to become the buyer's first choice all around the world and to achieve this target we make sure that we stay true to the highest standards of excellence and customer's satisfaction.

FINANCIAL HIGHLIGHTS

YEAR ENDED JUNE 30,					
2021	2020	2019	2018	2017	2016

Rupees in million

Operating performance

Sales-net	1,075	545	630	843	1,698	2,154
Cost of Sales	1,065	786	791	1,335	2,328	2,777
Gross profit / (loss)	10	(241)	(161)	(493)	(630)	(623)
Operating (loss)	(35)	(439)	(70)	(3,088)	(1,321)	(1,359)
(Loss) before taxation	(132)	(641)	(253)	(3,253)	(1,468)	(1,514)
(Loss) after taxation	(148)	(671)	(263)	(3,270)	(1,486)	(1,526)

YEAR ENDED JUNE 30,					
2021	2020	2019	2018	2017	2016

Rupees in million

Financial position

Property, plant and equipment-net (excl.capital work in progress)	1,202	1,237	1,623	1,751	3,388	4,079
Investment property	1,189	1,161	1,102	1,014	-	-
Capital work in progress					-	-
Fixed assets	2,391	2,398	2,725	2,765	3,388	4,079
Total assets	3,577	3,724	4,378	4,783	8,683	10,462

Current assets

Store,spare parts, loose tools and stock in trade	651	706	928	1,345	1,920	2,462
Other current assets	335	394	511	472	3,126	3,713
Cash and cash equivalents	150	175	163	144	192	146
	1,136	1,275	1,602	1,961	5,238	6,321

Current liabilities

Short term bank borrowings	6,015	6,063	6,093	6,178	7,495	7,371
Current portion of long term financing/ murabaha	2,284	2,119	1,707	1,249	884	740
Other current liabilities	2,916	2,938	2,948	2,978	2,975	2,985
	11,216	11,120	10,748	10,405	11,354	11,096
Net Working Capital	(10,080)	(9,845)	(9,146)	(8,444)	(6,116)	(4,775)
Long term financing/ murabaha	236	414	875	1,498	1,260	1,581
Share capital and reserves	(10,027)	(9,883)	(9,221)	(8,967)	(5,950)	(4,633)

YEAR ENDED JUNE 30,					
2021	2020	2019	2018	2017	2016

Profitability analysis

Gross (loss) to sales	(%)	0.9	(44.3)	(25.6)	(58.4)	(37.1)	(28.9)
(Loss) before tax to sales	(%)	(12.3)	(117.7)	(40.1)	(386.0)	(86.5)	(70.3)
(Loss) after tax to sales	(%)	(13.8)	(123.1)	(41.7)	(388.0)	(87.5)	(70.8)
Loss per share	(Rupees)	0.6	(2.6)	(1.0)	(12.6)	(5.7)	(5.9)

YEAR ENDED JUNE 30,					
2021	2020	2019	2018	2017	2016

Financial analysis

Current Ratio	(times)	0.1	0.1	0.1	0.2	0.5	0.6
Debt to equity	(times)	(0.2)	(0.2)	(0.2)	(0.3)	(0.4)	(0.5)
Break up value per share	(Rupees)	(38.7)	(38.1)	(35.5)	(34.6)	(22.9)	(17.9)
Inventory turnover ratio	(times)	2.1	1.3	1.0	1.2	1.5	1.4
Debtors turnover ratio	(times)	12.8	3.5	3.5	0.6	0.6	0.6
Fixed assets turnover ratio	(times)	0.9	0.4	0.4	0.5	0.5	0.5
Total assets turnover	(times)	0.3	0.1	0.1	0.2	0.2	0.2

Notice of Annual General Meeting

Notice is hereby given that Annual General Meeting of the members of Amtex Limited (the Company) will be held on October 28, 2021 at 11:00 A.M. at Company's registered office P-225 Tikka Gali # 2 Montgomery Bazar Faisalabad to transact the following business:

ORDINARY BUSINESS

1. To confirm minutes of the Annual General Meeting held on October 28, 2020.
2. To receive and adopt the Audited Accounts of the Company for the year ended June 30, 2021 together with Directors' and Auditors' reports thereon.
3. To approve re-appointment of M/s. Zahid Jamil & Company, Chartered Accountants, as external auditors of the Company for the year 2021-22 and fix their remuneration, as recommended by the Audit Committee and Board of Directors.
4. To transact any other business with the permission of the chair.

By Order of the Board

Faisalabad
October 07, 2021

Muhammad Raza Farooq
Company Secretary

NOTES: -

1. The Share Transfer Books of the Company will remain closed from 20-10-2021 to 28-10-2021 (both days inclusive). Transfers received at Vision Consulting Ltd, 3-C Lawrance Road, LDA Flats Lahore at the close of the business on 19-10-2021 will be treated in time.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as proxy to attend and vote instead of him. The proxy forms, in order to be effective, must be received at Company's registered office P-225, Tikka Gali # 2 Montgomery Bazar Faisalabad, not less than 48 hours before the meeting.
3. Members can avail video conference facility for attending the meeting at places other than the town in which general meeting is taking place. In this regard, please fill the enclosed consent for video conference facility and submit to registered address of the company, ten (10) before holding of the general meeting. If Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the

meeting through video conference ten (10) days prior to the date of the meeting, Company will arrange a video conference facility in the city subject to availability of such facility in that city. The Company will intimate to members regarding venue of video conference facility at least five (5) days before the date of the meeting along with all the information necessary to enable them to access the facility.

4. Members are requested to notify immediately changes, if any, in their registered address.
5. CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.
6. The shareholders who intends to receive the annual report including the notice of meeting through e-mail are requested to provide their written consent on the Standard Request Form provided in the annual report and also available on the Company's website.
7. The audited financial statements of the Company for the year ended 30 June 2021 have been made available on the Company's website (www.amtextile.com) in addition to annual and quarterly financial statements for the current and prior periods.
8. As per section 72 of the Companies Act, 2017, every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four year from the commence of this Act i.e., May 30, 2017. The Shareholders having physical shareholding may open CDC Sub-account with any of the broker or investor account directly with CDC to place their physical share into scripless form.

For Attending the Meeting:

- i. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulation, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.
- ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

For Appointing Proxies:

- i. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirements.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of the CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his original CNIC or original passport at the time of the Meeting. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

Review Report by the Chairman

The Board of Directors (the Board) of Amtex Limited has performed their duties diligently in upholding the best interest of shareholders' of the Company and has managed the affairs of the company in an effective and efficient manner. The Board has exercised its powers and has performed its duties as stated in the Companies Act 2017 and the Listed Companies (Code of Corporate Governance) Regulations.

Under review financial year 2021, despite the impact of the COVID-19 pandemic and an uncertain global economic environment, we remained focused on executing our business strategies and achieved solid growth. We were successful in achieving sales targets and there were significant increase in turnover of the company as compared to previous year.

The Board has actively participated in strategic planning process, enterprise risk management system, policy development, and financial structure, monitoring and approval. All Directors including independent directors fully participated and contributed in the decision making process of the Board. The Board also played an important role in overseeing the management's performance and focusing on major risk area. The Board is fully involved in all types of budgeting and strategic planning process. The company has an independent internal audit department and internal audit reports are presented before the audit committee on quarterly basis.

On behalf of the board, I would like to thank our management, staff and workers for their hard work. I would like to appreciate all our valued customers for their continued confidence in the company. Not to forget, all credit to the financial institutions for their cooperation and support.

**Muhammad Ahsan
Chairman**

Faisalabad
October 06, 2021

چئیرمین کی جائزہ رپورٹ

ایم ٹیکس لمیٹڈ کے بورڈ آف ڈائریکٹرز (بورڈ) نے کمپنی کے حصص یافتگان کے بہترین مفاد کو برقرار رکھنے کے لیے اپنے فرائض پوری تندی سے ادا کیے ہیں اور کمپنی کے امور کو موثر انداز میں نبھایا ہے۔ بورڈ نے اپنے اختیارات کا استعمال کیا ہے اور کمپنی ایکٹ 2017 اور کوڈ آف کارپوریٹ گورننس کے ضابطہ اخلاق کے مطابق اپنے فرائض سرانجام دیے ہیں۔

زیر غور مالی سال 2021 کے دوران وبائی مرض COVID-19 کی وجہ سے ہونے والی غیر یقینی عالمی معاشی ماحول کے اثرات کے باوجود ہم اپنی کاروباری حکمت عملی پر عمل کرنے پر مرکوز رہے اور نمایاں کامیابی حاصل کی۔ ہم فروخت کے اہداف کو حاصل کرنے میں کامیاب رہے اور گزشتہ سال کے مقابلے میں کمپنی کے کاروبار میں نمایاں اضافہ ہوا۔

بورڈ نے اسٹریٹجک منصوبہ بندی کے عمل اسٹریٹجی پر اسٹریٹجی سسٹم پالیسی ڈویلپمنٹ اور مالی ڈھانچے کی نگرانی اور منظوری میں فعال طور پر حصہ لیا ہے۔ تمام ڈائریکٹرز بشمول آزاد ڈائریکٹرز بورڈ کے تمام اہم فیصلوں میں شامل رہے ہیں۔ بورڈ نے منجبت کی کارکردگی کی نگرانی اور اہم ریسک ایریا پر توجہ مرکوز کرنے میں بھی اہم کردار ادا کیا ہے۔ بورڈ ہر قسم کی بجٹ سازی اور اسٹریٹجک منصوبہ بندی کے عمل میں مکمل طور پر شامل رہا ہے۔ کمپنی کا ایک آزاد انٹرنل آڈٹ ڈیپارٹمنٹ موجود ہے اور انٹرنل آڈٹ رپورٹس سہاہی بنیادوں پر آڈٹ کمیٹی کے سامنے پیش کی جاتی ہے۔

بورڈ کی جانب سے میں انتظامیہ عملے اور کارکنوں کی محنت کے لیے ان سب کا شکریہ ادا کرتا ہوں۔ میں اپنے تمام قابل قدر کسٹمرز کے کمپنی پر مسلسل اعتماد و پراگماتہ متعرف ہوں۔ مالیاتی اداروں کی جانب سے معاونت اور حمایت قابل تحسین ہے۔

محمد احسن

چئیرمین

فیصل آباد

تاریخ: 6 اکتوبر 2021

Directors' Report

The Directors of your Company present before you the annual report with audited financial statements for the year ended June 30, 2021.

Operating & Financial Results

The financial year 2021 witnessed rising cost of doing business due to devaluation of Pak rupees, increased prices of fuel and Pandemic situation of COVID-19.

The financial results for the year under review with comparative figures of previous year are presented hereunder:

	2021	2020
	Rupees	Rupees
Revenue from contract with customers-Net	1,074,982,950	544,873,389
Cost of sales	<u>1,065,217,611</u>	<u>786,021,749</u>
Gross Profit/(loss)	9,765,339	(241,148,360)
Other Income	<u>58,767,827</u>	<u>115,644,968</u>
	68,533,166	(125,503,392)
Selling and distribution expenses	<u>37,356,877</u>	<u>12,811,634</u>
Administrative expenses	65,896,581	301,059,289
Finance cost	96,477,312	201,839,880
Workers' welfare fund	<u>720,506</u>	<u>-</u>
	<u>200,451,276</u>	515,710,803
Loss before taxation	(131,918,110)	(641,214,195)
Taxation	15,990,633	29,751,791
Net loss for the year	<u>(147,908,743)</u>	<u>(670,965,986)</u>
Loss per share - Basic and diluted	<u>(0.57)</u>	<u>(2.59)</u>

During financial year ended June 30, 2021, company earned gross profit of Rupees 9.76 million on sales of Rupees 1,074.98 million as compared to Rupees 241.18 million gross loss on sales of Rupees 544.83 million for the previous financial year. During the FY 2021 Company incurred net loss after tax of Rupees 147.90 million as compared to net loss after tax of Rupees 670.96 million during the previous financial year. The company received fresh export orders from across the globe due to

which sales volume doubled in the financial year under review but overall increase in input cost, adverse economic factors, under-utilization of manufacturing capacities and increasing fuel and energy prices culminated in after tax loss of rupees 147.90 million .

The COVID 19 global pandemic had significant effects on world economy resulting into negative GDP growth rate of many countries. However the government has made consistent efforts not only to deal with the effects of pandemic by providing free vaccination on one hand but also kept the industry running by giving incentives on the second hand. The government stressed on implementing SOPs and by vaccinating the people above the age of 18 years. Unlike the last year, the government avoided complete locked down and dealt with the situation by adopting smart locked down strategy. These measures helped the economy to achieve the growth rate of 3.94 % in the year ended June 2021 as compared to a negative growth rate in the year 2020. The government has set a target of achieving growth rate of 4.80 % in the year 2021-22 and tax revenue collection of 5.829 trillion as compared to 4.691 trillion in 2020-21.

Auditors' Observations

The auditors in paragraph (a) of audit report has provided observation regarding company's ability to continue as going concern due to accumulated losses, liquidity issue, curtailed operational activities, pending litigations, closed operations of spinning division, curtailment of employees and lease of its certain properties (land and buildings) situated at addresses provided in the audit report. Directors of the company explain that the management is making all efforts to continue operations and to run the entity as a going concern. Company's continuity of operations since last couple of years and increased sales volume despite global pandemic of Covid-19 clearly indicate that management's efforts and plans are effective. Moreover, the company is in process of selling certain properties and machinery, mortgaged with the banks, the entire such sale proceeds will be paid to relevant charge holder banks to reduce the debt burden and to settle the litigation with these banks. The management of the company has already taken steps for extension and restructuring of loans from certain banks and negotiations with other banks of the company are in process. In view of steps mentioned above, the management is confident that it will be successful in its efforts and hence the company will be able to continue as a going concern.

The auditors in paragraph (c) of audit report have provided observation that markup expense has not been fully charged. In this regard it is explained that certain banks / financial institutions have filed suit against the company for recovery of their financing and mark up so company has not provided any markup / cost of funds on the outstanding amount as stated in notes to the accounts. Based on the legal opinion, the company feels that, after institution of the suit, bank/financial institution is only entitled to cost of funds if so awarded by the Court in case the suit is awarded against the company. The levy of cost of funds and the quantum thereof shall be contingent on

passing of the decree and rate prescribed by the State Bank of Pakistan during the period of pendency of the claim and discharge of decree, if passed by the Court.

Market Review and Future Prospects

The world is still struggling against COVID-19 pandemic although situation is fairly under control in Pakistan. Though government has its policy measures in place along with vaccination for Covid-19 and to meet the losses to industry, government needs to stress upon reduction in compliance costs. These compliance costs include borrowing from banks, border compliance and tax related compliance. For this purpose, there is need to have integration between all the authorities and institutions involved with monitoring framework in place.

The cost of doing business especially fuel and energy prices have continued to show a rising trend in year under review. Although State Bank of Pakistan has kept the policy rate stable but pressure on Pak rupee vis-à-vis other currencies owing to huge trade deficit remains a major obstacles for foreign direct investment in the country. However Pakistan's exports of textile and clothing rebounded in last couple of years mainly due to value-added sectors and posted a robust growth. The government has already abolished duty and taxes on industrial raw materials and is paying off pending refunds to exporters. Management is well aware of the situation and endeavors to continue efforts to increase sales / exports volume and to settle litigations with banks in quite favorable manner. Overall textile exports reached 15.40 billion US dollars in the year 2020-21. The Textile Policy 2020-25 has set an ambitious textile export target of 25.3 billion US dollars by 2025 which will not only support the government in managing balance of payment but will also create job opportunities in the country.

Dividend

In view of the adverse results in the current year, cash flows of the company do not permit dividend payout therefore the directors have not recommended any dividend for the year.

Auditors

The present auditors M/s Zahid Jamil & Company, Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Board of Directors has been suggested by the audit committee, the re-appointment of M/s Zahid Jamil & Company, Chartered Accountants, as auditors for the financial year ending June 30, 2022.

Internal Financial Controls

An effective and sound internal control has established and implemented throughout the year at all levels of the company by the Board of Directors. Internal control system is designed to achieve overall Company's objectives, reliable financial reporting and compliance with laws, regulations and policies.

Related Parties

All related party transactions during the financial year ended June 30, 2021 were reviewed by the Audit Committee and approved by the Board of Directors.

Pattern of Shareholding

The pattern of Shareholding along with categories of shareholders of the company as at June 30, 2021 is annexed with this report.

Corporate Governance

The Statement of Compliance with the best practices of Code of Corporate Governance is annexed.

Corporate and Financial Frame Work

In compliance of the Code of Corporate Governance, we give below statements on Corporate and Financial Reporting frame work:

1. The financial statements together with the notes thereon prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based upon reasonable and prudent judgment.
4. International Accounting / Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and there is no any departure there from.

5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There has been no material departure from the best practices of Corporate Governance as detailed in the Listing Regulations of the stock exchange where the company is listed.
7. Going concern is explained separately.
8. Information about taxes and levies is given in the notes to the accounts.
9. Financial highlights of the last six years are annexed.
10. There are no statutory payments on account of taxes, duties, levies and charges that are outstanding as on June 30, 2021 except for those disclosed in financial statements.

Composition of Board

Total Number of Directors:

- a) Male 6 (Six)
- b) Female 1 (One)

Composition:

Sr #	Category	Name
1	Independent Directors	Suhail Maqsood Ahmed
		Gul Muhammad Naz
2	Non Executive Directors	Nadeem Iftikhar
		Muhammad Ahsan
		Jawaria Ahsan
3	Executive Directors	Shahzad Iftikhar
		Khurram Iftikhar

Meetings of the Board of Directors

During financial year 2020-21 attendance of directors in meetings of BOD is provided as under:

Sr #	Name	No.of meetings attended
1	Suhail Maqsood Ahmed	05
2	Gul Muhammad Naz	05
3	Nadeem Iftikhar	05
4	Muhammad Ahsan	04
5	Jawaria Ahsan	04
6	Shahzad Iftikhar	05
7	Khurram Iftikhar	05

No trading in Company's shares was carried out by its Directors, CFO, and Company Secretary; Head of Internal Audit other Executives and their spouse(s) and minor children during the year.

Directors Remuneration

The Board of Directors has devised a directive for determination of remuneration of executive and non-executive directors depending upon their responsibility in affairs of the Company. The remuneration is commensurate with their level of responsibility and expertise.

Non-executive directors including the independent director are entitled only for fee for attending the Board and its committees' meetings. Remuneration of executive and non-executive directors shall be approved by the Board, as recommended by the Human Resource and Remuneration Committee. For information on remuneration of Directors and CEO in 2020-21, please refer notes to the Financial Statements.

Audit Committee

The Audit Committee of the Company is in place and comprises of the following members as required under the Code of Corporate Governance:

Suhail Maqsood Ahmed (Independent Director)	Chairman
Muhammad Ahsan (Non-Executive Director)	Member
Jawaria Ahsan (Non-Executive Director)	Member

Meetings of Audit Committee were held during the year ended June 30, 2021 as required by the Code of Corporate Governance for review of quarterly accounts, annual accounts and other related matters. The meetings were also attended by the CFO, Head of Internal Audit and External Auditors as and when required.

