

ASIM TEXTILE MILLS LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

COMPANY INFORMATION

BOARD OF DIRECTORS:
CHIEF EXECUTIVE:
DIRECTORS:

MR. ZAHID ANWAR
MR. IMRAN ZAHID
MR. ZEESHAN ZAHID
MS. NOORULAIN ZAHID
MR. ANWAR UL HAQ
MR. ZULQARNAIN
MR. ALI RAZA ZAFAR

AUDIT COMMITTEE:
CHAIRMAN:
MEMBER:
MEMBER:

MR. ZULQARNAIN
MR. ZEESHAN ZAHID
MR. ALI RAZA ZAFAR

HUMAN RESOURCES & REMUNERATION COMMITTEE:

CHAIRMAN:
MEMBER:
MEMBER:

MR. ALI RAZA ZAFAR
MR. ZEESHAN ZAHID
MR. ANWAR UL HAQ

COMPANY SECRETARY:

MR. AJMAL SHABAB

CHIEF FINANCIAL OFFICER:

MR. ABRAR MOHSIN

AUDITORS:

KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

BANKS:

AL BARAKA BANK (PAKISTAN) LIMITED
JS BANK LIMITED
NATIONAL BANK OF PAKISTAN
UNITED BANK LIMITED
MEEZAN BANK

LEGAL ADVISOR:

MR. ZIA-UL-HAQ (ADVOCATE)

REGISTERED OFFICE:

JK HOUSE, 32-W, SUSAN ROAD,
MADINA TOWN, FAISALABAD

SHARE REGISTRAR OFFICE:

HAMEED MAJEED ASSOCIATES (PVT) LTD
1ST FLOOR, H.M HOUSE, 7-BANK SQUARE
LAHORE.

MILLS:

32-KM, SHEIKHUPURA ROAD, FAISALABAD

WEB SITE:

www.asimtextile.com

VISION

**TO TURN AROUND THE COMPANY INTO A
PROFITABLE UNDERTAKING ITS LIFE
AND TO BE A MARKET LEADER BY BEING
THE BEST LEADER BY BEING THE BEST**

MISSION

**TO PROVIDE FINE QUALITY PRODUCTS
TO ITS CUSTOMERS AND BRING THE
COMPANY INTO PROFIT TO INCREASE
SHAREHOLDERS' WEALTH**

ASIM TEXTILE MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of the company will be held on Friday the 28th October, 2022 at 09:30 AM at its registered office, JK House, 32-W, Susan Road, Madina Town, Faisalabad to transact the following business :-

1. To confirm the minutes of the Annual General Meeting held on 28.10.2021.
2. To receive, consider and adopt the audited accounts of the company for the year ended June 30, 2022 together with the Directors' and Auditor's reports thereon.
3. To appoint auditors for the year ending June 30, 2023 and fix their remuneration. The Company received a notice to appoint M/S Kreston Hyder Bhimji & Co. Chartered Accountants for appointment as auditors of the company for the next year.
4. To transact any other business with the permission of the chair.

FOR AND ON BEHALF OF THE BOARD

AJMAL SHABAB

(Company Secretary)

FAISALABAD: 07.10.2022

Notes:

1. The share transfer books of the company will remain closed from 21.10.2022 to 28.10.2022 (both days inclusive). Transfer received at the office of Share Registrar of the company, M/s. Hameed Majeed Associates (Pvt) Ltd., H. M. House, 7-Bank Square, Lahore, by the close of business on 20th October 2022 will be treated in time.
2. A member entitled to attend and vote at the meeting may appoint another member of the company as a proxy to attend and vote instead of him/her. Proxy Form duly completed should reach the Registered Office of the Company at least 48 hours before the time of meeting.
3. Any individual beneficial owner of CDC entitled to attend and vote at this meeting must bring his/her CNIC or Passport to prove his/her identity, and in case of Proxy must enclose an attested copy of his/her CNIC or Passport. Representative of Corporate Member should bring the usual documents required for such purpose.
4. Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O. 779(I)/2011 dated August 18, 2011 has directed all listed companies to ensure that Dividend Warrants should bear the Computerized National Identity Card (CNIC) Numbers of the registered members. Members who have not yet provided attested copies of their valid CNICs / NTN (in case of corporate entities) are requested to send the same directly to the Share Registrar at aforementioned address.
5. In pursuance of the directions given by SECP vide SRO 787 (I0/2014 dated September 8, 2014, those shareholders who desire to receive Notice & Annual Financial Statements in future through email instead of receiving the same by Post are advised to give their formal consent along with their valid email address on a standard request from which is available at the Company's website i.e. www.asimtextile.com and send the said form duly filled in and signed along with copy of his/her CNIC / Passport to the Company's Share Registrar. Please note that giving email address for receiving of Notice & annual Financial Statement instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice and, in such case, Notice & Annual Financial Statement will be sent at your registered address, as per normal practice.
6. Pursuant to section 132(2) of the Companies Act, 2017, if company receives consent from shareholders holding aggregate 10% or more shareholding residing at geographical location to participate in the meeting through video conference at least 7 days prior to the date of meeting, the company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please provide following information and submit it to the registered office of the Company.

I/We.....of.....bein a member of
ASIM TEXTILE MILLS LIMITED, holder ofOrdinary Shares as per Register
Folio No./CDC A/C No.....hereby opt for Video conference facility
at.....

.....
Signature of members

Members of the Company are requested to immediately notify the change of address, if any

ASIM TEXTILE MILLS LIMITED

CHAIRMAN'S REVIEW

I am pleased to present the financial results of the Company for the period ended June 30 2022.

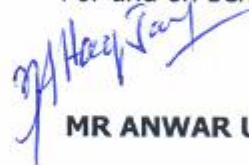
By the grace of almighty the company is facing the challenges posed by rapidly increasing prices of raw material and electricity for textile Industry however by maximizing the output of the mills while improving overall Productivity Company managed to earn profit of Rs.32.846 million this year as compared to the last year profit of Rs. 76.262 million.

We are confident that our existing business trend will continue adding to sustainable growth to achieve better results during the current year and the rise in other avenues of business will further add value to the net worth of the company.

The management remains committed to maintain focus on sustaining the financial performance of your company. We thank our shareholders, customers and staff for their support and trust in the company.

In the end, I would like to thank the Board of Directors for their valuable contribution and guidance throughout the period.

For and on behalf of the Board



MR ANWAR UL HAQ

Chairman BOD

October, 07 2022

Faisalabad.

عاصم ٹیکسٹائل ملز لمیٹڈ

چیئرمین کا جائزہ

مجھے کمپنی کے مالیاتی نتائج پیش کرتے ہوئے خوشی ہو رہی ہے۔ خام مال اور بجلی کی بڑھتی ہوئی قیمتوں کی وجہ سے کمپنی کو مشکلات پیش ہیں تاہم کمپنی نے اپنی پیداوار اور کوالٹی بہتر بنا کر اس سال 32.846 ملین منافع کمایا۔ جو کے پچھلے سال 76.262 ملین تھا۔

ہم اس بات پر پرامید ہیں کہ کمپنی اس سال ترقی کی طرف گامزن رہے گی۔ اور اس سال بہتر نتائج حاصل کرنے کیلئے کاروبار کے بہترین طریقے اختیار کریں گے۔

انتظامیہ اس سلسلے میں پرمزم ہے کہ آپ کی کمپنی کی مالی کارکردگی کو برقرار رکھنے کے معاملے پر خصوصی توجہ مرکوز رکھے گی۔ ہم اپنے حصص یافتگان، کسٹمرز اور سٹاف کے شکر گزار ہیں جنکی مدد اور اعتماد کمپنی کو حاصل رہا۔

آخر میں، میں بورڈ آف ڈائریکٹرز کا بھی شکریہ ادا کرنا چاہتا ہوں جن کی طرف سے انتھک محنت، قیمتی شراکت اور رہنمائی فراہم کی جاتی رہی۔

بورڈ کی طرف سے



محمد انوار الحق

چیئرمین بورڈ آف ڈائریکٹرز

7 اکتوبر 2022

فیصل آباد

DIRECTORS' REPORT

The Directors of Asim Textile Mills Ltd are pleased to present the annual report together with the audited Financial Statements and Auditors' report thereon for the year ended June 30, 2022.

| Operating Indicators | June 30, 2022 Rupees in Millions | June 30, 2021 Rupees in Millions |
|------------------------|-------------------------------------|-------------------------------------|
| Sales | 2080.169 | 1726.224 |
| Gross Profit | 69.441 | 124.850 |
| Provision for taxation | 12.008 | 19.864 |
| Profit after Taxation | 32.846 | 76.263 |
| Profit per share | 2.16 | 5.02 |

Future Outlook:

The Company is steadfast on its stated strategic initiatives aimed at enhancing margins by drastically improving operations and affecting across the board cost reductions through efficiency in manufacturing. Steps are taken to improve the financial health of the company by overhauling plant and machinery to improve product quality and performance. Despite of the very challenging business conditions, we are immensely hopeful for positive prospects in future

Compliance to good Governance and social requirements

Your company is committed to fulfill its responsibilities towards good governance, social and environmental responsibilities. To protect health and safety of employees and environment, company provides able conditions and means to ensure compliance.