Human Resource & Remuneration Committee

During the year one meeting of the Human Resource & Remuneration Committee was convened. The attendance record of each member is as follows:

Sr #	Name	No.of meeting attended
1	Gul Muhammad Naz	01
2	Suhail Maqsood Ahmed	01
3	Shahzad Iftikhar	01

Acknowledgment

The Directors of your company would like to place on record their deep appreciation for the support of the banks, financial institutions, regulators and shareholders and hope for the same in future.

The directors of your company also wish to place on record appreciation for the dedication, perseverance and diligence of the staff and workers of the company.

Khurram Iftikhar
Chief Executive Officer

Shahzad Iftikhar
Director

Faisalabad
October 06, 2021

ڈائریکٹرز کی رپورٹ:

آپ کی کمپنی کے ڈائریکٹرز حضرات آپ کے روز و سالانہ رپورٹ مع مالی آڈٹ شدہ گوشوارہ حساب برائے 30 جون 2021 پیش کرتے ہیں۔

آپریٹنگ اور مالی نتائج

مالی سال 2021 میں پاکستانی روپے کی قدر میں کمی اینڈ میمن کی قیمتوں میں اضافہ اور COVID-19 کی وبائی صورت حال کے باعث کاروبار کی پیداواری لاگت میں اضافہ دیکھا گیا ہے۔

مالی نتائج برائے زیر غور سال مع موازنہ اعداد و شمار بہت سا اچھا سال کو ذیل میں پیش کیا جاتا ہے:-

2020 رقم	2021 رقم	
544,873,389	1,074,982,950	سیلز
786,021,749	1,065,217,611	تخمینہ سیلز
(241,148,360)	9,765,339	کل منافع/نقصان
115,644,968	58,767,827	دیگر آمدن
(125,503,392)	68,533,166	
12,811,634	37,356,877	خرید فروخت اور تقسیم کیے اخراجات
301,059,289	65,896,581	انتظامی اخراجات
201,839,880	96,477,312	مالی تخمینہ
-	720,506	ورکر ویلفیئر فنڈ
515,710,803	200,451,276	
(641,214,195)	(131,918,110)	محصول لگانے سے پہلے کا نقصان
29,751,791	15,990,633	محصول
(670,965,986)	(147,908,743)	خالص نقصان
(2.59)	(0.57)	فی کس حصص نقصان بنیادی اور ملاوٹ شدہ

مالی سال 30 جون 2021 کے دوران کمپنی کی کل فروخت مبلغ 1,074.98 ملین روپے کی مد میں کل منافع مبلغ 9.76 ملین روپے ہوا جبکہ پچھلے سال کی کل فروخت مبلغ 544.87 ملین روپے اور کل نقصان مبلغ 241.14 ملین روپے ہوا تھا۔ 30 جون 2021 کے مالی سال کے دوران کمپنی کو بعد از ٹیکس ادا کیے مبلغ 147.90 ملین روپے کا خالص نقصان ہوا جبکہ پچھلے سال بعد از ٹیکس ادا کیے مبلغ 670.96 ملین روپے کا خالص نقصان ہوا تھا۔ کمپنی کو دنیا بھر سے تازہ برآمدی آرڈرز موصول ہوئے جس کی وجہ سے مالی سال میں فروخت کا حجم دوگنا ہو گیا لیکن ان پٹ لاگت میں مجموعی اضافہ منفی معاشی عوامل پیداواری سہولیات کا کم استعمال اینڈ میمن اور توانائی کی قیمتوں میں اضافہ کی بنا پر کمپنی کو بعد از ادا کیے ٹیکس مبلغ 147.90 ملین روپے کے خسارے کا سامنا کرنا پڑا۔

COVID-19 عالمی وبائے عالمی معیشت پر نمایاں اثرات مرتب کیے ہیں جس کی وجہ سے کئی ممالک کی جی ڈی پی منفی ہوئی ہے۔ تاہم

حکومت نے ایک طرف مفت ویکسینیشن فراہم کر کے نہ صرف وبائی امراض سے نمٹنے کے لیے مسلسل کوششیں کی ہیں بلکہ دوسری طرف مراعات دے کر انڈسٹری کو بھی آپریشنل رکھا ہے۔ حکومت نے ایس او بیس پر عمل درآمد اور 18 سال سے زائد عمر کے افراد کی ویکسینیشن پر زور دیا ہے پچھلے سال کے برعکس حکومت نے لاک ڈاؤن سے گریز کیا ہے اور سمارٹ لاک ڈاؤن کی حکمت عملی اپناتے ہوئے صورت حال سے نمٹا ہے ان اقدامات کی وجہ سے سال 2020 میں منفی شرح نمو کے مقابلے میں معیشت کو جون 2021 میں ختم ہونے والے سال میں 3.94 فیصد کی شرح نمو حاصل کرنے میں مدد ملی ہے۔ حکومت نے سال 2021-22 میں 4.80 فیصد شرح نمو حاصل کرنے اور 2020-21 میں 4.691 ٹریلین کے مقابلے میں 5.829 ٹریلین ٹیکس وصول کرنے کا ہدف مقرر کیا ہے۔

آڈیٹر کے مشاہدات:

آڈیٹر حضرات کی رپورٹ کے پیرا گراف (a) میں کمپنی کی کاروبار کو جاری رکھنے کی اہلیت کے بارے میں رائے کا اظہار کیا گیا ہے اور جمع شدہ نقصانات، سپلنگ ڈویژن کے بند آپریشن، مالی بحران، آپریشنل سرگرمیوں کا اتواء، زیر اتواء مقدمات، ملازموں کی کمی اور کمپنی کی پراپرٹیز کو لیز پر دینے کی وجہ سے کاروباری عمل کو جاری رکھنے کے بارے میں تشویش کا اظہار کیا گیا ہے آپ کی کمپنی کے ڈائریکٹر حضرات وضاحت بیان کر رہے ہیں کہ کمپنی کے منتظمین کی جانب سے کاروبار کو بحال کرنے کے لیے پوری کوشش کی جا رہی ہے۔ COVID-19 کی عالمی وباء کے باوجود کمپنی کے آپریشنز کی گزشتہ کچھ سالوں سے تسلسل اور برہمقی ہوئی فروخت کا حجم واضح طور پر ظاہر کرتا ہے کہ انتظامیہ کی کوششیں اور منصوبے کارگر ہیں۔ مزید برآں کمپنی نے بینکوں کے پاس رہن شدہ کمپنی کی کچھ جائیداد اور مشینری کو فروخت کر کے حاصل ہونے والی رقم کو ان بینکوں کے قرضوں میں ایڈجسٹ کر دیا ہے تاکہ ان بینکوں کی طرف سے کیے گئے مقدمات کو سمیٹ لیا جاسکے۔ کمپنی کے منتظمین کی جانب سے بینکوں کے قرضوں کی از سر نو ترتیب کے لیے مالی اداروں سے یہ استدعا پہلے ہی کی جا چکی ہے جبکہ دوسرے بینکوں کے ساتھ گفت و شنید جاری ہے۔ اوپر بیان کیے گئے اقدامات کے پیش نظر کمپنی کے منتظمین پر اعتماد ہیں کہ وہ اپنی کاوشوں میں کامیابی سے سرخرو ہوں گے اور کمپنی اس قابل ہو جائیگی کہ وہ اپنے کاروبار کو جاری رکھ سکے۔

کمپنی کے آڈیٹر حضرات کی جانب سے آڈٹ رپورٹ کے پیرا گراف (b) میں رائے دی گئی ہے کہ کمپنی مالی لاگت کو کاؤنٹس میں نہیں لے رہی جسکی بابت وضاحت بیان کی گئی ہے کہ کچھ بینکوں امانی ادارہ کی جانب سے سے کمپنی سے اپنی سرمایہ کاری رقم اور مارک اپ کی رقم کو وصول کرنے کے لیے مجاز عدالتوں میں دعویٰ دائر کیا گیا ہے لہذا کمپنی ایسے بینکوں کی وجہ سے الا و قرض اور سرمایہ کاری کی رقم کی بابت مالی لاگت کو کاؤنٹس میں نہیں لے رہی اور اس رقم کی وضاحت کھاتہ جات کے نوٹس میں بیان کی گئی ہے۔ قانونی رائے پر انحصار کرتے ہوئے کمپنی کی جانب سے اس بات کو محسوس کیا گیا ہے کہ دعویٰ کے دائرہ ہونے کے بعد، بینک امانی ادارہ کو صرف کمپنی سے فنڈ کی لاگت کی رقم کا استحقاق حاصل ہے اگر عدالت کی جانب سے دعویٰ کی نسبت بینک کو کمپنی کے خلاف فیصلہ مل جائے۔ اسلئے عدالتی فیصلوں کے اتواء اور سٹیٹ بینک آف پاکستان کی جانب سے لاگت فنڈ کی فیصد متعین ہونے تک ایسے بینکوں کی وجہ سے الا و قرض کی مالی لاگت کا تخمینہ نہیں لگایا جاتا۔

مارکیٹ کا جائزہ اور مستقبل کے امکانات:

دنیا اب بھی COVID-19 وبائی بیماری کے خلاف جدوجہد کر رہی ہے جبکہ پاکستان میں صورتحال کافی حد تک قابو میں ہے اگرچہ انڈسٹری کو پچھنے والے نقصانات کو پورا کرنے کے لیے COVID-19 کی ویکسینیشن کے ساتھ ساتھ حکومت کے اپنے پالیسی اقدامات بھی موجود ہیں تاہم حکومت کو کمپلائنس کی لاگت کو کم کرنے کی ضرورت ہے۔ کمپلائنس کے ان اخراجات میں بینکوں سے قرض لینا بارڈر کمپلائنس اور ٹیکس سے متعلقہ کمپلائنس شامل ہے۔ اس مقصد کے لیے گمرانی کے فریم ورک سے وابستہ تمام حکام اور اداروں کے درمیان انضمام کی ضرورت ہے۔

زیرغورسال میں پیداواری لاگت خاص طور پر توانائی اور ایندھن کی قیمتوں میں اضافے کا رجحان دیکھنے میں آیا ہے اگرچہ سٹیٹ بینک آف پاکستان نے پالیسی کی شرح کو مستحکم رکھا ہے لیکن تجارتی خسارے کی وجہ سے دیگر کرنسیوں کے مقابلے میں پاکستانی روپے پر دباؤ ملک میں براہ راست غیر ملکی سرمایہ کاری کے لیے ایک بڑی رکاوٹ ہے۔ تاہم پاکستان کی ٹیکسٹائل اور کپڑے کی برآمدات میں پچھلے چند سالوں میں ویلیو ایڈیڈ ایکسپورٹ کی وجہ سے نمایاں ترقی ہوئی ہے۔ حکومت پہلے ہی صنعتی خام مال پر ڈیوٹی اور ٹیکس شمع کر چکی ہیں اور برآمد کنندگان کو رجسٹرڈ ذکی ادائیگی کر رہی ہے۔ انتظامیہ صورت حال سے بخوبی آگاہ ہے اور فروخت/برآمدات کو بڑھانے اور بینکوں کے ساتھ مقدمات کو مناسب طور پر سمٹل کرنے کے لیے پوری طرح کوشاں ہے۔ سال 2020-21 میں ٹیکسٹائل کی مجموعی برآمد 15.40 بلین امریکی ڈالر تک پہنچ گئی ہے۔ ٹیکسٹائل پالیسی 2020-25 کے مطابق سال 2025 تک ٹیکسٹائل برآمد کا ہدف 25.3 بلین امریکی ڈالر مقرر کیا گیا ہے جو نہ صرف ادائیگی کے توازن کو سنبھالنے میں حکومت کی مدد کرے گا بلکہ ملک میں روزگار کے مواقع بھی پیدا کرے گا۔

تقسیم منافع

موجودہ سال کے منفی نتائج کی روشنی میں، کمپنی کے رقم کا بہاؤ اس رقم کی تقسیم کرنے کی اجازت نہیں دیتا، لہذا ڈائریکٹر حضرات کی جانب سے اس سال میں کسی بھی رقم کی تقسیم کی سفارش نہیں کی گئی۔

آڈیٹرز:

موجودہ آڈیٹرز میسرز زاہد جمیل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائرڈ اور اہل ترقی نے کمپنی میں دوبارہ ترقی کی پیشکش کی ہے۔ بورڈ آف ڈائریکٹر حضرات کی جانب سے آڈٹ کمیٹی کی سفارشات کی روشنی میں کو میسرز زاہد جمیل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو بطور آڈیٹر مالی سال اختتام 30 جون 2022 کے لیے دوبارہ ترقی کے لیے تجویز کیا ہے۔

انٹرنل فنانشل کنٹرول:

بورڈ آف ڈائریکٹر کے ذریعے ایک موثر اور مستحکم انٹرنل کنٹرول سسٹم کمپنی کی ہر سطح پر سال بھر کے لیے نافذ کیا گیا ہے۔ انٹرنل کنٹرول سسٹم مجموعی طور پر قابل اعتماد مالی رپورٹنگ، توازن و نمو اور پالیسیوں کی تعمیل اور کمپنی کے مقاصد کو حاصل کرنے کے لیے ڈیزائن کیا گیا ہے۔

ریلیٹیڈ پارٹیز:

30 جون 2021 کو ختم ہونے والے مالی سال کے دوران ریلیٹیڈ پارٹیز سے متعلقہ تمام لین دین کا آڈٹ کمیٹی کے ذریعے جائزہ لیا گیا اور بورڈ آف ڈائریکٹر سے اسے منظور کروایا گیا۔

حصص رکھنے والے شراکت داروں کا پیٹرن:

کمپنی کے حصص رکھنے والے شراکت داروں کا پیٹرن معہ وجہ بندی حصص بابت 30 جون 2021 کو اس رپورٹ کے ساتھ منسلک کیا گیا ہے۔

کارپوریٹ گورننس :

بجا آوری رپورٹ معہ عمدہ مشق بابت کوڈ آف کارپوریٹ گورننس کو منسلک کیا گیا ہے۔

ادارہ اور مالی امور کے متعلق ترتیب دیا گیا ڈھانچہ :

کوڈ آف کارپوریٹ گورننس کی بجا آوری کرتے ہوئے مالی رپورٹ اور کارپوریٹ کے متعلق ترتیب دیے گئے ڈھانچے کو ذیل میں تحریر کیا جاتا ہے۔

- 1- مالی گوشوارہ حساب کتاب اور اسکے نوٹس کو کمپنی کے منتظمین کی جانب سے تیار کیا گیا ہے اور موجودہ حساب کتاب کے معاملات میں گوشوارہ حساب کتاب کیش فلو اور رپورٹ آف پیجرجان ایکویٹی میں شفافیت اور غیر جانبداری کے اصول اپنائے ہیں۔
- 2- کمپنی کی اکاؤنٹس بس بہتر انداز میں تیار کی جارہی ہیں۔
- 3- کمپنی کیا کاؤنٹنگ پالیسیوں کو ایک تسلسل کے ساتھ اس گوشوارہ حساب کتاب کو بنانے میں استعمال کیا گیا ہے۔
- 4- بین الاقوامی اکاؤنٹنگ اور مالی رپورٹنگ سٹینڈرڈز، جیسا کہ اس کا اطلاق پاکستان میں ہے، کو کمپنی کے مالی گوشوارہ حساب کتاب کی تیاری کے بابت ملحوظ خاطر رکھا گیا ہے اور ان سے کسی قسم کا انحراف نہیں کیا گیا۔
- 5- ادارہ کی جانب سے وضع کردہ انٹرنل کنٹرول سسٹم اچھی حالت میں ترتیب دیا گیا ہے اس سسٹم پر عملدرآمد کے بارے میں مناسب چانچ پڑتال کی گئی ہے۔
- 6- عمدہ مشق بابت کوڈ آف کارپوریٹ گورننس کو یقینی بنایا گیا ہے جیسا کہ سٹاک ایکسچینج کے لسٹنگ ریگولیشن میں درج ہے اور ان سے کسی قسم کا کوئی انحراف نہیں کیا گیا۔
- 7- کمپنی کے کاروباری حالات کے مستقبل کو الگ سے بیان کیا گیا ہے۔
- 8- ٹیکس ڈیوٹی اور محصولات کے ضمن کوئی بھی قابل ادا رقم نہیں سوائے ان کے جنہیں فنانشل سٹیٹمنٹ میں بیان کیا گیا ہے۔
- 9- چھ سال کی مالی کارکردگی کو اجاگر کیا گیا ہے اور بابت رپورٹ منسلک کی گئی ہے۔
- 10- سیکسز اور لیویز سے متعلق انفارمیشن کو نوٹس نوڈی اکاؤنٹس میں بیان کیا گیا ہے۔

کمپوزیشن آف بورڈ :

ڈائریکٹرز کی کل تعداد

میل
فیمیل
چھ
ایک

کمپوزیشن :

نام
خرم افتخار
شہزاد افتخار
کمپنی
ایگزیکٹو ڈائریکٹر
ایگزیکٹو ڈائریکٹر

ذمہ دار	ذمہ دار
سہیل مقصود احمد	نان ایگزیکٹو ڈائریکٹر
محمد احسن	آزاد ڈائریکٹر
گل محمد ز	نان ایگزیکٹو ڈائریکٹر
جویریہ احسن	آزاد ڈائریکٹر
	نان ایگزیکٹو ڈائریکٹر (فیمیل ڈائریکٹر)

بورڈ کی جانب سے متعدد کی گئی میٹنگ کا شمار:

30 جون 2021 کے عرصہ کے دوران بورڈ آف ڈائریکٹرز کے اجلاس منعقد کیے گئے جن میں مندرجہ ذیل ڈائریکٹر حضرات نے شرکت کی :-

نام	عہدہ	میٹنگ میں شرکت کرنے کی حاضریاں -
خرم افتخار	چیف ایگزیکٹو آفیسر	5
شہزاد افتخار	ڈائریکٹر	5
ذمہ دار	ڈائریکٹر	5
سہیل مقصود احمد	ڈائریکٹر	5
محمد احسن	ڈائریکٹر	4
گل محمد ز	ڈائریکٹر	5
جویریہ احسن	ڈائریکٹر	4

سال کے دوران کسی ڈائریکٹر سی ایف او کمپنی سیکریٹری انٹرنل ڈاٹ کے سربراہ دیگر ایگزیکٹو اور ان کے شوپیک حیات بچوں اور بالغ بچوں نے کمپنی کے حصص میں کوئی کاروبار نہیں کیا۔

ڈائریکٹر کا معاوضہ:

بورڈ آف ڈائریکٹرز نے کمپنی کے ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹر کے معاوضے کے متعلق ان کی ذمہ داری کے مطابق ایک ہدایت نامہ تیار کیا ہے۔ معاوضہ ان کی ذمہ داری اور مہارت کے مطابق ہے۔

آزاد ڈائریکٹر سمیت نان ایگزیکٹو ڈائریکٹر صرف بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے فیس کے مستحق ہیں۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کے معاوضے کی منظوری بورڈ کے ذریعے دی گئی ہے جیسا کہ بیومن ریسورس اور معاوضہ کمیٹی نے تجویز کیا ہے۔ سال 2020-21 کے دوران ڈائریکٹر ز اور سی ای او کے معاوضے کی معلومات فنانشل سٹیٹمنٹ کے متعلقہ نوٹس میں دی گئی ہیں۔