Human Resource and industrial relations

Under a defined and documented criteria in line with national and international laws people are recruited and hired. This is demonstrated at all level beyond any racism, cast, sex or religion and respects human rights, ethics and standards.

Trading in the Shares of the Company

Trading and holdings of company's shares by Directors & Executives or their spouses were notified in writing to the company Secretary along with the price, number of shares, form of share certificates and nature of transaction which were notified by the company Secretary to the Board, SECP & PSX, within the stipulated time. All such holdings have been disclosed in the Pattern of Shareholding.

Court Cases:

The company has instituted a suit in the Honorable Lahore High Court, Lahore against Faysal Bank Limited claiming damages on account of acquisition of un-remunerative agricultural land on the advice of FIBL for not providing timely cash finance facilities despite written commitments and for charging illegal profits against the principles of Islamic Banking and in contravention of the objective clause of its Memorandum of Association, Articles of Association and against circulars issued by the State Bank of Pakistan. The amount claimed for the first two counts is Rs.141.831 million (including claims of Central Excise Duty), whereas the amount of last count has been left for the Court to determine.

The counter suit filed by the Faysal Bank for recovery of Rs. 454.502 million along with costs and cost of funds before the Honorable Lahore High Court (Single Judge), Lahore has been adjudicated on 04.06.2015 against the company. The company has filed an appeal in Honorable Lahore High Court, Lahore (Division Bench) vide R.F.A. No. 1372/2015 on various grounds including the company being condemned unheard.

However, in this regard directors' and the management of the company are confident that these cases are based and being contested on strong legal grounds and are likely to be decided in Company's favor.

Auditor's Observations:

The auditors have expressed unmodified opinion and give emphasis of matter on the provision for cost of fund has not been accounted for in the Financial Statements in line with the decision of Lahore High Court, Lahore in counter suit filed by Faisal bank Limited as described in the auditors' report to the members.

In this regard the management of the company is optimistic that there are no significant doubts about the company's ability to continue as a going concern as described in Note. 1.2 Of these Financial Statements.

The management has filed an appeal in the Lahore High Court, Lahore (D.B) vide R.F.A. No. 1372/2015 on various grounds including the company being condemned unheard. The management of the company is of the opinion that this case is based and being contested on strong legal grounds and is likely to be decided in Company's favor. Therefore, no provision for cost of funds is accrued.

Regarding the auditor's reservation of going concern relating to note 1.2 of financial statements, the management of the company is making its strenuous efforts, optimal production strategies and effective cost controls to improve the profitability of the company. The management is quite optimistic that balancing and modernization of plant and machinery, improvement in future industry situation and better production efficiency will definitely improve the future financial results. The management positively looks forward to counter all challenges and is firmly committed to deliver the best possible results and will continue to meet its objectives and goals. Based upon these aspects and continuing financial support from directors and associates, the financial statements have been prepared on going concern basis.

We confirm that:

- 1. Financial statements have been prepared in conformity with the requirement of the Companies Act 2017 and present fairly state of affairs, results of its operation, cash flows and changes in equity.*
- 2. Proper books of accounts have been maintained in the manner required under Companies act 2017.*
- 3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.*
- 4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.*
- 5. The system of internal control is being implemented and monitored.*
- 6. There are no significant doubts about the company's ability to continue as a going concern.*
- 7. There has been no material departure from best practices of corporate governance, as detailed in listing regulations.*
- 8. The key operating and financial data of last six years is annexed to this report.*
- 9. Outstanding duties and taxes, if any, have been disclosed in the financial statements.*
- 10. The Chairman's review dealing with the performance of the Company during the year ended June 30, 2022 forms part of this report.*
- 11. Value of investments of Employees Provident Fund was Rs. 16.184/- millions for the year ended June 30, 2022.*
- 12. Company has arranged in-house training program for its Directors.*
- 13. Statement of compliance with the Best Practices of Corporate Governance is annexed.*
- 14. We confirm that directors and CFO and their spouse and minor children have made no transactions of the Company's shares during the year.*

15. The pattern of shareholding as at June 30, 2022 is annexed with this report.

- During the year under review, five meetings of the Board were held:-

| | | | |
|----------------------|---|--------------------|---|
| Mr. Zahid Anwar | 5 | Mr. Ali Raza Zafar | 4 |
| Mr. Imran Zahid | 5 | Mr. Zulqarnain | 5 |
| Mss. Noorulain Zahid | 3 | Mr. Anwar ul Haq | 4 |
| Mr. Zeeshan Zahid | 4 | | |

- The Audit Committee held four (4) meetings during the year. Attendance by each member was as follows:

| | | | | | |
|-------------------------------|---|-------------------|---|--------------------|---|
| Mr. Zulqarnain. (Chairman) | 4 | Mr. Zeeshan Zahid | 4 | Mr. Ali Raza Zafar | 4 |
|-------------------------------|---|-------------------|---|--------------------|---|

- The HR Committee held one (1) meeting during the year. Attendance by each member was as follows:

| | | | | | |
|----------------------------------|---|-------------------|---|------------------|---|
| Mr. Ali Raza Zafar (Chairman) | 1 | Mr. Zeeshan Zahid | 1 | Mr. Anwar ul Haq | 1 |
|----------------------------------|---|-------------------|---|------------------|---|

- Considering the financial position of the company, no dividend is recommended for the year ended June 30, 2022.
- Present auditors, M/s Kreston Hyder Bhimji & Co Chartered Accountants have retired and M/s Kreston Hyder Bhimji & Co Chartered Accountants offers themselves for re-appointment. The Audit Committee has recommended the appointment of M/s Kreston Hyder Bhimji & Co as auditors for the year 2023.
- The remuneration of the Board members is approved by the Board itself. However in accordance with the code of Corporate Governance it is ensured that no Director takes part in deciding his own remuneration.
- No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which this balance sheet relates and the date of the Director's Report.
- Transactions undertaken with related parties during the financial year have been ratified by the Audit Committee and approved by the Board.

On behalf of board of directors


CHIEF EXECUTIVE


DIRECTOR

October 07, 2022.

ڈائریکٹرز رپورٹ برائے ممبران

آپ کے ڈائریکٹرز 30.06.2022 کے مالی سال کے اختتام پر سالانہ اجلاس کے انعقاد پر خوشی محسوس کرتے ہیں

مالیاتی نتائج

| روپے (ملین میں) | | |
|-----------------|-----------------|------------------------------|
| اختتام مالی سال | اختتام مالی سال | |
| 30.06.2022 | 30.06.2021 | |
| 2080.169 | 1726.224 | سیز |
| 69.441 | 124.850 | قبل از ٹیکس منافع |
| 12.008 | 19.864 | ٹیکس |
| 32.846 | 76.263 | بعد از ٹیکس منافع |
| ===== | ===== | |
| 2.16 | 5.02 | فی شیئر آمدنی۔ بنیادی (روپے) |

مستقبل کا نقطہ نظر

کمپنی کاروباری لاگت میں کمی آپریشن میں بہتری کی بدولت منافع میں مسلسل اضافہ کے عزم پر قائم ہے۔ پلانٹ اور مشینری کی مرمت عمل میں لائی جا رہی ہے تاکہ اس اس کی کارکردگی اور مصنوعات کی کوالٹی میں اضافہ ہو سکے۔

کارپوریٹ سماجی ذمہ داری

آپ کی کمپنی ماحولیاتی ملازمین اور برادری کی سماجی ذمہ داریوں سے بخوبی واقف ہے۔ اسی سلسلے کے پیش نظر بین الاقوامی کے معیار کو اپناتے ہوئے تھرڈ پارٹی سٹوکیٹ حاصل کر رکھا ہے جو کہ درج ذیل ہے:

انسانی وسائل اور صنعتی تعلقات

کمپنی نے قومی اور بین الاقوامی معیار کے مطابق ملازمین کی شمولیت کیلئے اصول وضع کر رکھے ہیں یہ اصول نسل پرستی، ذات اور جنس کو خاطر میں لائے بغیر وضع ہیں۔ اس کے علاوہ کمپنی میں دوستانہ ماحول میں کام کو یقینی بنانے کیلئے بھی اصول و ضوابط بنا رکھے ہیں یہی چیز روزگار کے حصول کو منظم کرتی ہے۔