آڈٹ کمیٹی:

آڈٹ کمیٹی کمپنی میں موجود ہے اور مندرجہ ذیل ممبران پر مشتمل ہے اور یہ کوڈ آف کارپوریت گورننس کے عین مطابق ہے:-

سہیل مقصود احمد	چیرمین (آزاد ڈائریکٹر)
محمد احسن	ممبر (نان ایگزیکٹو ڈائریکٹر)
جویریہ احسن	ممبر (نان ایگزیکٹو ڈائریکٹر)

کوڈ آف کارپوریٹ گورننس کے تحت ادارہ کے سہاہی حساب کتاب، سالانہ حساب کتاب اور دیگر متعلقہ معاملات برائے 30 جون 2021 کا جائزہ لینے کے لیے آڈٹ کمیٹی کے اجلاس منعقد کیے گئے۔ نیز چیف فنانس آفیسر، ہیڈ آف انٹرنل آڈٹ اور ایکسٹرنل آڈیٹرز نے بھی اپنی ضرورت کے مطابق میٹنگ ہائے میں شرکت کی۔

ھیومن ریسورس اور معاوضہ کمیٹی :

سال کے دوران ہیومن ریسورس اور معاوضہ کمیٹی کی دو میٹنگز منعقد ہوئیں۔ جن میں مندرجہ ذیل ڈائریکٹرز نے شرکت کی :

نام	عہدہ	میٹنگ میں شرکت کرنے کی حاضریاں۔
گل محمد ناز	چیئر مین	1
سہیل مقصود احمد	ممبر	1
شہرہ ادا افتخار	ممبر	1

توثیقی بیان :

آپ کی کمپنی کے ڈائریکٹر صاحبان کی جانب سے بینکوں، مالی اداروں، شراکت داروں اور ریگولیٹرز کی معاونت قابل تحسین ہے اور مستقبل میں بھی ایسی ہی امید وابستہ کی جاتی ہے۔

نیز آپ کے کمپنی کے ڈائریکٹر صاحبان کی جانب سے کمپنی ہڈا کے سٹاف اور ورکرز کا پختہ عزم، محنت اور مستقل مزاجی قابل تحسین ہے۔

خرم افتخار
چیف ایگزیکٹو

شہرہ ادا افتخار
ڈائریکٹر

فیصل آباد

تاریخ: 6 اکتوبر 2021

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

Name of company: Amtex Limited

Year ended: June 30, 2021

The company has complied with the requirements of the Regulations in the following manner:-

1. The total number of directors are seven as per the following,-
 - a. Male: Six
 - b. Female: One
2. The composition of the Board is as follows:

Category	Names
Independent	Suhail Maqsood Ahmed
	Gul Muhammad Naz
Other Non-executive Directors	Nadeem Iftikhar
	Muhammad Ahsan
	Mrs. Jawaria Ahsan
Executive Director	Khurram Iftikhar
	Shahzad Iftikhar

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the act) and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The Board of directors did not participate in any orientation course / training program.
10. There were no new appointments of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year, however, all such appointments including their remuneration and terms and conditions of employment are duly approved by the Board;
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below.-
 - a) Audit Committee

Mr. Suhail Maqsood Ahmed	<i>Chairman</i>
Mr. Muhammad Ahsan	
Mrs. Jawaria Ahsan	
 - b) HR and Remuneration Committee

Mr. Gul Muhammad Naz	<i>Chairman</i>
Mr. Suhail Maqsood Ahmed	
Mr. Shahzad Iftikhar	
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings quarterly of the committee were as per following,-
 - a) Audit Committee=4
 - b) HR and Remuneration Committee = 1
15. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and conversant with the policies and procedures of the company;
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive, Chief Financial Officer, Head of Internal Audit, Company Secretary or Directors of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with except for the following towards which reasonable progress is being made by the company to seek compliance.
 -) Company is planning to arrange training program for their directors as provided by the code.

On behalf of the Board

Khurram Iftikhar
Chief Executive Officer

Shahzad Iftikhar
Director

Faisalabad
October 06, 2021

Independent Auditor's Review Report to the Members of Amtex Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Amtex Limited (the Company) for the year ended **June 30, 2021** in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Following instance of non-compliance with the requirement of the Regulations was observed which is not stated in the Statement of Compliance:

- i) Directors did not attend any training program / orientation course required by SECP (Regulation 18 of Listed Companies (Code of Corporate Governance) Regulations, 2019).

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

FAISALABAD:

Date: October 06, 2021

**ZAHID JAMIL & Co.
CHARTERED ACCOUNTANTS**

(Engagement Partner: Adeel Anwar, ACA)

INDEPENDENT AUDITOR'S REPORT

To the members of Amtex Limited Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the annexed financial statements of **Amtex Limited** (the Company), which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to explanations given to us, because of the significance of the matters discussed in paragraphs (a) and (b) of "Basis for Adverse Opinion" section of our report, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof, 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 the state of the Company's affairs as at June 30, 2021 and of the loss, and total comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

- (a) The Company has incurred net loss of Rs. 147.908 million (2020: Rs. 670.965 million) during the year ended June 30, 2021 and as at that date, its accumulated loss is Rs. 13,152.591 million (2020: Rs. 13,008.387 million) and company's current liabilities exceeded its current assets by Rs. 10,080.144 million (2020: Rs. 9,845.162 million). Further the company deferred the markup on long term financing instead of accruing it amounting to Rs. 1,304.671 million (2020: Rs. 1,225.762) till reporting date. During the year the Company's spinning unit remain closed and had leased out its land and building of processing division as mentioned in note 6 to the financial statements. The Company has curtailed the significant number of employees and is facing operational and financial crisis and is not taking any legal action to recover the past due balances. Moreover, the company is defendant / petitioner in various law suits as mentioned in note 26 to the financial statements and due to pending litigations certain long and short term liabilities remained unconfirmed / un-reconciled in the absence of balance confirmations from related banks and financial institutions as mentioned in note 19.1.5, 20 and 24.6 to the financial statements. Further, there is no sufficient appropriate audit evidence that the management's plans are feasible and ultimate outcome will improve the company's current situation. These factors, along with matters mentioned in paragraphs (b) below, lead us to believe that going concern assumption used in preparation of financial statements is inappropriate; consequently, the assets and liabilities should have been stated at their realizable and settlement amounts respectively;

- (b) mark up expense has not been fully charged in these financial statements on redeemable capital, lease liabilities and on long and short term financing due to pending litigations with various banks. Had the mark up been fully charged, net loss for the year would have been increased by Rs 728.857 million (2020: Rs. 766.965 million), mark up payable and accumulated loss would have been increased by Rs. 5,992.988 million (2020: Rs. 5,264.131 million);

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the *Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters referred in paragraphs (a) and (b) of "Basis of Adverse Opinion" section of our report, we have determined the matters below to be the key audit matters to be communicated in our report.

Following are the key audit matters:

Key audit matter	How the matter was addressed in our audit
<p>Pending litigations</p> <p>As referred in note no. 26 to the accompanying financial statements.</p> <p>The Company faces a number of pending litigations. There is a high level of judgment required in estimating the level of provisioning and/or the level of disclosure required.</p> <p>Where the impact of possible and present obligations is not probable or not reliably measurable, and thus no provision is recorded, failure to adequately disclose the nature of these circumstances within the financial statements may distort the reader's view as to the potential risks faced by the Company.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - circularized confirmations to relevant third party legal representatives; - as part of our audit procedures we have assessed management's processes to identify new possible obligations and changes in existing obligations for compliance with Company policy and IAS 37 requirements; - we have analyzed significant changes from prior periods and obtain a detailed understanding of these items and assumptions applied and

Key audit matter	How the matter was addressed in our audit
<p>Given the nature and amounts involved in such cases and the appellate forums at which these are pending, the ultimate outcome and the resultant accounting in the financial statements is subject to significant judgment, which can change over time as new facts emerge and each legal case progresses, and therefore, we have identified this as key audit matter.</p>	<ul style="list-style-type: none"> - assessed the adequacy of disclosure in note no. 26 to the financial statements.
<p>Valuation of investment property</p> <p>As referred in note no. 6 to the accompanying financial statements.</p> <p>We considered the valuation of the investment properties to be significant to the audit because the determination of fair value involves significant judgment and the use of external valuation expert.</p> <p>We identified the valuation of investment properties as a key audit matter as it covers 33.23% of total assets of company.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - obtained valuation reports and evaluated the qualification, experience and competence of the external property valuer engaged by management and holding discussions with the external property valuer, without the presence of management, to understand their valuation methods and the assumptions applied; - obtained rental agreements signed between the Company and lessees; - Obtained EOGM's resolution for approving the lease of properties and - Assessed the adequacy of disclosures related to investment properties in notes no. 6 and 29 to the financial statements.
<p>Valuation of stocks</p> <p>As referred in Note. 9 to the accompanying Financial statements, the stock in trade constitutes 13.70% of total assets of the Company as at 30 June 2021.</p> <p>Inventories were considered as a key audit matter due to the size of the balance and because inventory valuation involves management judgment. According to the financial statements' accounting principles inventories are measured at the lower of cost or net realizable value. The company has specific procedures for identifying</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - Assessing the compliance of company's accounting policies over inventory with applicable accounting standards. - Assessing the inventory valuation processes and practices. On major locations we tested the effectiveness of the key controls and performed physical verification of inventory at year end. - Assessing the analyses and assessment made by management with respect to slow moving and obsolete stock.

risk for obsolescence and measuring inventories at the lower of cost or net realizable value.	- We have obtained the Independent valuer report for determining the valuation of inventory.
Key audit matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"> - We tested the calculations of per unit cost of finished goods and assessed the appropriateness of management’s basis for the allocation of cost and production overheads. - We also assessed the adequacy of the disclosures made in respect of the accounting policies and the details of inventory balances held by the Company at the year end.

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

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance opinion 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. As described in the “Basis for Adverse Opinion” section of our report, we have concluded that the other information is materially misstated for the same reason.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' 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:

- J 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.
- J 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.
- J Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- J Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- J Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public

disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion, except for the effects, if any, of the matters referred to in paragraph (a) and (b) of “Basis of Adverse Opinion” of our report above:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the period were for the purpose of the Company’s business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors’ report is Adeel Anwar (ACA)

FAISALABAD:

Date: October 06, 2021

**ZAHID JAMIL & Co.
CHARTERED ACCOUNTANTS**

AMTEX LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	NOTE	2021 RUPEES	2020 RUPEES
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5.	1,201,872,170	1,236,847,371
Investment property- fair value	6.	1,188,639,649	1,161,401,391
Long term deposits	7.	50,719,526	50,719,526
		2,441,231,345	2,448,968,288
CURRENT ASSETS			
Stores, spares and loose tools	8.	160,872,094	167,030,937
Stock in trade	9.	489,990,439	538,829,362
Trade debts	10.	58,871,206	109,100,262
Loans and advances	11.	12,895,364	4,962,100
Deposits and prepayments	12.	4,799,126	4,799,126
Other receivables	13.	80,161,086	99,880,325
Tax refunds due from the Government	14.	178,445,595	175,739,525
Cash and bank balances	15.	149,640,033	174,851,830
		1,135,674,943	1,275,193,467
		3,576,906,288	3,724,161,755
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 260,000,000 (2020: 260,000,000) ordinary shares of Rs.10/- each		2,600,000,000	2,600,000,000
Issued, subscribed and paid up capital	16.	2,594,301,340	2,594,301,340
Reserves	17.	531,039,330	531,039,330
Accumulated loss		(13,152,591,765)	(13,008,387,481)
Surplus on revaluation of property, plant and equipment		829,180,098	832,923,049
		(9,198,070,997)	(9,050,123,762)
NON CURRENT LIABILITIES			
Redeemable capital	18.	-	-
Long term financing	19.	236,376,127	414,127,318
Lease liabilities / Ijarah	20.	-	-
Deferred liabilities	21.	1,322,782,108	1,239,802,189
		1,559,158,235	1,653,929,507
CURRENT LIABILITIES			
Trade and other payables	22.	163,324,256	191,536,088
Contract liabilities		22,726,189	26,492,932
Interest / markup payable	23.	2,729,859,122	2,719,967,363
Short term borrowings	24.	6,015,444,052	6,063,442,444
Current portion of non current liabilities	25.	2,284,465,431	2,118,917,183
		11,215,819,050	11,120,356,010
Contingencies and commitments	26.	-	-
		3,576,906,288	3,724,161,755

The annexed notes from 1 to 41 form an integral part of these financial statements.

Khurram Iftikhar
Chief Executive Officer

Shahzad Iftikhar

Waheed Aslam
CFO

AMTEX LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
Revenue from contract with customers-Net	27.	1,074,982,950	544,873,389
Cost of sales	28.	1,065,217,611	786,021,749
Gross Profit/(loss)		9,765,339	(241,148,360)
Other Income	29.	58,767,827	115,644,968
		68,533,166	(125,503,392)
Selling and distribution expenses	30.	37,356,877	12,811,634
Administrative expenses	31.	65,896,581	301,059,289
Finance cost	32.	96,477,312	201,839,880
Workers' welfare fund		720,506	-
		200,451,276	515,710,803
Loss before taxation		(131,918,110)	(641,214,195)
Taxation	33.	15,990,633	29,751,791
Net loss for the year		(147,908,743)	(670,965,986)
Loss per share - Basic and diluted	34.	(0.57)	(2.59)

The annexed notes from 1 to 41 form an integral part of these financial statements.

Khurram Iftikhar
Chief Executive Officer

Shahzad Iftikhar
Director

Waheed Aslam
Chief Financial Officer

AMTEX LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
Net loss for the year		(147,908,743)	(670,965,986)
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss:			
Remeasurement of defined benefit obligation	21.1.3.	(38,492)	2,990,116
Reversal of surplus in respect of revaluation deficit		-	(29,192,528)
		(38,492)	(26,202,412)
Total comprehensive loss for the year		<u>(147,947,235)</u>	<u>(697,168,398)</u>

The annexed notes from 1 to 41 form an integral part of these financial statements.

Khurram Iftikhar
Chief Executive Officer

Shahzad Iftikhar
Director

Waheed Aslam
**Chief Financial
Officer**

AMTEX LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	Rupees	Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(131,918,110)	(641,214,195)
Adjustments for:		
Depreciation of property, plant and equipment	52,913,029	73,823,382
Provision for staff retirement gratuity	4,136,936	2,518,272
Revaluation loss	-	253,918,047
Write down of inventories to net realisable value	7,025,611	133,845,912
Unrealised gain on investment property carried at fair value	(27,238,258)	(85,372,935)
Gain on disposal of property, plant and equipment	(6,608,627)	(8,624,888)
Finance cost	96,477,312	201,839,880
Operating cash flows before working capital changes	(5,212,107)	(69,266,525)
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	6,158,843	67,811,980
Stock in trade	41,813,312	20,900,693
Trade debts	50,229,056	91,556,433
Loans and advances	(7,933,264)	(958,622)
Deposits and prepayments	-	2,452,536
Other receivables	19,719,239	6,663,777
Tax refunds due from the Government	(4,050,311)	(15,290,417)
Increase / (decrease) in current liabilities		
Trade and other payables	(28,316,832)	(74,098,867)
Contract Liabilities	(3,766,743)	13,097,560
	73,853,300	112,135,073
Cash generated from operations	68,641,193	42,868,548
Income tax paid	(14,646,392)	(7,584,734)
Income tax received	-	9,687,664
Finance cost paid	(7,676,062)	(16,321,248)
Staff retirement gratuity paid	-	(2,500,180)
Net cash generated from operating activities	46,318,739	26,150,050
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of operating fixed assets	(22,742,090)	-
Proceeds from disposal of property, plant and equipment	24,168,500	64,097,350
Addition in Capital work in progress	(12,755,611)	-
Net cash (used in) / generated from investing activities	(11,329,201)	64,097,350

	2021	2020
	Rupees	Rupees
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	(12,202,943)	(47,516,510)
Short term borrowings	(47,998,392)	(29,645,000)
Lease liability paid	-	(922,177)
Net cash used in financing activities	<u>(60,201,335)</u>	<u>(78,083,687)</u>
Net (decrease)/ increase in cash and cash equivalents (a+b+c)	(25,211,797)	12,163,713
Cash and cash equivalents at the beginning of the year	174,851,830	162,688,117
Cash and cash equivalents at the end of the year	<u>149,640,033</u>	<u>174,851,830</u>

The annexed notes from 1 to 41 form an integral part of these financial statements.

Khurram Iftikhar
Chief Executive Officer

Shahzad Iftikhar
Director

Waheed Aslam
Chief Financial
Officer

AMTEX LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	Capital reserves			Revenue reserves		Total	
	Issued, subscribed and paid up capital	Merger reserve	Share premium	Surplus on revaluation of property, plant and equipment	General reserve		Accumulated loss
-----Rupees-----							
Balances as at July 01, 2019	2,594,301,340	98,039,330	183,000,000	867,699,951	250,000,000	(12,345,995,985)	(8,352,955,364)
Loss for the year	-	-	-	-	-	(670,965,986)	(670,965,986)
Other comprehensive income for the year							
- Remeasurement of defined benefit obligation	-	-	-	-	-	2,990,116	2,990,116
- Reversal of surplus in respect of revaluation deficit	-	-	-	(29,192,528)	-	-	(29,192,528)
Total comprehensive loss for the year	-	-	-	(29,192,528)	-	(667,975,870)	(697,168,398)
Incremental depreciation for the year	-	-	-	(5,584,374)	-	5,584,374	-
Balances as at June 30, 2020	2,594,301,340	98,039,330	183,000,000	832,923,049	250,000,000	(13,008,387,481)	(9,050,123,762)
Loss for the year	-	-	-	-	-	(147,908,743)	(147,908,743)
Other comprehensive income for the year							
- Remeasurement of defined benefit obligation	-	-	-	-	-	(38,492)	(38,492)
- Reversal of surplus in respect of revaluation deficit	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	(147,947,235)	(147,947,235)
Incremental depreciation for the year	-	-	-	(3,742,951)	-	3,742,951	-
Balances as at June 30, 2021	2,594,301,340	98,039,330	183,000,000	829,180,098	250,000,000	(13,152,591,765)	(9,198,070,997)

The annexed notes from 1 to 41 form an integral part of these financial statements.

Khurram Iftikhar
Chief Executive Officer

Shahzad Iftikhar
Director

Waheed Aslam
Chief Financial Officer

AMTEX LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1. STATUS AND ACTIVITIES

- 1.1** Amtex Limited (the Company) is a public limited company incorporated in Punjab, Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and listed on Pakistan Stock Exchange limited (formerly Karachi Stock Exchange Limited) in Pakistan. The registered office of the Company is situated at P-225, Tikka Gali No. 2, Montgomery Bazar, Faisalabad. The principal business of the Company is export of all kinds of value added fabrics, textile made-ups, casual and fashion garments duly processed. The Company is also engaged in the business of manufacturing and sale of yarn and fabrics on its own & conversion basis. The cloth processing unit and stitching units are located at Punj Pullian Daewoo Road, District Faisalabad and spinning unit is located at 30 KM Sheikhpura Road, Khurrianwala, District Faisalabad, in the province of Punjab.
- 1.2** Pursuant to scheme of arrangement approved by the Honorable Lahore High Court, Lahore, assets, liabilities and reserves of Amtex Spinning Limited were merged with the assets, liabilities and reserves of the Company with effect from April 01, 2003.
- 1.3** The Company has incurred loss before taxation of Rs. 131,918,110/-. Loss is mainly due to significantly under / low utilization of manufacturing capacities due to closure of spinning unit, temporary shutdown of processing unit and increase in raw material prices for our value added business. Due to unfavorable textile market conditions in the country the Company is facing tight cash flow situation and has not been able to comply with the terms of certain loan agreements. The Company is in litigation with Sukuk unit holders and certain other banks / financial institutions have also filed suits against the company for recovery of their outstanding debts.
- The management is working hard, hopeful that with the improvement of textile market along with removal of gas price differential in the Punjab Province bringing the gas price down up to the price in other provinces will reduce the operating cost and the production and operating results will be improved. The management of the Company has already taken steps for extension and restructuring of loans. The major bankers of the Company had restructured the facilities (Refer Note 19.1.1 to 19.1.9) and negotiations with other banks are in process. There is material uncertainty related to events or conditions which may cast significant doubt about the Company's ability 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. The management is confident that it will be successful in its efforts and hence the Company will be able to continue as a going concern.

2. BASIS OF PREPARATION

2.1. Statement of compliance

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

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

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

2.2 Functional and presentation currency

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

2.3 Basis of measurement

The financial statements have been prepared under the "historical cost convention" except: -

- certain property, plant and equipment items carried at revaluation.
- employee retirement benefits carried at present value.
- investment property measured at fair value.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the

Company's accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In process of applying the Company's accounting policies, the management has made following estimates and judgements which are significant to financial statements:

Useful lives, residual values and depreciation method of property, plant and equipment – Note 5.

Fair value of investment property - Note 6.

Provision for impairment of inventories - Note 9.

Provision for doubtful trade receivables – Note 10.

Obligation of defined benefit obligation - Note 21.1.

Estimation of contingent liabilities - Note 26.

Current income tax expense, provision for current tax -Note 14. and 33.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

3. Adoption of new and revised accounting standards

3.1. New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2021.

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

	Effective from accounting period beginning on or after:
Amendment to IFRS 16 - 'Leases' - Covid-19 related rent concessions	June 01, 2022
Amendment to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 01, 2020
Amendments to IFRS 3 - Business combinations - Definition of a business	January 01, 2020
Amendments to IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - Definition of material	January 01, 2020
Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments : Recognition and measurement and IFRS 7 - Financial Instruments : Disclosures - Interest rate benchmark reform.	January 01, 2020
(Certain annual improvements have also been made to a number of IFRSs)	

3.1.2. New accounting standards, amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on Company's financial statements other than certain additional disclosures.

**Effective from
accounting period beginning
on or after:**

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
IFRS 16 - 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021
IFRS 3 - Business combinations (Amendments)	January 01, 2022
IAS 16 - Property, Plant and Equipment (Amendments)	January 01, 2022
IAS 37- Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 01, 2022
IAS 1 - Presentation of financial statements (Amendments)-- Classification of liabilities as current or non-current	January 01, 2023
IAS 1 - Presentation of financial statements (Amendments)- Disclosure of accounting policies	January 01, 2023
IAS 8 - Accounting policies, changes in accounting estimates and errors (Amendments)	January 01, 2023
IAS 12 - Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023

The management anticipates that adoption of above amendments in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

Further, the following new standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan;

IFRS 1 - First-time Adoption of International Financial Reporting Standards
IFRS 17 - Insurance contracts

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant and equipment

Owned

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

Depreciation is charged to income applying the reducing balance method at the rates specified in the property, plant and equipment note. Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

In respect of additions and disposals during the year, depreciation is charged from the month of acquisition or capitalisation and up to the month preceding the month of disposal respectively.

When parts of an item of property, plant and equipment have different useful lives, they are recognised as separate items of property, plant and equipment.

Normal repairs and maintenance costs are charged to income during the period in which they are incurred. Major renewals and improvements are capitalised.

Gains or losses on disposal of property, plant and equipment are included in current income.

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 these assets are available for use.

Surplus arising on revaluation of property, plant and equipment is recognized, in other comprehensive income and accumulated in reserves in shareholders' equity and is shown in equity. Revaluation is carried out with sufficient regularity to ensure that the carrying amounts of the assets does not differ materially from the fair value. Accumulated depreciation at the date of revaluation is eliminated against the cost of the asset and net amount is restated to the revalued amount of the asset. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related property, plant and equipment during the year is part of statement of changes in equity. A decrease as a result of revaluation is recognized in the statement of profit or loss however, a decrease is recorded in statement of other comprehensive income to the extent of any credit balance in revaluation surplus in respect of same assets. The revaluation reserve is not available for distribution to the Company's shareholders.

Gains or losses on disposal of assets, if any, are recognized as and when incurred. Surplus arising on revaluation is credited to surplus on revaluation of property, plant and equipment. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred by the Company to its un-appropriated profit.

4.2. Right-of-use assets

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

Depreciation is charged on straight line basis over the shorter of the lease term or the useful life of the asset. Where the ownership of the asset transfers to the Company at the end of the lease term or if the cost of the asset reflects that the Company will exercise the purchase option, depreciation is charged over the useful life of asset in the same manner as charged for owned assets.

4.3. Asset held under Ijarah financing

Assets held under Ijarah financing are accounted for using the guidelines of Islamic Financial Accounting Standard-2 (IFAS 2), "Ijarah". The assets are not recognized on the Company's statement of financial position and payments made under Ijarah financing are recognized in the statement of profit or loss on a straight line basis over the term of the Ijarah.

4.4. Investment property

Investment properties are properties held to earn rentals and/ or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from the change in the fair value of investment properties are included in profit or loss in the period in which they arise. An investment property is de-recognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on de-recognition of property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Rental income

Rental income from investment property that is leased to a third party under an operating lease is recognised in the statement of profit or loss over the lease term and is included in 'other income'.

4.5 Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit and loss account in the period in which these are incurred.

4.6 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. 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 determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.7 Stores, spares and loose tools

These are stated at lower of cost and net realizable value. Cost is determined using moving average method. Items in transit are stated at invoice value plus other charges incurred thereon until the reporting date.

For items that are slow moving adequate provision is made, if necessary, for any excess carrying value over estimated realizable value and charged to the statement of profit or loss.

4.8 Stock in trade

Stock in trade except waste are valued at lower of cost and net realisable value. Cost is determined as follows:

Raw material	Weighted average cost except items in transit which are valued at cost accumulated upto the balance sheet date
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost

Wastes are valued at net realisable value.

Net realizable value represents the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost to make the sales. Average manufacturing cost consists of direct materials, labor and a proportion of manufacturing overheads.

4.9 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less loss allowance, if any. The Company always measures the loss allowance for trade debts at an amount equal to lifetime expected credit losses (ECL). The expected credit losses on trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Trade debts and other receivables considered irrecoverable are written off.

4.10. Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flow, cash and cash equivalents consist of cash in hand, balances with banks, books overdrawn, highly liquid short term investments that are convertible to known amount of cash and are subject to insignificant risk of change in value.

4.11. Staff retirement benefits

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

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

4.12. Trade and other payables

Trade and other payable are recorded initially at fair value and subsequently measured at amortized cost. Generally, this results in their recognition at nominal value.

4.13. Borrowings

Borrowings are initially recognised at fair value plus directly attributable cost, if any, and are subsequently stated at amortized cost.

4.14. Provisions

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

4.15. Provision for taxation

Current

Provision for current taxation is based on income taxable at the current tax rates after taking into account tax rebates and tax credits available under the law.

Deferred

Deferred tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of the Institute of Chartered Accountants of Pakistan.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax charged or credited in the income statement, except in case of items credited or charged to equity in which case it is included in equity.

4.16. Dividend and other appropriations

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

4.17. Foreign currency translation

Transactions in currencies other than Pak Rupee are recorded at the rates of exchange prevailing on the dates of transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in

foreign currencies are retranslated at the rates prevailing on the statement of financial position except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

Exchange differences are included in profit or loss. All non-monetary items are translated into Pak Rupee at exchange rates prevailing on the dates of transactions.

4.18. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and de-recognised when the Company loses control of the contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the statement of profit or loss.

4.18.1. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Financial assets at amortized cost

Instruments that meet the following conditions are measured subsequently at amortized cost:

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

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at fair value through the statement of profit or loss (FVTPL). Specifically:

Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition. If such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in the statement of profit or loss.

4.18.2. Impairment of financial assets

The Company recognizes a loss allowance for Expected Credit Loss on trade debts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

The Company always recognizes lifetime ECL for trade debts. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For financial guarantee contracts, the date that the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Company considers the changes in the risk that the specified debtor will default on the contract.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (a) The financial instrument has a low risk of default,
- (b) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (c) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(ii) Definition of default

The Company employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event (see (ii) above);
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

Non-financial assets

The Company assesses at each reporting date whether there is any indication that assets except inventories, biological assets and deferred tax asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the statement of profit or loss. The recoverable amount is the higher of an asset's 'fair value less costs to sell' and 'value in use'.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized. Reversal of impairment loss is recognized as income.

4.18.3. Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognized in the statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in the statement of profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch statement of in the profit or loss. The remaining amount of change in the fair value of liability is recognized in the statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in statement of other comprehensive income are not subsequently reclassified of the statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Company that are designated by the Company as at FVTPL are recognized in the statement of profit or loss.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the statement of profit or loss.

4.18.4. Offsetting of financial assets and financial liabilities

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

4.19. Revenue recognition

Revenue from contracts with customers for sale of yarn, fabric and madeups:

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

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

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

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

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

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

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

a) Sale of goods

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

b) Interest income

Interest income is recognized using effective interest rate method.

Presentation and disclosure requirements

As required for the financial statements, the Company disaggregated revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Company has also disclosed information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment.

4.20. Related party transactions

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

4.21. Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments discounted using the

interest rate implicit in the lease. If the implicit rate cannot be readily determined, the Company's incremental borrowing rate is used. Subsequently these are increased by interest, reduced by lease payments and remeasured for lease modifications, if any.

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

4.22. Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.23. 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.

	Note	2021 Rupees	2020 Rupees
5. Property, plant and equipment			
Tangible			
Operating fixed assets	5.1.	1,189,116,559	1,236,847,371
Capital work in process	5.7.	12,755,611	-
		<u>1,201,872,170</u>	<u>1,236,847,371</u>

5.1. Operating fixed assets

	Company owned									Right of use assets	Total	
	Freehold land	Building on freehold land	Plant and machinery	Electric installations	Factory equipment	Furniture and fixtures	Office equipment	Laboratory equipment	Vehides	Sub total		Plant and machinery
As At July 01, 2019												
Cost/ valuation	542,073,300	417,551,150	715,684,001	47,180,000	3,250,000	7,520,074	18,921,126	3,000,000	56,741,726	1,811,921,377	86,636,000	1,898,557,377
Accumulated depreciation	-	43,155,940	135,979,960	8,964,200	617,500	5,469,399	14,230,619	570,000	50,150,256	259,137,874	16,460,840	275,598,714
	<u>542,073,300</u>	<u>374,395,210</u>	<u>579,704,041</u>	<u>38,215,800</u>	<u>2,632,500</u>	<u>2,050,675</u>	<u>4,690,507</u>	<u>2,430,000</u>	<u>6,591,470</u>	<u>1,552,783,503</u>	<u>70,175,160</u>	<u>1,622,958,663</u>
Opening net book value	542,073,300	374,395,210	579,704,041	38,215,800	2,632,500	2,050,675	4,690,507	2,430,000	6,591,470	1,552,783,503	70,175,160	1,622,958,663
Transferred from investment property												
Cost/ valuation	14,250,000	12,045,127	-	-	-	-	-	-	-	26,295,127	-	26,295,127
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-
	<u>14,250,000</u>	<u>12,045,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,295,127</u>	<u>-</u>	<u>26,295,127</u>
Depreciation												
From 01-07-19 to 31-12-19	-	10,196,200	28,985,202	1,910,790	131,626	102,534	234,525	121,500	657,839	42,340,216	3,508,758	45,848,974
As At December 31, 2019												
Before revaluation												
Cost/ valuation	556,323,300	429,596,277	715,684,001	47,180,000	3,250,000	7,520,074	18,921,126	3,000,000	56,741,726	1,838,216,504	86,636,000	1,924,852,504
Accumulated depreciation	-	53,352,140	164,965,162	10,874,990	749,126	5,571,933	14,465,144	691,500	50,808,095	301,478,090	19,969,598	321,447,688
	<u>556,323,300</u>	<u>376,244,137</u>	<u>550,718,839</u>	<u>36,305,010</u>	<u>2,500,874</u>	<u>1,948,141</u>	<u>4,455,982</u>	<u>2,308,500</u>	<u>5,933,631</u>	<u>1,536,738,414</u>	<u>66,666,402</u>	<u>1,603,404,816</u>
Revaluation Deficit	-	-	(3,361,892)	(305,010)	(350,875)	-	-	(708,500)	-	(4,726,277)	(24,466,251)	(29,192,528)
Revaluation Loss	-	-	(253,629,396)	-	-	-	-	-	-	(253,629,396)	(288,651)	(253,918,047)
As At January 01, 2020												
After revaluation												
Cost/ valuation	556,323,300	429,596,277	293,727,551	36,000,000	2,149,999	7,520,074	18,921,126	1,600,000	56,741,726	1,402,580,053	41,911,500	1,444,491,553
Accumulated depreciation	-	53,352,140	-	-	-	5,571,933	14,465,144	-	50,808,095	124,197,312	-	124,197,312
	<u>556,323,300</u>	<u>376,244,137</u>	<u>293,727,551</u>	<u>36,000,000</u>	<u>2,149,999</u>	<u>1,948,141</u>	<u>4,455,982</u>	<u>1,600,000</u>	<u>5,933,631</u>	<u>1,278,382,741</u>	<u>41,911,500</u>	<u>1,320,294,241</u>
Disposals:												
Cost/ valuation	-	-	(56,257,001)	-	-	-	-	-	(1,416,000)	(57,673,001)	-	(57,673,001)
Accumulated depreciation	-	-	(829,470)	-	-	-	-	-	(1,371,069)	(2,200,539)	-	(2,200,539)
	<u>-</u>	<u>-</u>	<u>(55,427,531)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(44,931)</u>	<u>(59,873,540)</u>	<u>-</u>	<u>(59,873,540)</u>
Transfer from right of use assets to company owned assets												
Cost/ Valuation	-	-	10,000,000	-	-	-	-	-	-	-	(10,000,000)	(10,000,000)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,000,000)</u>	<u>(10,000,000)</u>
Depreciation charge	-	10,196,200	13,202,997	1,800,000	107,500	102,534	234,525	80,000	655,077	26,378,833	1,595,575	27,974,408
At June 30, 2020												
Cost/ valuation	556,323,300	429,596,277	247,470,550	36,000,000	2,149,999	7,520,074	18,921,126	1,600,000	55,325,726	1,354,907,052	31,911,500	1,386,818,552
Accumulated depreciation	-	63,548,340	12,373,527	1,800,000	107,500	5,674,467	14,699,670	80,000	50,092,103	148,375,606	1,595,575	149,971,180
	<u>556,323,300</u>	<u>366,047,937</u>	<u>235,097,023</u>	<u>34,200,000</u>	<u>2,042,499</u>	<u>1,845,607</u>	<u>4,221,456</u>	<u>1,520,000</u>	<u>5,233,623</u>	<u>1,206,531,446</u>	<u>30,315,925</u>	<u>1,236,847,371</u>

As At July 01, 2020

Cost/ valuation	556,323,300	429,596,277	247,470,550	36,000,000	2,149,999	7,520,074	18,921,126	1,600,000	55,325,726	1,354,907,052	31,911,500	1,386,818,552
Accumulated depreciation	-	63,548,340	12,373,527	1,800,000	107,500	5,674,467	14,699,670	80,000	50,092,103	148,375,606	1,595,575	149,971,181
Opening net book value	556,323,300	366,047,937	235,097,023	34,200,000	2,042,499	1,845,608	4,221,456	1,520,000	5,233,623	1,206,531,446	30,315,925	1,236,847,371
Addition:												
Cost	-	-	3,769,088	-	-	-	-	-	18,973,002	22,742,090	-	22,742,090
Disposals:												
Cost/ valuation	-	-	12,825,410	-	-	-	-	-	8,221,223	21,046,633	-	21,046,633
Accumulated depreciation	-	-	1,267,153	-	-	-	-	-	2,219,607	3,486,760	-	3,486,760
	-	-	11,558,257	-	-	-	-	-	6,001,616	17,559,873	-	17,559,873
Depreciation charge	-	19,265,742	23,054,055	3,420,000	204,250	184,561	422,146	152,000	3,178,682	49,881,436	3,031,593	52,913,029
At June 30, 2021												
Cost/ valuation	556,323,300	429,596,277	238,414,228	36,000,000	2,149,999	7,520,074	18,921,126	1,600,000	66,077,505	1,356,602,509	31,911,500	1,388,514,009
Accumulated depreciation	-	82,814,082	34,160,429	5,220,000	311,750	5,859,028	15,121,816	232,000	51,051,178	194,770,282	4,627,168	199,397,450
Total book value at June 30, 2021	556,323,300	346,782,195	204,253,799	30,780,000	1,838,249	1,661,046	3,799,310	1,368,000	15,026,327	1,161,832,227	27,284,332	1,189,116,559
Annual rate of depreciation (%)	-	5-10	10	10	10	10	10	10	20		10	

5.1.2. Particulars of immovable property (i.e land and building) in the name of the Company are as follows:

	Location	Usage of immovable property	Covered Area (Square yards)	Total Area (Square yards)
a)	Chak No. 120/J.B, District Faisalabad, Punjab.	Manufacturing unit	1,778	6,670
b)	Chak No. 204/R.B, Raza Garden, District Faisalabad, Punjab.	Guest house	1,647	6,128
c)	Chak No. 70/R.B, Spinning Unit, District Faisalabad, Punjab.	Manufacturing unit	45,911	144,202
d)	Montgomery Bazar, Amtex Office, District Faisalabad, Punjab.	Admin office	1,060	272
e)	Chak No. 67/J.B, Tehsil Saddar Distt. Faisalabad.	Warehouse	2,555	5,748
		Note	2021 Rupees	2020 Rupees

5.2. Depreciation for the year has been allocated as under:

Cost of sales	28.1	51,662,841	72,079,141
Administrative expenses	31	1,250,188	1,744,241
		<u>52,913,029</u>	<u>73,823,382</u>

5.3. The company had revalued its freehold land, building on freehold land, plant and machinery, electric installations, factory equipment, laboratory equipment and assets subject to finance lease. Revaluation of freehold land on market value basis and building on freehold land, plant and machinery, electric installations, factory equipment laboratory equipment and assets subject to finance lease on depreciated replacement values basis was carried out by June 03, 2004, by M/S BFA (Private) Limited as at June 30, 2009, by M/S Empire Enterprises (Private) Limited as at December 31, 2012, by M/S Gulf Consultants as at June 30, 2017 and latest revaluation was carried out of Plant & Machinery, Factory equipments, Electric Installation and Laboratory equipments by independent valuers M/S Gulf Consultants as at January 01, 2020 on depreciated replacement values basis.