کورٹ کیسز

کمپنی نے فیصل بینک لمیٹڈ کی تجویز پر غیر زرعی زمین خریدی اور رقم کی بروقت ادائیگی کیلئے پیشگی تحریری معاہدہ بھی کیا تاہم فیصل بینک نے بروقت رقم نہیں دی جس سے کمپنی کو نقصان پہنچا اور فیصل بینک نے اسلامی بنکنگ کے اصولوں، میمورنڈم آف ایسوسی ایشن، آرٹیکل آف ایسوسی ایشن اور سٹیٹ بینک کی جانب سے جاری کردہ سرکلرز کے خلاف کمپنی سے منافع وصول کیا۔ اس بنا پر کمپنی نے نقصان کے ازالے کیلئے فیصل بینک کے خلاف لاہور ہائی کورٹ لاہور میں کیس دائر کیا ہوا ہے۔ پہلی دو شماروں کی رقم 141.831 ملین روپے بنتی ہے جس میں سنٹرل ایکسائز ڈیوٹی کی رقم بھی شامل ہے۔ فیصل بینک کی جانب سے بھی 454.502 ملین روپے کی وصولی کیلئے لاہور ہائی کورٹ (سنگل جج) کی عدالت میں کیس دائر کیا گیا جس کا فیصلہ مورخہ

04.06.2015 کو کمپنی کے خلاف آیا تاہم کمپنی نے لاہور ہائی کورٹ لاہور ڈویژن بیچ میں مختلف وجوہ بشمول کمپنی کا موقف نہ سنا جانا کی بنیاد پر بحوالہ نمبر R.F.A. 1372/2015 کی رو سے کیس دائر کیا ہوا ہے۔ تاہم کمپنی اور اسکی انتظامیہ خود اعتماد ہیں کہ کیس کی بنیاد مضبوط ہے اور اسکا فیصلہ کمپنی کے حق میں آنے کی امید ہے

آڈیٹرز کے مشاہدات

آڈیٹرز نے غیر ترمیم شدہ رائے کا اظہار کیا ہے اور اس کے علاوہ فیصلہ بینک کی جانب سے دائر کردہ کیس جو کہ آڈیٹرز رپورٹ میں بیان کیا گیا ہے اور لاہور ہائی کورٹ لاہور کے کمپنی کے خلاف فیصلے کے باوجود Cost of Fund کی رقم کو مالیاتی تفصیلات میں شامل نہیں کیا گیا کمپنی کی انتظامیہ اس حوالے سے پر امید ہے کہ کمپنی کے چلتے رہنے میں کوئی شک نہیں جیسا کہ مالیاتی تفصیلات کے نوٹ نمبر 1.2 میں بیان کیا گیا ہے انتظامیہ نے لاہور ہائی کورٹ لاہور میں مکمل طور پر نہ سنے جانے اور مختلف وجوہات کی بنا پر اپیل نمبر R.F.A. 1372/2015 دائر کر رکھی ہے اور پر امید ہے کہ کیس کا فیصلہ کمپنی کے حق میں کیا جائے گا اسلئے Cost of Fund کی رقم کو شامل نہیں کیا گیا۔

زیر جائزہ سال کے دوران پانچ اجلاس منعقد ہوئے ہر ایک ڈائریکٹر کی حاضری حسب ذیل ہے۔

| تعداد حاضری | نام ڈائریکٹر |
|-------------|-----------------------|
| 5 | جناب زاہد انوار (CEO) |
| 5 | جناب عمران زاہد |
| 3 | محترمہ نور العین زاہد |
| 4 | جناب ذیشان زاہد |
| 4 | جناب انوار الحق |
| 4 | جناب علی رضا ظفر |
| 5 | جناب ذلقرنین |

آڈٹ کمیٹی کی طرف سے سال کے دوران چار اجلاس منعقد ہوئے ہر ایک ڈائریکٹر کی حاضری حسب ذیل ہے۔

| | |
|---|------------------|
| 4 | جناب ذلقرنین |
| 4 | جناب ذیشان زاہد |
| 4 | جناب علی رضا ظفر |

ایچ آر کمیٹی کی طرف سے سال کے دوران ایک اجلاس منعقد ہوا ہر ایک ڈائریکٹر کی حاضری حسب ذیل ہے

| | |
|---|------------------|
| 1 | جناب علی رضا ظفر |
| 1 | جناب ذیشان زاہد |
| 1 | جناب انوار الحق |

کمپنی نے مالی ماملات کو دیکھتے ہوئے اس سال کسی قسم کے ڈیوڈنڈ کی منظوری نہیں دی گئی۔

موجودہ آڈیٹرز میسر کریمین جی چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے تاہم دوبارہ تعیناتی کی پیشکش کی گئی جنہیں دوبارہ تعیناتی کیلئے آڈٹ کمپنی نے تجویز بھی دی ہے۔

اعتراف

بورڈ اس موقع پر اپنے معزز حصص داروں کی مسلسل حمایت اور حوصلہ افزائی کیلئے ان کی شکرگزار ہے اور اسی موقع پر بورڈ اپنے ملازمین کی انتھک محنت اور کام سے لگاؤ کی بھی تعریف کرتا ہے

بورڈ کی جانب سے


DIRECTOR


CHIEF EXECUTIVE

تاریخ: 7 اکتوبر 2022

فیصل آباد

STATEMENT OF COMPLIANCE

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of Company: Asim Textile Mills Limited

Year Ending: June 30, 2022

The Company has complied with the requirements of the regulations in the following manner:

1. The total number of directors are Seven (7) as per the following:

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

2. The composition of the board is as follows:

| Category | Names |
|--|---------------------------------------|
| Independent Directors | Mr. Zulqarnain Mr. Ali Raza Zafar |
| Other Non-executive Directors (excluding female director) | Mr. Zeeshan Zahid Mr. Anwar ul Haq |
| Executive Directors | Mr. Zahid Anwar Mr. Imran Zahid |
| Female Directors (Non-executive) | Ms. Noorulain Zahid |

Note: -

For a Board comprising of seven members, one-third equates to 2.33. Two independent directors have been appointed, however, the fraction of 0.33 in such one-third is not rounded up as one since the fractions is below half (0.5);

- 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 Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
- 7. The meetings of the Board were presided over by the 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 has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The directors were apprised about the changes in the Code, applicable laws and their duties and responsibilities to effectively manage the affairs of the Company for and on behalf of the shareholders. Two directors of the Company having 14 years of education and 15 years of experience are exempt from the requirement of directors' training program, under purview of regulation 19(2) of the Listed Companies (Code of Corporate Governance) Regulations, 2019, whereas, five board members do not qualify for exemption. The Company will arrange the training program for the directors as provided under the Regulations in future.
10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief financial officer and Chief executive officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below;
 - a) **Audit Committee**
 1. Mr. Zulqarnain (Chairman)
 2. Mr. Zeeshan Zahid (Member)
 3. Mr. Ali Raza Zafar (Member)
 - b) **HR and Remuneration Committee**
 1. Mr. Ali Raza Zafar (Chairman)
 2. Mr. Zeeshan Zahid (Member)
 3. Mr. Anwar ul Haq (Member)
13. The terms of reference of the audit committee and HR and Remuneration Committee have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly/half yearly/yearly) of the committee were as per following:
 - a) **Audit Committee - Quarterly**
 - b) **HR and Remuneration - On requirement basis**
15. The Board has set up an effective internal audit function that is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company;
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with; and

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below.

| Sr. No. | Non-Mandatory Requirement | Reg. No. | Explanation |
|---------|--|----------|---|
| 1 | Directors' Orientation Program. All companies shall make appropriate arrangements to carry out orientation for their directors to acquaint them with these Regulations, applicable laws, their duties and responsibilities to enable them to effectively govern the affairs of the listed company for and on behalf of shareholders. | 19 | Two directors of the Company having 14 years of education and 15 years of experience are exempt from the requirement of directors' training program, under purview of regulation 19(2) of the Listed Companies (Code of Corporate Governance) Regulations, 2019, whereas, five board members do not qualify for exemption. The Company will arrange the training program for the directors as provided under the Regulations in future. |