5.4. Forced sales value (FSV) of land and buildings is Rs. 682.05 and Rs. 443.972 Million respectively as at June 30, 2017. Forced sales value (FSV) of machinery and equipments is Rs.97.235 Million respectively as at January 01, 2020.

5.5. Detail of disposal of property, plant and equipment

Description	Cost / Revaluated amount A	Accumulated depreciation B	Written down value C=A+B	Sale proceeds D	Profit/(loss) E=D-C	Particulars	Mode of Disposal
-----Rupees-----							
Machinery	3,400,000	(257,267)	3,142,733	2,750,000	(392,733)	ZAITOON TEXTILE MILLS	Negotiation
	801,000	(79,433)	721,568	2,750,000	2,028,433	ZAITOON TEXTILE MILLS	Negotiation
	1,500,000	(148,750)	1,351,250	2,000,000	648,750	WAQAS RAFIQUE INTERNATIONAL	Negotiation
	1,520,000	(150,733)	1,369,267	1,520,000	150,733	WAQAS RAFIQUE INTERNATIONAL	Negotiation
	2,404,410	(238,437)	2,165,973	4,000,000	1,834,027	FANZ SPINNING MILLS	Negotiation
	3,200,000	(392,533)	2,807,467	3,330,000	522,533	MUBASHAR BROTHERS	Negotiation
Vehicles	1,964,223	(1,173,086)	791,137	2,136,500	1,345,363	SYED MUMTAZ ALI SHAH	Negotiation
	5,432,000	(271,600)	5,160,400	5,432,000	271,600	HABIB BANK LIMITED	Negotiation
Other items having net having net book value of less than Rs. 500,000/- each.							
Vehicles	825,000	(774,921)	50,079	250,000	199,921	MUHAMMAD HAFEEZ	Negotiation
2021 Rupees	21,046,633	(3,486,760)	17,559,873	24,168,500	6,608,627		
2020 Rupees	57,673,001	(2,200,539)	55,472,462	64,097,350	8,624,888		

5.6. Had there been no revaluation, the related figures of freehold land, building on freehold land, plant and machinery, electric installations, factory equipment and laboratory equipment as at June 30, 2021 would have been as follows:

2021		
Cost	Accumulated depreciation	Written down value
-----Rupees-----		

Company owned

Freehold land	329,718,333	-	329,718,333
Building on freehold land	974,943,769	26,932,413	948,011,356
Electric installations	32,087,323	14,448,033	17,639,290
Factory equipment	5,882,262	4,981,158	901,104
Laboratory equipment	844,749	563,538	281,211
	1,343,476,436	46,925,142	1,296,551,294

5.7. Capital Work in progress

Electric Installation	5.7.1.	4,894,455	-
Building	5.7.2.	7,861,156	-
		12,755,611	-

5.7.1. Electric Installation

Balances as at July 1,	-	-
Capital expenditure incurred during the year	4,894,455	-
Balances as at June 30,	4,894,455	-

5.7.2. Building

Balances as at July 1,	-	-
Capital expenditure incurred during the year	7,861,156	-
Balances as at June 30,	7,861,156	-

	Note	2021 Rupees	2020 Rupees
6. Investment property - at fair value			
Land	6.1.	555,424,000	520,710,000
Building	6.2.	633,215,649	640,691,391
		<u>1,188,639,649</u>	<u>1,161,401,391</u>
6.1. Land			
Carrying amount as at July 1,		520,710,000	448,175,000
Transfers to owner-occupied property		-	(14,250,000)
Net gain from fair value adjustment		34,714,000	86,785,000
Carrying amount as at June 30,		<u>555,424,000</u>	<u>520,710,000</u>
6.2. Building			
Carrying amount as at July 1,		640,691,391	654,148,583
Transfers to owner-occupied property		-	(12,045,127)
Net loss from fair value adjustment		(7,475,742)	(1,412,065)
Carrying amount as at June 30,		<u>633,215,649</u>	<u>640,691,391</u>
6.3.			
The fair value of investment property was carried out by independent valuers M/S Gulf Consultants as at June 30, 2021 on depreciated replacement values basis.			
6.4.			
Investment property with a carrying amount of Rs. 1,138.98 million are subject to first charge against loan of Rs. 1217.721 million (2020: Rs. 1,217.721 million) from United Bank Ltd, Rs.399.568 million (2020: Rs. 399.568 million) from Askari Bank Ltd, Rs. 122.683 million (2020: Rs. 122.683 million) from Bank Islami Ltd (Formerly KASB Bank Limited and now merged into Bank Islami). This charge existed as at June 30, 2021.			
6.5.			
Forced sales value (FSV) of land and buildings is Rs. 472.11 million, Rs. 538.23 million respectively as at June 30, 2021.			
6.6.			
It includes land and building rented to Abwa Knowledge Village (Pvt) Ltd, an associated undertaking.			
6.7.			
It represents freehold land and building located at 1 K.M. Jararnwala Road chak No. 76/R.B, Khurrianwala, District Faisalabad, Province Punjab, with area of 105,149 square yards respectively.			
	Note	2021 Rupees	2020 Rupees
7. Long term deposits			
Against utilities		41,345,029	41,345,029
Against TFC		9,374,497	9,374,497
		<u>50,719,526</u>	<u>50,719,526</u>
8. Stores, spares and loose tools			
Stores		159,082,667	157,180,636
Spares		1,789,427	9,850,301
		<u>160,872,094</u>	<u>167,030,937</u>
8.1.			
Stores include items that may result in fixed capital expenditure but are not distinguishable.			
	Note	2021 Rupees	2020 Rupees
9. Stock in trade			
Raw material		314,125,009	307,165,459
Work in process		8,205,611	9,415,254
Finished goods		166,135,880	221,048,122
Waste		1,523,939	1,200,527
		<u>489,990,439</u>	<u>538,829,362</u>
9.1.			
Stock in trade amounting to Rs. 220.598 million (2020:Rs. 220.598 million) was pledged as security with the banks. Due to pending litigation with NBP latest pledged stock sheets are not provided / made available by the bank. Out of total pledged stock the part of NBP amounts to Rs. 102.231 million.			
9.2.			
Stock in trade amounting to Rs. 18.70 million (2020: Rs. 538.829 million) is at net realisable value as per valuation report given by an independent valuer.			

			2021 Rupees	2020 Rupees
14. Tax refunds due from the Government		Note		
Income tax			37,499,724	38,843,965
Sales tax			140,945,871	136,895,560
			<u>178,445,595</u>	<u>175,739,525</u>
15. Cash and bank balances				
Cash in hand			109,479,941	144,149,270
Cash at banks;				
In current accounts			40,147,116	30,689,584
In PLS accounts		15.1.	12,976	12,976
			<u>149,640,033</u>	<u>174,851,830</u>
15.1.	It carries mark up rate Nil (2020: Nil) under prevailing market rate.			
16. Issued, subscribed and paid up capital				
	2021	2020		
	-----No. of shares-----		Note	2021
			Rupees	2020
			Rupees	Rupees
	237,444,067	237,444,067	Ordinary shares of Rs. 10/- each fully paid in cash.	2,374,440,670
	4,046,067	4,046,067	Ordinary shares of Rs.10/- each issued as fully paid shares as per scheme of arrangement for amalgamation sanctioned by the Court.	40,460,670
	17,940,000	17,940,000	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares.	179,400,000
	<u>259,430,134</u>	<u>259,430,134</u>		<u>2,594,301,340</u>
				<u>2,594,301,340</u>
17. Reserves				
Capital reserves				
Merger reserve			98,039,330	98,039,330
Share premium			183,000,000	183,000,000
			281,039,330	281,039,330
Surplus on revaluation of property, plant and equipment			829,180,098	832,923,049
			<u>1,110,219,428</u>	<u>1,113,962,379</u>
Revenue reserves				
General reserve			250,000,000	250,000,000
			<u>1,360,219,428</u>	<u>1,363,962,379</u>
17.1.	This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017.			
17.2.	The revaluation surplus on property, plant and equipment is a capital reserve, and is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.			
17.3.	This reserve can be utilized by the Company for various purposes including issue of bonus shares to shareholders, payment of dividend when profits are insufficient and further to meet sudden losses due to natural calamities.			
18. Redeemable capital				
Secured				
Sukuk certificates			18.1. & 18.2.	2021
			Rupees	2020
			Rupees	Rupees
			<u>-</u>	<u>-</u>

- 18.1.** These represent balance out of 130,000 sukuk certificates of Rs. 5,000/- each privately placed with a banking company.

During the musharika, the legal title to the musharika assets will remain with the Company, however, a trustee will hold the beneficial title on behalf of the investors.

In addition, these are secured against second charge on all the present and future fixed assets excluding freehold land and building on freehold land of the Company, bank guarantee of Rs. 740 million issued in favour of the trustee and by personal guarantee of two directors of the Company. Bank guarantee of Rs. 740 million is also secured. Securities are disclosed in Note 19.1.

Sukuk certificates are redeemable in twelve equal quarterly installments commenced from January 10, 2010 and ending on October 10, 2012.

The certificate holders will be entitled to rental payments for use of musharika assets. Rental payments shall be calculated to provide return equal to the base rate plus incremental rental plus service agency charges incurred by the trustee during the previous quarter.

Base rate is defined as three months KIBOR and incremental rental is defined as margin of 2% per annum.

The effective yield rate of rental is Nil (2020: Nil).

- 18.2.** The Company has filed suit under Financial Institutions (Recovery of Finances) Ordinance, 2001 against the sukuk unit holders in the Honorable Lahore High Court, Lahore and prayed for declaration of undertaking to purchase the sukuk units at a pre-agreed price as void, unlawful and satisfaction of obligations against the existing amounts paid. The Company has also sought relief of suspension of operation of the undertaking and the bank guarantee issued there under till the final decision of the suit.

As per two different interim orders of The Honorable Lahore High Court, Lahore guarantor has deposited the amount of guarantee against all overdue rentals, as claimed by the sukuk unit holders amounting Rs. 529,734,801/- (refer Note No.24.4) in an escrow account opened by the Deputy Registrar (Judicial) to secure the payments due under sukuk arrangement. The payable sukuk rentals, as claimed by the sukuk holders, have been adjusted in these financial statements against the amounts paid by the guarantor, however, due to pending litigation, sukuk unit holders have not received these payments and sukuk unit holders have not acknowledged the adjustment of sukuk rentals.

Further, in its final order The Honorable Lahore High Court, Lahore has dismissed the above referred suit, with no findings on the issue and prayer of the Company, stating that this Court lacks jurisdiction under Financial Institutions (Recovery of Finances) Ordinance, 2001 and the plaint is returned to the plaintiff (Company) to be presented to the court in which the suit should have been instituted. Being aggrieved Company has filed first appeal against this order before Division Bench of Honorable Lahore High Court, Lahore and same is pending for adjudication and in its interim order Division Bench has passed stay order that no amount will be withdrawn, paid by the guarantor, from escrow account opened by the Deputy Registrar (Judicial) up till further orders in this matter.

	Note	2021 Rupees	2020 Rupees
19. Long term financing			
Secured			
From banking companies and financial institutions	19.1.		
Under mark up arrangements			
Demand finance		2,166,037,235	2,166,037,235
Term finance		-	-
Long term finances under SBP		19,176,163	19,176,163
Syndicated term finance		10,500,000	10,500,000
Morabaha finance		9,594,052	13,399,072
Morabaha finance II		104,000,000	104,000,000
Not subject to markup			
Demand finance		144,208,000	152,605,923
		<u>2,453,515,450</u>	<u>2,465,718,393</u>
Less: Current portion			
Installments overdue		(2,039,468,511)	(1,540,234,779)
Payable within one year		(177,670,812)	(511,356,296)
		<u>(2,217,139,323)</u>	<u>(2,051,591,075)</u>
		<u>236,376,127</u>	<u>414,127,318</u>

19.1. Terms of finances are as under:

Nature of finance	Notes	Balance Rupees	Number of installment	Payment rests	Commencement date	Ending date	Mark up rate
Under mark up arrangements:							
Demand finances							
DFI	19.1.5 & 19.1.1	1,077,124,310	38	Quarterly	30-Jun-12	30-Sep-21	5% p.a.
DFI	19.1.2	311,730,000	28	Quarterly	1-Sep-16	1-Jun-23	6% p.a.
DF	19.1.5 & 19.1.3	377,614,556	7	Bi-annually	25-Sep-17	25-Sep-20	Bank cost of fund
DF	19.1.5 & 19.1.4	399,568,369	15	Quarterly	31-Mar-18	30-Sep-21	Bank cost of fund
		2,166,037,235					
Long term finances under State Bank of Pakistan Scheme							
II	19.1.5	4,243,913	12	Quarterly	27-Jan-07	27-Oct-09	SBP rate + 2.00% p.a
III	19.1.5	14,932,250	17	Quarterly	31-Mar-07	31-Mar-12	SBP rate +3.65% p.a
		19,176,163					
Syndicated term finance	19.1.5	10,500,000	20	Quarterly	7-Mar-04	7-Dec-10	6 Month KIBOR + 3.00% p.a with a floor of 5% p.a
Morabaha finance	19.1.5 & 19.1.6	9,594,052	8	Quarterly	27-Aug-19	27-Aug-21	11.00% p.a
Morabaha finance II	19.1.7 & 19.1.5	104,000,000	36	Quarterly	31-Dec-13	31-Dec-22	1 year kibar-3% with cap at 7 % p.a.
Not subject to mark up:							
Demand finances							
DFII	19.1.8	134,835,000	6	Quarterly	1-Sep-23	30-Dec-24	-
DF	19.1.9	9,373,000	13	Quarterly	22-Mar-19	15-Feb-22	-

These are secured against specific charges on fixed assets, first charge over fixed and current assets ranking pari passu with the charges created in respect of short term borrowings (Refer Note 24), ranking charge over fixed assets and equitable and registered mortgage of properties of the Company and its associates. These are further secured against ranking charge over current assets, pledge of sponsor's 45 million shares in the Company, counter bank guarantee of Rs. 340 million and personal guarantee of all directors of the Company. Bank guarantee is secured against first charge over current assets of the Company.

The effective rate of mark up ranges from 5% to 6.00% per annum (2020: 5% to 7.00% per annum).

19.1.1. It represents loans transferred from short term borrowings due to restructuring agreement with a bank. Current unpaid mark up amounting to Rs.230.394 million till August 31, 2011 (Refer Note 24) alongwith IRS transaction cost amounting to Rs.18.033 million would be paid by the company after complete adjustment of principal liability alongwith future mark up.

Any deviation in the restructured arrangement with regards to mark up / principal servicing would revert the facilities back to its previously approved arrangements and all types of concessions (pricing & tenor) shall be withdrawn.

19.1.2. The company has entered in to restructuring and rescheduling agreement with Soneri bank limited for 2nd time of existing finance facilities along with fresh facilities. The repayment schedule and mark up rate of previous outstanding DF-I have been re-negotiated and will be paid in 28 quarterly installments as mentioned below:

Installments	From	Till	Principal Recovery
04 Quarterly installments of Rs. 7.000M each	1-Sep-16	1-Jun-17	28,000,000
16 Quarterly installments of Rs. 13.125M each	1-Sep-17	1-Jun-21	210,000,000
07 Quarterly installments of Rs. 21.233M each	1-Sep-21	1-Mar-23	148,631,000
Last installments of DF-I	1-Jun-23	1-Jun-23	24,969,000

The DF-II amount will be Rs. 134.835 M i.e previous DF-II (mark up) Rs. 33.216 M and markup of Rs. 101.619M on the outstanding DF-I from 26-06-2012 till 30-06-2016. It will be paid in 06 equal quarterly installments of Rs. 22.473 M each starting from 01.09.2023 and ending on 01.12.2024. Further bank will waive off the differential markup of Rs. 73.747 M after full receipt of new DF-I, DF-II and accrued markup of DF-I.

Markup on DF-I for the period from 01-07-2016 till date of final adjustment will be deferred and kept in memorandum account and then new DF-III shall be created and paid in 6 equal quarterly installments starting from 01-03-2025 and ending on 01-03-2026.

19.1.3. It represents principal amount of restructured outstanding loans from Habib Bank Ltd as Company has negotiated the settlement terms and entered into Settlement Agreement ("Agreement") in respect of outstanding Principal Liability and Markup Liability. As per terms of the Agreement, Company shall pay a settlement amount of Rs 921 million (including an amount of future markup of rupee 59 million) as full and final settlement of liabilities i.e. principal and markup. Further, as per terms of the Agreement principal amounting to rupees 740 million is payable within three years and mark up amounting to rupees 122 million is payable in third year and future markup amounting Rs. 59 million is payable in fourth year from the date of execution of Agreement. The balance markup amount between outstanding markup and agreed payable markup shall be waived off by the Bank, at the end on payment of settlement amount, as prompt payment bonus. Markup on outstanding rescheduled principal liability would be accrued at prevailing "Cost of Fund" of the Bank from the date of implementation of settlement arrangement. The cost of funds shall be reset as and when advised by State Bank of Pakistan. In case of any default under any terms of Settlement Agreement all waiver / concessions will be withdrawn. An amount of rupees 362 million paid till statement of financial position date. Entire settlement amount rupees 921 million is payable as per following schedule:

Period	Amount	Nature	Payment Terms
Year-I	Rs. 125 Million	Principal	Upon Execution of settlement agreement.
	Rs. 65 Million	Principal	Within 90 days from the date of execution of settlement agreement.
	Rs. 140 Million	Principal	Before expiry of 1st year from date of execution of settlement agreement.
Year-II	Rs. 250 Million	Principal	Before expiry of 2nd year from date of execution of settlement agreement.
	Rs. 160 Million	Principal	Before expiry of 3rd year from date of execution of settlement agreement.
Year-III	Rs. 122 Million	Mark up	Before expiry of 3rd year from date of execution of settlement agreement.
	Rs. 59 Million	*Future Mark up	Before expiry of 4th year from date of execution of settlement agreement.
			*(Future mark up is tentative amount calculated on prevailing COF of the bank.)

19.1.4. It represents principal amount of restructured outstanding loans from Askari Bank Ltd as Company has negotiated the settlement terms and entered into Settlement Agreement ("Agreement") in respect of outstanding Principal Liability and Markup Liability. As per terms of the Agreement, Company shall pay a settlement amount of Rs 524.322 million (Principal amount of rupees 429.57 million plus 50% of previous outstanding mark up rupees 94.75 million) along with future markup (at cost of fund) of rupees 28.211 million as full and final settlement of liabilities i.e. principal and markup. Further, as per terms of the Agreement principal amounting to rupees 429.569 million is payable within three and half years and mark up will be paid at tail end in four equal quarterly installments after entire adjustment of principal. Markup on outstanding rescheduled principal liability would be accrued at prevailing "Cost of Fund" of the Bank from the date of implementation of settlement arrangement. The cost of funds shall be reset as and when advised by State Bank of Pakistan. In case of any default under any terms of Settlement Agreement all waiver / concessions will be withdrawn. Entire settlement amount rupees 552.533 million is payable as per following schedule:

Period	Installment	Amount	Nature	Payment Terms
Year-I	Down payment	Rs.30 Million	Principal	Down Payment upon Execution of settlement agreement.
	1st Q Installment	Rs.50 Million	Principal	Within 90 days from the date of execution of settlement agreement.
	2nd Q Installment	Rs.3 Million	Principal	Within 90 days of 1st Quarterly Installment.
	3rd Q Installment	Rs.4 Million	Principal	Within 90 days of 2nd Quarterly Installment.
Year-II	4th Q Installment	Rs.130 Million	Principal	Within 90 days of 3rd Quarterly Installment.
	5th Q Installment	Rs.15 Million	Principal	Within 90 days of 4th Quarterly Installment.
	6th Q Installment	Rs.100 Million	Principal	Within 90 days of 5th Quarterly Installment.
	7th Q Installment	Rs.15 Million	Principal	Within 90 days of 6th Quarterly Installment.
Year-III	8th Q Installment	Rs.22 Million	Principal	Within 90 days of 7th Quarterly Installment.
	9th Q Installment	Rs.15 Million	Principal	Within 90 days of 8th Quarterly Installment.
	10th Q Installment	Rs.12 Million	Principal	Within 90 days of 9th Quarterly Installment.
	11th Q Installment	Rs.10 Million	Principal	Within 90 days of 10th Quarterly Installment.
Year-IV	12th Q Installment	Rs.10 Million	Principal	Within 90 days of 11th Quarterly Installment.
	13th Q Installment	Rs.10 Million	Principal	Within 90 days of 12th Quarterly Installment.
	14th Q Installment	Rs.3.57 Million	Principal	Within 90 days of 13th Quarterly Installment.
		Rs.122.964 million	Mark up	In four equal quarterly installments after entire adjustment of principal *(RS 122.964 million also included future tentative mark up calculated on prevailing COF of the bank.)

19.1.5. Information / records were not made available by the banking companies to confirm the year end balances amounting to Rs.1,997.58 million out of total outstanding amount due to pending litigation.

19.1.6. It represents principal amount of restructured outstanding loans from First National Bank Modaraba as Company has negotiated the settlement terms and entered into Settlement Agreement (“Agreement”) during the period, in respect of outstanding Principal Liability and Markup Liability. As per terms of the Agreement, Company shall pay a settlement amount of Rs 34.43 million as full and final settlement of liabilities i.e. principal, outstanding contractual markup, future cost of funds and cost of suit. As per terms of the Agreement outstanding principal liability amounting to rupees 19.22 million is payable within two years in eight equal quarterly installments of rupees 1,902,510 after making an immediate down payment of rupees 4 million. Outstanding contractual markup along with future cost of funds at the rate of 11% and expenses of suit in aggregate amounting to rupees 15.210 million shall payable in six equal quarterly installments of rupees 2,535,109 at tail end after adjustment of entire principal liability.

Period	Nature	Installment	Date	Amount (PKR)
Year I	Principal	Down Payment	27.08.2019	4,000,000
	Principal	1st Q	27.11.2019	1,902,510
	Principal	2nd Q	27.02.2020	1,902,510
	Principal	3rd Q	27.05.2020	1,902,510
	Principal	4th Q	27.08.2020	1,902,510
Year II	Principal	5th Q	27.11.2020	1,902,510
	Principal	6th Q	27.02.2021	1,902,510
	Principal	7th Q	27.05.2021	1,902,510
	Principal	8th Q	27.08.2021	1,902,510
Year III	Markup+ COF	In six equal quarterly Installments of rupees 2,535,109 each		15,210,652

19.1.7. It represents short term export Morabaha finance restructured into long term Morabaha finance II and short term Morabaha Finance I as on December 06, 2013. Further total Mark up till date mentioned amounting to Rs. 45,491,684/- has been deferred (refer note no. 21) and will be recovered on quarterly basis in 3 years after complete adjustment of long term Morabaha Finance II in 9 years. These are secured against JPP charge on Current Assets valuing Rs.750 million, ranking charge over Fixed Assets valuing Rs. 200 million with 25% margin for all lines, Title of export documents and personal guarantees of main sponsoring directors of the company.

19.1.8. It represents outstanding mark up on principal liabilities restructured as mentioned in note 19.1.2 above, converted in the demand finance and no mark up shall be charged on it.

19.1.9. It represents principal amount of restructured outstanding loans from MCB Bank Ltd as Company has negotiated the settlement terms and entered into Settlement Agreement (“Agreement”) during the period, in respect of outstanding principal liability and markup liability. As per terms of the Agreement, Company shall pay a settlement amount of Rs 26.052 million as full and final settlement of liabilities i.e. principal and markup against admitted liability of Rs.33.709 million. As per terms of the Agreement outstanding liability amounting to rupees 26.052 million is payable within three years. Outstanding balance as at 30 June, 2021 is Rs. 9,373,000/- after payment of Rs. 16,679,150/-. In case of any default the entire admitted outstanding liability i.e Rs.33.709 million along with future mark-up / COF and other charges admissible under the law shall immediately become due for payment and Bank shall have all the rights to avail remedies available under law to recover stuck-up finance etc. Entire settlement amount rupees 26.052 million is payable as per following schedule:

Installments	On or Before	Amount
1st	Down Payment	2,655,104
2nd	15-05-2019	1,875,000
3rd	15-08-2019	1,875,000
4th	15-11-2019	1,875,000
5th	15-02-2020	1,875,000
6th	15-05-2020	1,875,000
7th	15-08-2020	1,875,000
8th	15-11-2020	1,875,000
9th	15-02-2021	1,875,000
10th	15-05-2021	1,875,000
11th	15-08-2021	1,875,000
12th	15-11-2021	1,875,000
13th	15-02-2022	2,772,046
		26,052,150

19.2. As per terms of agreement with a bank, the recommendation, declaration and payment of dividend is subject to prior written approval of the bank.

19.3. Reconciliation of liabilities arising from long term financing activities

	At July 01, 2020	Availed / transfer during the year	Repaid / transfer during the year	At June 30, 2021
-----Rupees-----				
Long term financing	2,465,718,393	-	(12,202,943)	2,453,515,450

	Note	2021 Rupees	2020 Rupees
20. Lease Liabilities / Ijarah			
Opening balance		67,326,108	68,248,285
Paid / adjusted during the year		-	(922,177)
		<u>67,326,108</u>	<u>67,326,108</u>
Current portion			
Installments overdue		(67,326,108)	(67,326,108)
Payable within one year		-	-
		<u>(67,326,108)</u>	<u>(67,326,108)</u>
		<u>-</u>	<u>-</u>

These represent plant and machinery acquired under separate lease agreements.

The purchase option is available to the Company on payment of last installment and surrender of deposit at the end of the lease period.

The principal plus financial charges are payable over the lease period in 16, 24 and 16 quarterly installments. The liability represents the total minimum lease payments. Furthermore, information / records were not made available by the financial institution to confirm the year end balance of the outstanding amount due to pending litigation.

Reconciliation of lease liabilities is given below:

	2021			2020		
	Minimum lease payments	Finance cost for future periods	Present value of minimum lease payments	Minimum lease payments	Finance cost for future periods	Present value of minimum lease payments
	-----Rupees-----					
Due within one year	86,945,214	19,619,106	67,326,108	86,945,214	19,619,106	67,326,108
Due after one year but not later than five years	-	-	-	-	-	-
	<u>86,945,214</u>	<u>19,619,106</u>	<u>67,326,108</u>	<u>86,945,214</u>	<u>19,619,106</u>	<u>67,326,108</u>

	Note	2021 Rupees	2020 Rupees
21. Deferred liabilities			
Deferred markup on:			
Demand finance	19.1.1.-19.1.4. & 19.1.9.	1,220,381,241	1,140,716,522
Morabaha finance	19.1.7.	84,290,601	85,045,829
		1,304,671,842	1,225,762,351
Staff retirement gratuity	21.1.	18,110,266	14,039,838
		<u>1,322,782,108</u>	<u>1,239,802,189</u>

21.1. Staff retirement gratuity

21.1.1. General description

The Company operates an unfunded gratuity scheme for all its employees at mills who have completed the minimum qualifying period of service as defined under the scheme. The most recent valuation was carried out as at June 30, 2021 using the "Projected Unit Credit Method".

	Note	2021 Rupees	2020 Rupees
21.1.2. Statement of financial position reconciliation as at June 30,			
Present value of defined benefit obligation		<u>18,110,266</u>	<u>14,039,838</u>
21.1.3. Movement in net liability recognised			
Opening balance as at July 01,		14,039,838	17,011,862
Expenses recognised in statement of profit and loss	21.1.4.	4,136,936	2,518,272
Benefits due but not paid		(105,000)	-
Benefits paid during the year		-	(2,500,180)
Remeasurement loss/(gain) on obligation		38,492	(2,990,116)
Closing balance as at June 30,		<u>18,110,266</u>	<u>14,039,838</u>

	Note	2021 Rupees	2020 Rupees
21.1.4. Expenses recognised in statement of profit and loss			
Current service cost		2,999,407	1,671,437
Interest cost		1,137,529	846,835
		<u>4,136,936</u>	<u>2,518,272</u>

21.1.5. Principal actuarial assumptions

Discount factor used	10.00% per annum	8.50% per annum
Expected rate of increase in salaries	10.00% per annum	10.00% per annum
Expected average remaining working lives of participating employees	5 years	5 years

21.1.6. Year end sensitivity analysis of the defined benefit obligation is as follows:

	Reworked defined benefit obligation			
	Change in assumptions		Increase in	Decrease in
	Increase	Decrease	assumptions	assumptions
Discount rate	11.00%	9.00%	17,459,735	19,013,155
Salary increase rate	11.00%	9.00%	19,005,770	17,452,992

21.1.7. Expected Maturity Profile

Followings are the expected distribution and timing of benefit payments at year end:

Description Year	2021 (Rupees)
2022	373,413
2023	355,198
2024	327,875
2025	316,946
2026	300,552
2027 to 2031	1,384,360
2032 onward	15,156,922

Comparison of present value of defined benefit obligation is as follows:

Rupees	2021	2020	2019	2018	2017
As at June 30,					
Present value of defined benefits obligation	18,110,266	14,039,838	17,011,862	14,481,897	50,963,593
Experience adjustment on obligation	-9%	-21%	-4%	14%	5%

	Note	2021 Rupees	2020 Rupees
22. Trade and other payables			
Creditors		140,217,010	168,454,069
Accrued liabilities	22.1.	22,386,740	23,082,019
Workers' welfare fund		720,506	-
		<u>163,324,256</u>	<u>191,536,088</u>

22.1. It includes amount of Rs.105,000/- relating to gratuity due but not paid till statement of financial position date.

	Note	2021 Rupees	2020 Rupees
23. Interest / markup payable			
Redeemable capital		88,882,946	88,882,946
Long term financing		104,406,524	104,406,524
Lease Liabilities		19,619,106	19,619,106
Short term borrowings		2,516,950,546	2,507,058,787
		<u>2,729,859,122</u>	<u>2,719,967,363</u>

26. Contingencies and commitments

26.1. Contingencies

- a. M/S Bank Islami (Formerly KASB Bank Limited and now merged in to Bank Islami) instituted a suit for recovery of Rs.149,802,970/- under Financial institutions (Recovery of Finances) Ordinance, 2001 in the Honorable Lahore High Court, Lahore against the Company. The Bank restructured the outstanding finances as it claimed in referred suit for recovery and also offered to provide fresh export refinance working capital limits vide its offer letter. Based on such offer letter Company entered in to a compromise agreement with the Bank and Honorable Lahore High Court, Lahore passed the consent decree. Now, the Bank is not fulfilling its contractual obligations and not providing the agreed fresh export refinance working capital limits and has filed Execution Petition for recovery of Rs.192,528,719/- The company is filing its legal reply to Execution Petition filed by the Bank in the said matter which is pending adjudication.
- b. Amtex Limited filed suit in the court of Honorable Senior Civil Judge Faisalabad against M/S. Pakistan Cargo Services Private Limited for recovery of Rs.12,019,087/-. The case has been dismissed for want of evidence. Being aggrieved, company has filed appeal which is pending for adjudication before Honorable Additional Session Judge, Faisalabad.
- c. M/S Zephyre Textile Limited has filed a suit for recovery of Rs. 2,916,762/- against the company before the Honorable District Judge Lahore. The company has duly filed its reply in the said matter and the same is pending adjudication.
- d. M/S. Pak Kuwait Investment Company Private Limited has instituted suit under Financial Institutions (Recovery of Finances) Ordinance, 2001 for recovery of Rs. 97,903,568/- along with future markup in the Honorable High Court Sindh at Karachi against the company. Court has passed the decree in favour of Bank. Being aggrieved, Company has filed appeal in the said matter and the same is pending adjudication.
- e. Bank Islami Pakistan Limited has instituted suit against the company in the Honorable Lahore High Court, Lahore under financial institutions (Recovery of Finance) Ordinance, 2001 for recovery of Rs. 660,473,859/-. The Company has duly filed its petition for leave to defend in the said matter and the same is pending adjudication.
- f. M/S National Bank of Pakistan (Islamic Banking Division) has instituted a suit for recovery of Rs. 106,924,484/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable Lahore High Court, Lahore against the company. The company has duly filed its petition for leave to defend in the said matter and the same is pending adjudication.
- g. M/S National Bank of Pakistan has instituted a suit for recovery of Rs. 1,487,663,500/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable Lahore High Court, Lahore against the company. The company has duly filed its petition for leave to defend in the said matter and the same is pending adjudication.
- h. M/S Faysal Bank Ltd has instituted a suit for recovery of Rs. 6,061,867/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable Banking Court No. II, Faisalabad against the company. The company has filed its petition for leave to defend in the said matter and same is pending adjudication.
- i. M/S Saudi Pak Industrial & Agricultural Investment Company Ltd has instituted a suit for recovery of Rs. 19,122,367/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable Banking Court No. II, Lahore against the company. Court has passed the decree against the company and the company filed an appeal against the court order and Honorable Lahore High Court, Lahore in its order has set aside the decree earlier passed by the Honorable Banking Court No. II, Lahore. The Company has deposited demand draft amounting to Rs. 2,625,000/- (Refer Note no. 11) as at 12-Feb-2016 in the name of Judge Banking Court Lahore and now have applied for the refund of this amount as decree has been set aside, the application for refund is pending for decision before Honorable Lahore High Court. Now, M/S Saudi Pak Industrial & Agricultural Investment Company Ltd has instituted a fresh suit for recovery of Rs. 19,122,367 under Financial Institutions(Recovery of finances) Ordinance, 2001 before the Honorable Judge Banking Court No. II, Faisalabad, the Company has filed its petition for leave to defend in the said matter and same is pending adjudication.
- j. M/S Habib Bank Ltd has instituted a suit for recovery of Rs. 946,312,769/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable High Court Lahore against the company. Court has passed the decree in favor of Bank. The Company has entered in to a settlement agreement as explained in note 19.1.3 of these financial statements and under the terms of settlement agreement decree execution has been sine die adjourned in the Honorable Lahore High Court, Lahore.
- k. The Bank of Punjab has instituted a suit for recovery of Rs. 6,373,121,000/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable High Court Lahore against the company. Court has passed the decree in favor of the company. Being aggrieved, Company has filed appeal in the said matter and the same is pending adjudication.

- l. Askari Bank Ltd has instituted a suit for recovery of Rs. 619,486,166/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable High Court Lahore against the company. Court has passed the decree in favor of Bank for an amount of rupee 490.671 million. Being aggrieved, Company has filed appeal in the said matter and the same is pending adjudication. Subsequently, Company entered into a settlement agreement as explained in note 19.1.4 of these financial statements. Under the terms of settlement agreement Company paid Rs. 30 million and required NOC from Bank to release the charge on machinery proportionate to the payment received and to proceed further as per agreement.
- m. The Company has filed writ petition in the Honorable Lahore High Court, Lahore against Federation of Pakistan and others, in the case of investigation of affairs of the Company. The case is pending adjudication.
- n. Cases are pending before foreign exchange adjudication officer, State Bank of Pakistan, for non-repatriation of export proceeds within prescribed times. The default may attract penalties. The financial impact cannot be determined at this stage.
- o. A recovery demand of Rs. 9.4 million has been raised as a result of an order passed by Additional Commissioner Inland Revenue u/s 122 (5A) of the Income Tax Ordinance 2001 regarding Tax Year 2012. Department has deducted Rs. 9 million from Company's income tax and sales tax refunds. Said recovery deductions has not yet accounted for due to an appeal filed before Appellate Tribunal Inland Revenue (ATIR), Lahore.
- p. SNGPL in July 2014 has changed the Sui gas Tariff from Rs. 488.23 per MMBTU to Rs. 573.28 per MMBTU by transferring the category of our unit from General Industrial to Captive Power. Company has filed writ petition before the Honorable Lahore High Court, Lahore against the said illegal / unlawful captive power tariff application by taking plea that we are producing / generating electricity only for own consumption / use, moreover, we do not hold license which is pre-requisite for sale of electricity. Honorable Lahore High Court, Lahore has granted stay in favor of the company restraining the SNGPL from charging captive power tariff instead of general industrial tariff. The company is confident of a favorable outcome of the suit, therefore, no provision has been made in these financial statements.
- q. Sui Northern Gas Pipelines Ltd has incorporated a suit against the company's Spinning Division situated at 30 KM Sheikhpura Road Faisalabad, in the honourable Court of District Judge / Judge Gas Utility Court, Faisalabad for recovery of Rs. 57,713,100/- under Section 6 of The Gas (Theft Control & Recovery) Act 2016 on account of Consumption, Gas Infrastructure Development Cess, General Sales Tax, Violation of Gas Sales Agreement alongwith sum due, Arrears & Late Payment Surcharge. Petitioner prayed for decree of recoverable amount along with attachment of immovable properties of the Company before judgment or direction to furnish equal amount of security till the final decision of the court. The company has duly filed its reply in the said matter and the same is pending adjudication.
- r. Sui Northern Gas Pipelines Ltd has incorporated a suit against the company's Processing Division situated at 1 KM Khurrianwala Jaranwala Road Faisalabad, in the honourable Court of District Judge / Judge Gas Utility Court, Faisalabad for recovery of Rs. 485,424,500/- under Section 6 of The Gas (Theft Control & Recovery) Act 2016 on account of Consumption, Gas Infrastructure Development Cess, General Sales Tax, Violation of Gas Sales Agreement alongwith sum due, Arrears & Late Payment Surcharge. Petitioner prayed for decree of recoverable amount along with attachment of immovable properties of the Company before judgment or direction to furnish equal amount of security till the final decision of court. The company has duly filed its reply in the said matter and the same is pending adjudication.
- s. The Honorable Supreme Court of Pakistan ('SCP') in its decision dated August 13, 2020 held that Gas Infrastructure Development Cess ('GIDC'), as initially levied through Gas Infrastructure Development Cess Act, 2011 and modified via different notifications issued from time to time and thereafter re-levied through the Gas Infrastructure Development Cess Ordinance, 2014, stands payable to SNGPL in twenty four (24) equal monthly installments with immediate effect. Pursuant to the order of the SCP, Sui Northern Gas Pipelines Limited raised a demand for the collection of the GIDC arrears. The company filed a writ petition under article 199 of the Constitution of Islamic Republic of Pakistan, 1973 in the Honorable Lahore High Court ('HLHC') against the demand raised, pleading that demanding arrears of GIDC are illegal, unlawful and ultra vires to the first proviso to section 8 (2) of the Gas Infrastructure Development Cess Act, 2015. The writ petition was decided in favor of the Company by HLHC vide its order dated June 17, 2021. Further judgment of the Honorable Supreme Court of Pakistan does not apply to arrears under the Gas Infrastructure Development Cess Act, 2011 and Gas Infrastructure Development Ordinance 2014 that are, in terms of first proviso of section 8 (2) of the Gas Infrastructure Development Cess Act, 2015, not to be collected. The applicability of first proviso of section 8 (2) is subject to the determination by High Level Committee ('Committee') of Sui Northern Gas Pipelines Limited. The decision has not been made by the Committee on the applicability of arrears to the Company.
- t. The Company has filed reference against order passed by Commissioner Punjab Revenue Authority in Honorable Lahore High Court Lahore challenging the imposition of Punjab Services on sales tax amounting to to rupees 3.1 million on foreign commission paid. Honorable Court after initial hearing has granted stay order and suspend the recovery notice issued in respect of said impugned demand and same is pending adjudication.