Chief Executive



Director

Faisalabad
October ,07 2022

ASIM TEXTILE MILLS LIMITED

KEY OPERATING & FINANCIAL DATA FOR LAST SIX YEARS

| Particulars | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|----------|----------|----------|----------|----------|----------|
| Financial Position | | | | | | |
| Paid up capital | 151.770 | 151.770 | 151.770 | 151.770 | 151.770 | 151.770 |
| Fixed assets | 979.778 | 978.326 | 889.392 | 888.394 | 891.550 | 888.166 |
| Accumulated depreciation | 472.989 | 446.371 | 422.675 | 398.986 | 381.333 | 354.768 |
| Current assets | 690.861 | 557.261 | 484.858 | 406.424 | 353.990 | 282.636 |
| Current liabilities | 744.778 | 711.506 | 668.505 | 662.474 | 663.819 | 644.989 |
| Income | | | | | | |
| Sales | 1726.224 | 1472.117 | 1786.446 | 1433.635 | 1214.020 | 1092.539 |
| Other income | 10.93 | 14.953 | 8.586 | 3.433 | 3.548 | 4.881 |
| Pre tax profit/(loss) | 96.127 | 28.659 | 80.593 | 58.746 | 39.939 | (13.283) |
| Taxation charge/(credit) | 19.864 | 10.014 | 24.425 | 17.009 | 10.613 | 0.004 |
| Statistics & Ratios | | | | | | |
| Pre tax profit/(loss) to sales % | 5.57 | 1.95 | 4.51 | 4.1 | 3.29 | (1.22) |
| Pre tax profit/(loss) to capital % | 63.3 | 18.9 | 53.1 | 38.71 | 26.32 | (8.75) |
| Current ratio | 1:1.87 | 1:1.78 | 1:1.73 | 1:1.61 | 1:1.53 | 1:1.44 |
| Paid up value per share (Rs.) | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Earnings/(loss) after tax per share (Rs.) | 5.02 | 1.23 | 3.70 | 2.75 | 1.93 | (0.88) |
| Cash dividend% | | - | - | - | - | - |
| Break up value per share (Rs.) | 0.68 | 1.83 | (0.01) | (4.09) | (7.22) | (9.89) |

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

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

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

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

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

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

DATED: October 7, 2022
FAISALABAD
UDIN: CR202210199KhNrPdTsB



KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: Khan Muhammad-FCA

Independent Auditors' Report to the Members of Asim Textile Mills Limited
Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 21 and 22 to the financial statements, which state that short term borrowings include Morabaha Finance obtained from Faysal Bank Limited amounting to Rs. 417.590 million on 31st October 1999 in respect of which the Company has filed suit against bank for charging illegal profits against principal of Islamic Banking and against circulars issued by State Bank of Pakistan and in contravention of objective clause of its Memorandum & Article of Association. Faysal Bank Limited has also filed a counter suit which has been adjudicated on 04th June 2015 against the Company as a result of which the Company has to settle the loan along with costs and cost of fund. Profit on these loans amounting to Rs. 194.161 million have already been provided for; however, provision for cost of funds has not been accounted for, having been undeterminable at this stage by the management. Being

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aggrieved, the Company has filed an appeal in Honorable Lahore High Court, Lahore (Division Bench) vide R.F.A No. 1372/2015 based on infield favorable judgments of Honorable Lahore High Court, Lahore, which is pending adjudication. Consequent to the litigation, the bank account balance maintained with the concerned bank remained unverified. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our audit report.

Following are the Key Audit Matter(s):

| S. No | Key Audit Matter(s) | How the Matter was addressed in audit |
|-------|---|---|
| 1. | <p>Contingencies: (Refer notes 22 to the financial statements)</p> <p>There are certain legal, taxation and regulatory matters which are beyond the control of the company. Consequently, the management makes judgments about the incidence and quantum of such liabilities arising from litigation, taxation and regulatory claims which leads to the impacts for the future outcome of legal or regulatory processes.</p> <p>There is an inherent risk that legal exposures are not identified and considered for financial reporting purposes on a timely basis. Importantly, the decision to recognize a provision and the basis of measurement are judgmental.</p> | <ul style="list-style-type: none"> We assessed and tested the design and operating effectiveness of the controls over the identification, evaluation, provisioning and reporting of legal, tax and regulatory matters. We determined that we could rely on these controls for the purposes of our audit. In view of the significant judgements required, we evaluated the Company's assessment of the nature and status of litigation, claims and provision assessments, and discussed with management to understand the legal position and the basis of material risk positions. We received legal letters from the Company's external counsel setting out their views in major cases. |