- u. The Company has filed writ petition in Honorable Lahore High Court, Lahore against Commissioner Inland Revenue Regional Tax Office Faisalabad, Revenue Officer Faisalabad, Faisalabad Electric Supply Company and others regarding illegal and un-lawful levy of General Sales Tax on newly acquired electric connection / bill of spinning division. The court has granted interim relief and further ordered the respondents to decide the issue within a period of one month.
- v. The Company has filed civil suit, against illegal demand by SNGPL to increase the security deposit / guarantee amount worked out on the basis of higher Captive Power Tariff, before Honorable Civil Judge Faisalabad. Honorable Court of Civil Judge Faisalabad has granted stay order against said impugned revision of security deposit / guarantee demand.
- w. The Company has filed petition and challenged the imposition of various surcharges on the consumption of electricity and obtained stay order from Honorable Lahore High Court, Lahore. No provision is made in these financial statements based on the opinion of the legal council that there is not likelihood of unfavorable outcome or any potential loss.
- x. The Company is defendant in various legal proceedings initiated by ex-employees in labor / civil courts. The Company expects decisions in its favor based on grounds of case and legal opinion Hence, no provision has been made.
- y. Company has filed writ petition before Honorable Islamabad High Court praying to set aside the order, issued by Executive Director (Corporate and Supervision Department) Securities and Exchange Commission of Pakistan (SECP), for appointment of inspectors to carry out investigation in to the affairs of the Company, the writ petition filed and matter is sub-judice and Honorable Islamabad High Court through its interim order has suspended the operation of order for appointment of inspectors.
- z. M/S. First National Bank Modaraba has instituted a suit under Financial Institutions (Recovery of Finances) Ordinance, 2001 for recovery of Rs. 36,013,341/- along with markup before the Honorable Judge Banking Court, Lahore against the company. Court has passed the decree in favor of bank and being aggrieved, Company has filed appeal in the said matter and the same is pending adjudication. Further, Company has entered into a settlement agreement and under the terms of settlement agreement company has paid rupees 4 million as down payment and remaining amount will be paid in 8 equal installments.
- aa. The Company has filed writ petition in Honorable Lahore High Court, Lahore against Pakistan Central Cotton Committee and others regarding illegal and un-lawful increased demand / levy of cotton cess. Honorable Lahore High Court, Lahore has granted interim relief and suspends the said increased demand / levy of cotton cess and the case is pending adjudication. Further in separate Writ Petition, Court has also granted relief regarding membership of Ministry of industry, Research & Development Advisory Cell without payment of cotton cess.
- ab. Amtex Limited has filed suit in the Honorable Civil Court at Faisalabad against M/s S.A Rehmat Private Limited for recovery of Rs.28,230,026/- and rendition of account and cancellation of documents. same is pending adjudication.
- ac. M/S Albaraka Bank Pakistan Limited has instituted a suit for recovery of Rs. 929,221,858/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable Lahore High Court, Lahore against the company in September 2020. The company has filed its petition for leave to defend in the said matter and same is pending adjudication.
- ad. M/S United Bank Limited has instituted a suit for recovery of Rs. 2,069,996,910/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in Honorable Lahore High Court, Lahore against the company in December 2020. The company has filed its petition for leave to defend in the said matter and same is pending adjudication.
- ae. The company has not fully recognised mark up on redeemable capital, long term & short term financing and lease liability due to aforementioned litigations and also due to settlements with other banks. Had the mark up been fully charged, net loss for the year would have been increased by Rs.728.857 million (2020: 766.965 million) and accumulated loss and interest / markup payable would have been increased by Rs.5,992.988 million (2020: 5,264.131 million).
- af. Financial impact, if any, of the above (a to ae) has not been acknowledged in these financial statements because of pending litigations.

	Note	2021 Rupees	2020 Rupees
26.2. Commitments			
Collector of custom		<u>142,946,569</u>	<u>1,345,890</u>

27. Revenue from contract with customers-Net

Export Sales			
Fabrics / made ups / garments	27.1.	894,042,486	417,620,589
Indirect export			
Processing	27.2.	126,874,461	97,858,930
		<u>1,020,916,947</u>	<u>515,479,519</u>
Local Sales			
Made ups		17,343,696	-
Cloth	27.2.	23,535,456	9,126,596
Waste and left over	27.2. & 27.3.	543,962	360,000
Stitching	27.2.	3,973,210	5,653,577
		<u>1,066,313,271</u>	<u>530,619,692</u>
Add: Export rebate / duty drawback		8,669,679	14,253,697
		<u>1,074,982,950</u>	<u>544,873,389</u>

27.1. Exchange gain due to currency rate fluctuation amounting to Rs. 1,953,133/- (2020: Rs. 1,871,304/-) has been included in export sales.

	Note	2021 Rupees	2020 Rupees
27.2. Gross sales			
Indirect export			
Processing		148,443,119	114,494,948
Local			
Made ups		20,292,124	
Cloth		27,536,484	10,678,117
Waste and left over	27.3.	636,436	421,200
Stitching		4,648,656	6,614,690
		<u>201,556,819</u>	<u>132,208,955</u>
Less: Sales tax		<u>(29,286,034)</u>	<u>(19,209,853)</u>
		<u>172,270,785</u>	<u>112,999,102</u>

27.3. It represents sale of left over / waste material out of goods manufactured.

27.4. Set out below the disaggregation of the Company's Sales.

	Note	2021 Rupees	2020 Rupees
Geographic markets:			
Pakistan		172,270,785	112,999,103
UK		562,797,361	15,981,733
USA		177,924,716	394,773,404
Canada		388,405	-
Italy		9,263,060	-
Saudia Arabia		104,570,080	-
Netherland		419,620	-
Denmark		15,706,962	-
Sweden		22,972,282	6,865,452
		<u>1,066,313,271</u>	<u>530,619,692</u>

28. Cost of sales

Cost of goods manufactured	28.1.	1,010,628,781	690,139,254
Finished goods			
Opening stock		222,248,649	318,131,144
Closing stock		(167,659,819)	(222,248,649)
		<u>54,588,830</u>	<u>95,882,495</u>
		<u>1,065,217,611</u>	<u>786,021,749</u>

	Note	2021 Rupees	2020 Rupees
28.1. Cost of goods manufactured			
Raw material consumed	28.1.1. & 28.1.2.	494,529,765	315,840,379
Salaries, wages and benefits		92,811,596	66,317,595
Staff retirement benefits		4,136,936	2,518,272
Stores and spares		16,012,715	22,689,124
Dyes and chemicals		93,522,784	90,570,574
Packing material		62,603,932	28,174,592
Conversion processing and stitching charges		159,188,367	63,949,113
Repairs and maintenance		3,342,860	1,565,854
Fuel and power		30,011,999	17,863,233
Depreciation	5.2.	51,662,841	72,079,141
Other		1,595,343	1,771,891
		<u>1,009,419,138</u>	<u>683,339,768</u>
Work in process			
Opening stock		9,415,254	16,214,740
Closing stock		(8,205,611)	(9,415,254)
		<u>1,209,643</u>	<u>6,799,486</u>
		<u>1,010,628,781</u>	<u>690,139,254</u>
28.1.1. Raw material consumed			
Opening stock		307,165,459	359,230,083
Purchases including direct expenses		501,489,315	263,775,755
		<u>808,654,774</u>	<u>623,005,838</u>
Closing stock		(314,125,009)	(307,165,459)
		<u>494,529,765</u>	<u>315,840,379</u>
28.1.2. It includes an amount of Rs. 7.026 million (2020: Rs. 133.846 million) in respect of write down of inventories to net realisable value as per valuation report given by an independent valuer.			
	Note	2021 Rupees	2020 Rupees
29. Other Income			
Income from financial assets:			
Exchange gain on restatement of debtors		631,866	1,217,145
Income from assets other than financial assets:			
Gain on disposal of property, plant and equipment		6,608,627	8,624,888
Rental income	29.1.	23,124,000	20,430,000
Exchange gain on Imports		1,165,076	-
Unrealised gain on investment property carried at fair value		27,238,258	85,372,935
		<u>58,767,827</u>	<u>115,644,968</u>
29.1. It includes rental income from related parties as follows:			
Abwa Knowledge Village (Pvt) Ltd		22,554,000	20,160,000
Shama Exports (Pvt) Ltd		90,000	90,000
I.A Textiles		90,000	90,000
Cotton Passion Textile Mills (Pvt) Limited		300,000	-
Amfort (Pvt) Ltd		90,000	90,000
		<u>23,124,000</u>	<u>20,430,000</u>
30. Selling and distribution expenses			
Steamer freight		19,101,113	4,292,112
Freight and octroi		7,282,375	3,005,373
Clearing and forwarding		6,901,366	3,448,282
Export development surcharge		2,251,582	1,095,066
Other expenses		1,820,441	970,801
		<u>37,356,877</u>	<u>12,811,634</u>

	Note	2021 Rupees	2020 Rupees
31. Administrative expenses			
Directors' remuneration	35.	2,400,000	2,400,000
Salaries and benefits		23,747,529	19,503,477
Utilities		776,145	934,726
Postage and telecommunication		6,438,917	3,766,269
Vehicles running and maintenance		1,950,478	1,823,906
Traveling and conveyance		2,955,205	3,261,328
Printing and stationery		971,043	645,648
Entertainment		3,970,669	2,179,066
Fees and subscriptions		1,105,522	119,500
Legal and professional		17,732,220	768,506
Auditor's remuneration	31.1	1,500,000	1,500,000
Repairs and maintenance		294,901	225,530
Depreciation	5.2.	1,250,188	1,744,241
Federal excise duty written off		-	6,677,360
Revaluation loss	5.1.	-	253,918,047
Other		803,764	1,591,685
		<u>65,896,581</u>	<u>301,059,289</u>
31.1. Auditor's remuneration			
Audit fee		1,000,000	1,000,000
Half yearly review		500,000	500,000
		<u>1,500,000</u>	<u>1,500,000</u>
32. Finance cost			
Interest / mark up on:			
Long term financing		78,909,491	132,122,231
Short term borrowings		9,891,759	61,119,708
Bank charges and commission		7,676,062	8,597,941
		<u>96,477,312</u>	<u>201,839,880</u>
33. Taxation			
Current			
For the year	33.1.	15,679,571	10,340,133
Prior year		311,062	19,411,658
Deferred	33.2.	-	-
		<u>15,990,633</u>	<u>29,751,791</u>

33.1. Provision of taxation has been provided by charging minimum tax on local sales due to gross loss sustained by the taxpayer in current year under section 113 & 153(2) of income tax ordinance 2008, when and where applicable, and export proceeds realized under final tax regime as per section 154 & 169 of the Income Tax Ordinance, 2001.

33.2. Deferred taxation

Deferred tax asset is not recognised for all deductible temporary differences and carry forward of unused tax losses due to uncertainty regarding non availability of taxable profits in foreseeable future against which such temporary differences and tax losses can be utilised.

33.3. Relationship between tax expense and accounting profit

The relationship between tax expenses and accounting profit has not been presented in these financial statements as the company's current year's taxation includes tax based on 1st part of first schedule and provisions of section 169, 154, 153(2) and 113 of the Income Tax Ordinance, 2001.

	2021	2020
34. Loss per share - Basic and diluted		
Net loss for the year (Rupees)	(147,908,743)	(67,965,986)
Weighted average number of ordinary shares	259,430,134	259,430,134
Loss per share -Basic and diluted (Rs.)	(0.57)	(2.59)

34.1. There is no dilutive effect on basic earnings per share of the Company.

35. REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2021			2020		
	Chief Executive Officer	Director	Executives	Chief Executive Officer	Director	Executives
	-----Rupees-----					
Remuneration	800,000	800,000	4,751,640	800,000	800,000	3,497,600
House rent allowance	320,000	320,000	1,914,840	320,000	320,000	1,475,550
Utility allowance	80,000	80,000	425,520	80,000	80,000	327,900
	<u>1,200,000</u>	<u>1,200,000</u>	<u>7,092,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>5,301,050</u>
Number of persons	1	1	5	1	1	4

35.1. The Directors are entitled to free use of Company maintained vehicles. The running and maintenance expenses of these vehicles are Rs. 998,524/- (2020: Rs.845,149/-). The Directors have waived off their meeting fee.

35.2. Executive means an employee, other than chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

	Unit	(FIGURES IN THOUSAND)	
36. INSTALLED CAPACITY AND ACTUAL PRODUCTION			
Spinning			
100 % plant capacity converted to 20s count based on 3 shifts per day for 1095 shifts (2020: 1095 shifts)	Kgs.	18,162	18,162
Actual production converted to 20s count based on 3 shifts per day for Nil (2020: Nil)	Kgs.	-	-
Dyeing and finishing			
Production capacity for 3 shifts per day for 1095 shifts (2020: 1095 shifts)	Mt.	32,850	32,850
Actual production for 3 shifts per day for 269 shifts (2020: 247 shifts)	Mt.	3,718	3,015

Processing, Stitching and Apparel

The production capacity and its comparison with actual production of Processing, Home Textile and Apparel segments is impracticable to determine due to varying manufacturing processes, run length of order lots and various other factors.

Reasons for shortfall

- Due to disposal of weaving unit no any activity in weaving during the year. Further due to closure of spinning unit no any activity in spinning during the year.

37. NUMBER OF EMPLOYEES	2021	2020
Average number of employees during the year	72	65
Average number of factory employees during the year	188	152
Number of employees as at June 30,	40	22
Number of factory employees as at June 30,	106	80

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company finances its operations through the mix of equity, debt and working capital management with a view to maintain an appropriate mix between various sources of finance to minimize risk. The overall risk management is carried out by the finance department under the oversight of Board of Directors in line with the policies approved by the Board.

	2021	2020
	Rupees	Rupees
38.1. FINANCIAL INSTRUMENTS BY CATEGORY		
Financial assets:		
At amortized cost		
Loans and advances	2,625,000	2,625,000
Trade debts	58,871,206	109,100,262
Other receivables	80,161,086	99,880,325
Deposits	55,518,652	55,518,652
Accrued rentals	1,373,500	24,820,000
Cash and bank balances	149,640,033	174,851,830
	<u>348,189,477</u>	<u>466,796,069</u>
Financial liabilities:		
At amortized cost		
Redeemable capital	-	-
Long term financing	2,453,515,450	2,465,718,393
Lease Liabilities / Ijarah	67,326,108	67,326,108
Deffered mark up	1,304,671,842	1,225,762,351
Trade and other payables	162,603,750	191,536,088
Interest / markup payable	2,729,859,122	2,719,967,363
Short term borrowings	6,015,444,052	6,063,442,444
	<u>12,733,420,324</u>	<u>12,733,752,747</u>

38.2. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. The responsibility includes developing and monitoring the Company's risk management policies. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures. The Company's exposure to the risks associated with the financial instruments and the risk management policies and procedures are summarized as follows:

38.2.1. Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company does not have any significant exposure to customers from any single country or single customer.

Credit risk of the Company arises principally from trade debts, loans and advances and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2021 Rupees	2020 Rupees
Trade debts	58,871,206	109,100,262
Loans and advances	2,625,000	2,625,000
Deposits	55,518,652	55,518,652
Accrued rentals	1,373,500	24,820,000
Bank balances	40,160,092	30,702,560
	<u>158,548,450</u>	<u>222,766,474</u>

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

For trade debts credit quality of the customer is assessed, taking into consideration its financial position and previous dealings. Individual credit limits are set. The management regularly monitor and review customers credit exposure. The majority of export sales debtors of the Company are situated at USA and Europe.

The Company's most significant customers are foreign departmental stores and trading houses. The aging of trade debts as at statement of financial position date is as under:

	2021 Rupees	2020 Rupees
Not past due	58,871,206	65,454,793
Past due within one year	-	43,645,469
Past due more than one year	7,041,998,879	7,041,998,879
	<u>7,041,998,879</u>	<u>7,085,644,348</u>
	<u>7,100,870,085</u>	<u>7,151,099,141</u>

Out of Rs. 7,100,870,085/- (2020: Rs. 7,151,099,179/-), the Company has provided Rs. 7,041,998,879 (2020: Rs. 7,041,998,879) as the amount being doubtful to be recovered from certain customers 99.17% of the past due balances has been provided.

38.2.2. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity is to maintain sufficient level of liquidity of the Company on the basis of expected cash flows, requirements of holding highly liquid assets and maintaining adequate reserve borrowing facilities to cover liquidity risk. This includes maintenance of balance sheet liquidity ratios through working capital management. Following are the contractual maturities of financial liabilities including interest payments as at June 30, 2021 and 2020;

	2021					
	-----Rupees in thousand-----					
	Carrying amounts	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	Above five years
Financial liabilities:						
Redeemable capital	-	88,883	88,883	-	-	-
Long term financing	2,453,515	3,862,594	398,504	60,278	3,403,812	-
Lease Liabilities / Ijarah	67,326	86,945	86,945	-	-	-
Trade and other payables	163,324	163,324	163,324	-	-	-
Short term borrowings	6,015,444	8,532,395	8,532,395	-	-	-
	<u>8,699,610</u>	<u>12,734,140</u>	<u>9,270,051</u>	<u>60,278</u>	<u>3,403,812</u>	<u>-</u>

2020

-----Rupees in thousand-----

	Carrying amounts	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	Above five years
Financial liabilities:						
Redeemable capital	-	88,883	88,883	-	-	-
Long term financing	2,465,718	3,795,887	1,675,878	149,140	1,970,869	-
Lease Liabilities / Ijarah	67,326	86,945	86,945	-	-	-
Trade and other payables	191,536	191,536	191,536	-	-	-
Short term borrowings	6,063,442	8,570,501	8,570,501			
	8,788,022	12,733,752	10,613,743	149,140	1,970,869	-

The contractual cash flows relating to mark up have been determined on the basis of weighted average mark up rates on long term and short term borrowings. The Company is exposed to liquidity risk which will be managed by the Company as explained in detail in Note 1.3.

38.2.3. Credit quality of major financial assets

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

BANKS	RATING			2021	2020
	SHORT TERM	LONG TERM	AGENCY		
----- Rupees -----					
Allied Bank Limited	A-1+	AAA	PACRA	14,567	13,447
Askari Bank Limited	A-1+	AA+	PACRA	73,520	73,520
Bank Alfalah Limited	A-1+	AA+	PACRA	7,178,520	7,021,045
	A-1+	AA+	VIS		
Bank Al-Habib Limited	A-1+	AAA	PACRA	206,957	219,561
The Bank of Punjab	A-1+	AA	PACRA	2,591,727	2,591,578
Habib Bank Limited	A-1+	AAA	VIS	239,874	237,508
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	1,004,438	2,748,717
MCB Bank Limited	A-1+	AAA	PACRA	24,595	24,945
Meezan Bank Limited	A-1+	AA+	VIS	3,964	34,770
National Bank of Pakistan	A-1+	AAA	PACRA	2,814,430	2,809,527
	A-1+	AAA	VIS		
United Bank Limited	A-1+	AAA	VIS	25,515	25,368
Soneri Bank Limited	A-1+	AA-	PACRA	1,736,489	453,527
SilkBank Limited	A-2	A-	VIS	4,622	4,622
Summit Bank Limited	Suspended			10,095,595	299,157
The Bank of Khyber	A-1	A	VIS	27,950	27,950
BankIslami Pakistan Limited	A-1	A+	PACRA	14,110,675	14,110,673
Al Baraka Bank (Pakistan) Limited	A-1	A	VIS	6,654	6,645
TOTAL				40,160,092	30,702,560

38.2.4. Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange 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 returns.

i) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As at June 30, 2021 the Company is not exposed to price risk.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Majority of interest rate risk arises from redeemable capital, long and short term borrowings from banks. The interest rate profile of the Company's interest bearing financial instruments is presented in relevant notes to the financial statements.

Sensitivity analysis

Sensitivity to interest rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

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 statement of profit and loss, therefore a change in interest rates at the reporting date would not effect statement of profit and loss .

Cash flow sensitivity analysis for variable rate instruments

Had the interest rate been increased / decreased by 1% at the reporting date with all other variables held constant, loss for the period and equity would have been Rs. 14.73 million (2020 : Rs. 27.17 million) lower / higher.

iii) 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. Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The Company is exposed to currency risk on foreign debtors. The total foreign currency risk exposure on reporting date amounted to Rs. 41.92 million (2020: Rs. 47.88 million).

At June 30, 2021, had the currency been weakened / strengthened by 10 % against the foreign currency with all other variables held constant, profit for the year and equity would have been Rs. 4.192 million (2020: Rs.4.788 million) higher / lower, mainly as a result of foreign exchange gains / losses on translation of foreign currency denominated trade debts (based on debtors not yet past due).

iv) Equity price risk

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

38.2.5. Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's activities, either internally within the Company or externally at the Company's service providers, 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 operation behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its business objective and generating returns for investors.

Primary responsibility for the development and implementation of controls over operational risk rests with the management of the company. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.
- operational and qualitative track record of the plant and equipment suppliers and related service providers.

38.3. Determination of fair value

38.3.1. Fair value 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 in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. The carrying values of all the financial assets and financial liabilities reported in the financial statements approximate their fair values.

38.3.2. Fair value of non financial instruments

Fair value hierarchy

The different levels have been defined as follows.

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

Details of the Company's revalued assets and information about fair value hierarchy as at June 30, 2021 are as follows:

	Level 1	Level 2	Level 3	Total
-----Rupees-----				
Operating fixed assets				
Freehold				
Land	-	556,323,300	-	556,323,300
Building	-	346,782,195	-	346,782,195
Plant and Machinery	-	204,253,799	-	204,253,799
Electric installation	-	30,780,000	-	30,780,000
Factory equipment	-	1,838,249	-	1,838,249
Laboratory equipments	-	1,368,000	-	1,368,000
Right to use assets				
Plant and Machinery	-	27,284,332	-	27,284,332
Investment property				
Land	-	555,424,000	-	555,424,000
Building	-	633,215,649	-	633,215,649
	-	<u>2,357,269,525</u>	-	<u>2,357,269,525</u>

There were no transfers between the levels during the year

Details of the Company's revalued assets and information about fair value hierarchy as at June 30, 2020 are as follows:

	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Operating fixed assets				
Freehold				
Land	-	556,323,300	-	556,323,300
Building	-	366,047,937	-	366,047,937
Plant and Machinery	-	235,097,023	-	235,097,023
Electric installation	-	34,200,000	-	34,200,000
Factory equipment	-	2,042,499	-	2,042,499
Laboratory equipments	-	1,520,000	-	1,520,000
Right to use assets				
Plant and Machinery	-	30,315,925	-	30,315,925
Investment property				
Land	-	520,710,000	-	520,710,000
Building	-	640,691,391	-	640,691,391
	-	2,386,948,075	-	2,386,948,075

There were no transfers between the levels during the year.

38.4. Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or obtain / repay long term financing from / to financial institutions.

The Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings ('redeemable capital', 'long term financing', 'liabilities against assets subject to finance lease' and 'short term borrowings' as shown in the statement of financial position). Equity comprises of shareholders' equity as shown in the statement of financial position under 'share capital and reserves'.

The salient information relating to capital risk management of the Company as of June 30, 2021 and 2020 were as follows:

	Note	2021 Rupees	2020 Rupees
Total debt	18,19,20 & 24.	8,536,285,610	8,596,486,945
Less: Cash and bank balances	15.	149,640,033	174,851,830
Net debt		8,386,645,577	8,421,635,115
Total equity		(9,198,070,997)	(9,050,123,762)
Total capital employed		(811,425,420)	(628,488,647)
Gearing ratio		-1033.57%	-1339.98%

38.5. Overdue loans

On the reporting date the installments of long term finances amounting to Rs. 2,039.469 million along with mark up of Rs. 104.426 million, lease finance amounting to Rs. 67.326 million along with mark up of Rs. 19.619 million and short term borrowings amounting to Rs. 6,015.444 million along with mark up of Rs. 2,516.951 million were over due.

On reporting date, the carrying amount of loans relevant to above overdue were long term finances Rs. 2,453.515` million, lease finance Rs. 67.326 million and short term borrowings Rs. 6,015.444 million.

Overdue installment of long term loans amounting to Rs. Nil (2020: 1.9 Million) was subsequently paid.

39. TRANSACTIONS WITH RELATED PARTIES

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

39.1. Name and nature of relationship

39.1.1. Associated Companies due to common directorship

Shama Exports (Pvt) Limited	Abwa Knowledge Village (Pvt) Limited
Sirtex (Pvt) Limited	Amfort (Pvt) Limited
Iftikhar Akbar Weavings (Pvt) Limited	I.A Textiles- AOP
Cotton Passion (Pvt) Limited	

39.2. Transaction with related parties

Relationship with the Company	Nature of transactions	2021 (Rupees)	2020 (Rupees)
Associated undertakings	- Sales	17,343,696	-
	- Rentals	23,124,000	20,430,000
	- Rent Receivable	1,373,500	24,820,000
	- Receivable	10,349,556	-
Key management personnel	- Remuneration to Directors	2,400,000	2,400,000

39.2.1. Following are the related parties with whom the Company has entered into transactions or have arrangement/agreement in place:

Company name	Basis of associated
Shama Exports (Pvt) Ltd	Common directorship
Abwa Knowledge Village (Pvt) Ltd	Common directorship
I.A Textiles- AOP	Common directorship
Amfort (Pvt) Limited	Common directorship
Cotton passion (Pvt) Limited	Common directorship

39.2.2. The Company does not hold any shares in the above mentioned companies.

40. Non Adjusting Event after the statement of Financial Position Date

There are no significant activities since June 30, 2021 causing any adjustment or disclosure in the financial statements.

41. GENERAL

41.1. Nomenclature of following account head changed for better presentation.

Previous nomenclature	Current nomenclature
Impairment loss	Revaluation loss
Sales	Revenue from contract with customers

41.2. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 06, 2021 by the Board of Directors of the Company.

41.3. Figures have been rounded off to the nearest rupees.

Khurram Iftikhar
Chief Executive Officer

Shahzad Iftikhar
Director

Waheed Aslam
Chief Financial Officer

Pattern of Shareholding

As on June 30, 2021

Number of Shareholders	Shareholding		Total Number of Shares Held	Percentage of Total Capital
	From	To		
99	1 -	100	2,621	0.00
258	101 -	500	109,876	0.04
371	501 -	1000	323,074	0.12
782	1001 -	5000	2,394,230	0.92
322	5001 -	10000	2,639,375	1.02
139	10001 -	15000	1,810,536	0.70
116	15001 -	20000	2,159,883	0.83
74	20001 -	25000	1,741,353	0.67
44	25001 -	30000	1,261,709	0.49
30	30001 -	35000	993,973	0.38
27	35001 -	40000	1,042,000	0.40
19	40001 -	45000	817,545	0.32
44	45001 -	50000	2,177,000	0.84
13	50001 -	55000	696,355	0.27
14	55001 -	60000	817,001	0.31
10	60001 -	65000	623,000	0.24
10	65001 -	70000	682,500	0.26
8	70001 -	75000	589,000	0.23
7	75001 -	80000	553,500	0.21
6	80001 -	85000	501,500	0.19
5	85001 -	90000	438,500	0.17
5	90001 -	95000	470,500	0.18
23	95001 -	100000	2,293,500	0.88
6	100001 -	105000	620,000	0.24
5	105001 -	110000	539,500	0.21
1	110001 -	115000	114,000	0.04
4	115001 -	120000	472,500	0.18
7	120001 -	125000	863,000	0.33
1	125001 -	130000	128,500	0.05
3	135001 -	140000	414,022	0.16
2	140001 -	145000	290,000	0.11
5	145001 -	150000	747,500	0.29
1	150001 -	155000	155,000	0.06
5	155001 -	160000	796,000	0.31
1	160001 -	165000	165,000	0.06
1	165001 -	170000	170,000	0.07
1	175001 -	180000	178,131	0.07
1	180001 -	185000	180,500	0.07
14	195001 -	200000	2,794,500	1.08
3	200001 -	205000	608,500	0.23
1	205001 -	210000	210,000	0.08

Number of Shareholders	Shareholding From	To	Total Number of Shares Held	Percentage of Total Capital
2	210001 -	215000	424,500	0.16
1	215001 -	220000	217,500	0.08
2	220001 -	225000	450,000	0.17
1	225001 -	230000	227,200	0.09
1	230001 -	235000	235,000	0.09
1	235001 -	240000	239,561	0.09
3	245001 -	250000	748,000	0.29
1	250001 -	255000	251,000	0.10
1	280001 -	285000	282,500	0.11
1	290001 -	295000	293,000	0.11
5	295001 -	300000	1,499,080	0.58
1	300001 -	305000	300,500	0.12
1	305001 -	310000	308,000	0.12
1	310001 -	315000	311,000	0.12
1	320001 -	325000	322,943	0.12
1	325001 -	330000	326,500	0.13
1	330001 -	335000	334,500	0.13
1	335001 -	340000	340,000	0.13
1	345001 -	350000	350,000	0.13
2	360001 -	365000	726,023	0.28
1	385001 -	390000	389,121	0.15
1	390001 -	395000	392,000	0.15
1	405001 -	410000	410,000	0.16
1	420001 -	425000	425,000	0.16
1	435001 -	440000	437,000	0.17
1	440001 -	445000	442,202	0.17
1	450001 -	455000	454,000	0.17
1	490001 -	495000	495,000	0.19
1	495001 -	500000	500,000	0.19
1	535001 -	540000	540,000	0.21
1	620001 -	625000	625,000	0.24
1	745001 -	750000	750,000	0.29
1	795001 -	800000	800,000	0.31
1	1000001 -	1005000	1,005,000	0.39
1	1070001 -	1075000	1,070,500	0.41
1	1155001 -	1160000	1,157,000	0.45
1	1380001 -	1385000	1,384,000	0.53
1	1400001 -	1405000	1,402,000	0.54
1	1595001 -	1600000	1,600,000	0.62
1	1705001 -	1710000	1,709,500	0.66
1	22550001 -	22555000	22,555,000	8.69
1	23170001 -	23175000	23,172,472	8.93
1	48255001 -	48260000	48,255,780	18.60
1	51590001 -	51595000	51,594,656	19.89
1	55090001 -	55095000	55,092,912	21.24
2,542			259,430,134	100.00

Categories of Shareholding
As At June 30, 2021

Categories of Members	No. of Shareholders	No. of Shares Held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	7	154,945,148	59.73
Associated Companies, undertakings and related parties		-	-
NIT / Funds	2	752,644	0.29
Banks Development Financial Institutions, Non banking Financial institutions	1	23,172,472	8.93
Insurance Companies		-	-
Modarabas and Mutual Funds		-	-
Share holders holding 10%	3	154,943,348	59.72
General Public			
Local	2515	56,579,394	21.81
Foreign		-	
Joint stock companies	16	1,425,476	0.55
Others (Government Institution)	1	22,555,000	8.69
Total (Excluding Shareholders holding 10% or more)	2542	259,430,134	

Pattern of Shareholding
As at June 30, 2021
Other Information

Categories of Shareholders	Number	Shares Held	Percentage
Associated Companies, Undertakings and Related Parties		-	-
NIT & ICP / FUNDS			
NIT	2	752,644	0.29
Directors, CEO their Spouses & Minor Children			
Mr. Khurram Iftikhar	1	51,594,656	19.89
Mr. Shahzad Iftikhar	1	55,092,912	21.24
Mr. Nadeem Iftikhar	1	48,255,780	18.60
Mr. Suhail Maqsood Ahmad	1	500	0.00
Mr. Muhammad Ahsan	1	650	0.00
Mr. Gul Muhammad Naz	1	500	0.00
Mrs. Jawaria Ahsan	1	150	0.00
Executives		-	-
Public Sector Companies & Corporations			
Joint Stock companies	16	1,425,476	0.55
Banks, Development Finance Institutions, Non Banking Finance Institutions, Insurance Companies, Takaful, Modarabas & Pension Funds			
	1	23,172,472	8.93
Shareholders Holding Five Percent or More Voting Interest in the Listed Company			
Mr. Khurram Iftikhar	Chief Executive	51,594,656	19.89
Mr. Shahzad Iftikhar	Director	55,092,912	21.24
Mr. Nadeem Iftikhar	Director	48,255,780	18.60
EMPLOYEES OLD-AGE BENEFITS INSTITUTION		22,555,000	8.69
NATIONAL BANK OF PAKISTAN		23,172,472	8.93

None of the Directors , Executives and their spouses and minor children has traded in the shares of the company during the year.



FORM OF PROXY Annual General Meeting

I / We _____
of _____
being a member of **Amtex Ltd**, hereby appoint _____
of _____
or failing him/her _____
of _____

member (s) of the Company, as my / our proxy in my / our absence to attend and vote for me / us and on my /our behalf at the Annual General Meeting of the Company to be held on October 28, 2021 at 11:00 A.M. at Company's registered office P-225 Tikka Gali # 2 Montgomery Bazar Faisalabad.

as witness my / our hand seal this _____ day of _____ 2021

Signed by the said member

in presence of _____

Please
affix
Revenue
Stamp Rs.5

Signature(s) of Member(s)

Witness 1

Witness 2

Signature of witness _____

Signature of witness _____

Name _____

Name _____

Address _____

Address _____

CNIC # _____

CNIC # _____

Please Quote:

Folio No	Shares Held	CDC A/C No.

IMPORTANT: Proxies in order to be effective, must be received at the Registered Office of the company at P-225, Tikka Gali # 2 Montgomery Bazar Faisalabad, not later than 48 hours before the time for holding the Annual General Meeting and must be duly stamped, signed and witnessed.

Consent for video conference facility

Annual General Meeting

I/We _____ of _____ being a member (s) of Amtex Limited, holder of _____ ordinary share (s) as per registered Folio/CDS Account No. _____ hereby opt for video conference facility at _____.

CDS Account No.

Revenue Stamp
of Appropriate
Value

The Company Secretary

AMTEX LIMITED

P-225, Tikka Gali # 2 Montgomery
Bazar, Faisalabad - Pakistan

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پراکسی فارم

سالانہ عمومی میٹنگ 2021

میں / ہم ----- کو ----- بطور ایک ممبر ایم ٹیکس -----

کو مقرر کرتے ہیں یا اس فرد کو روک دینے کی عدم دستیابی کی صورت میں -----

----- گواہ اپنی جگہ مورخہ 28 اکتوبر 2021 کو بوقت 11:00 بجے صبح

برقاً ایک بجلی نمبر 2 منگھری بازار فیصل آباد میں منعقد ہونے والے سالانہ اجلاس عام میں شرکت اور رائے دہندگی کے لیے اپنا نمائندہ مقرر کرنا
رکرتی ہوں۔

دستخط شیئر ہولڈر ----- مورخہ ----- اکتوبر 2021

5 روپے کا محصول

تکٹ

----- گواہ نمبر 1 -----	----- گواہ نمبر 2 -----
----- گواہ کے دستخط -----	----- گواہ کے دستخط -----
----- نام -----	----- نام -----
----- پتہ -----	----- پتہ -----
----- شناختی کارڈ نمبر -----	----- شناختی کارڈ نمبر -----

مہربانی کر کے یہاں تحریر کریں

فولیو نمبر	برقرار رکھے گئے حصص	سی ڈی سی اکاؤنٹ نمبر
------------	---------------------	----------------------

ضروری ہدایت: پراکسی کے کسی بھی موثر اقدام کے پیش نظر یہ ضروری ہے کہ مذکورہ فارم کمپنی کے رجسٹرڈ آفس بمقام ایک بجلی نمبر 2 منگھری بازار فیصل آباد تک سالانہ عمومی میٹنگ کے منعقد ہونے سے 48 گھنٹے سے پہلے پہنچ جائے اور اس فارم پر مہر ثبت کرنا، دستخط اور بطور گواہ تحریر کرنا لازمی ہے۔

ویڈیو کنفرنس کی سہولت کے لیے رضامندی

میں / ہم ----- ساکن -----

بطور ایک ممبر ایم ٹیکس ----- عام حصص برطابق عام شیئر رجسٹر فولیو نمبر / سی ڈی ایس اکاؤنٹ

نمبر ----- ویڈیو کنفرنس کی سہولت ----- میں حاصل کرنا چاہتا ہوں۔

محصول تکٹ چسپاں کریں

سی ڈی سی اکاؤنٹ نمبر -----

The Company Secretary

AMTEX LIMITED

P-225, Tikka Gali # 2 Montgomery
Bazar, Faisalabad - Pakistan

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regulatory actions)
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A M T E X

PAKISTAN OFFICE

AMTEX LIMITED

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