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| | | |
|----|---|---|
| | | <ul style="list-style-type: none"> Specifically, we challenged the timing of recognition for cases where there was potential exposure but it was not clear that a provision should be raised e.g. where obtaining reliable estimates are not considered possible. As set out in the financial statements, the outcome of litigation and regulatory claim is dependent on the future outcome of continuing legal and regulatory processes and consequently the calculation of the provision is subject to inherent uncertainty. |
| 2. | <p>Revenue recognition: (Refer note 23 to the financial statements)</p> | |
| | <p>We identified recognition of revenue of the Company as a key audit matter because revenue is one of the key performance indicators and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> <p>Revenue is recorded in accordance with the requirements of IFRS-15 which provides a comprehensive model of revenue recognition and requires the Company to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying the model to contracts with customers.</p> <p>For further information, refer to the summary of significant accounting policies, revenue from contracts with customers' note 5.13 to the financial</p> | <p>We performed a range of audit procedures in relation to revenue including the following:</p> <ul style="list-style-type: none"> We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents; We performed analytical review procedures and other test of details over various revenue streams including the cut-off procedures to check that revenue has been |

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| | | |
|----|---|---|
| | statements. | <p>recognized in the appropriate accounting period;</p> <ul style="list-style-type: none"> We assessed the adequacy of the disclosures as per the guidelines set out in the applicable financial reporting requirements. |
| 3. | <p>Inventory existence and valuation: (Refer notes 8 and 9 to the financial statements)</p> | |
| | <p>The Company has significant levels of inventories amounting to Rs. 416.536 million as at the reporting date, being 33.43% of the total assets of the Company.</p> <p>There is a risk in estimating the eventual NRV of items held, as well as assessing which items may be slow-moving or obsolete.</p> <p>The Company's principal accounting policy on stores and spares and stock in trade are disclosed in notes - 5.3 and 5.4 to the financial statements.</p> <p>The significance of the balance coupled with the judgments and estimates involved on their valuation has resulted in the inventories being considered as a key audit matter.</p> | <p>Our audit procedures over existence and valuation of inventory included, but were not limited to:</p> <ul style="list-style-type: none"> To test the quantity of inventories, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management; For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets; We tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last recorded invoice; On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any; |

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| | | |
|--|--|---|
| | | <ul style="list-style-type: none"> • We also made enquires from management, and considered the results of our testing above to determine whether any specific write downs were required. |
|--|--|---|

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 auditor's report thereon.

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of the 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.

The 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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare



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

Report on Other Legal and Regulatory Requirements:

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

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

The engagement partner on the audit resulting in this independent auditor's report is Khan Muhammad - FCA.

Date: October 07, 2022
Place: Faisalabad
UDIN: AR202210199WgjE0oqP6



Kreston Hyder Bhimji & Co.
KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

ASIM TEXTILE MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

| | Note | 2022 Rupees | 2021 Rupees |
|--|------|-----------------------------|-----------------------------|
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | 6 | 553,467,786 | 506,790,243 |
| Long term deposits | 7 | <u>22,560,795</u> | <u>15,038,156</u> |
| | | 576,028,581 | 521,828,399 |
| CURRENT ASSETS | | | |
| Stores and spares | 8 | 22,479,856 | 22,045,411 |
| Stock in trade | 9 | 394,055,837 | 141,513,069 |
| Trade debts | 10 | 22,722,482 | 59,992,572 |
| Advances, deposits and prepayments | 11 | 18,050,486 | 8,257,823 |
| Short term investments | 12 | 21,907,894 | 23,651,905 |
| Accrued income | 13 | 1,025,107 | 449,870 |
| Tax refunds due from the Government | 14 | 68,602,690 | 21,142,474 |
| Cash and bank balances | 15 | <u>120,999,235</u> | <u>413,808,044</u> |
| | | 669,843,587 | 690,861,168 |
| TOTAL ASSETS | | <u>1,245,872,168</u> | <u>1,212,689,567</u> |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized share capital 17,500,000 ordinary shares of Rs.10 each | | <u>175,000,000</u> | <u>175,000,000</u> |
| Issued, subscribed and paid up share capital | 16 | 151,770,000 | 151,770,000 |
| Unappropriated profit / (loss) | | 9,340,832 | (33,839,180) |
| Surplus on remeasurement of investments | | 355,500 | 1,691,756 |
| Surplus on revaluation of property, plant and equipment | 17 | <u>224,656,302</u> | <u>234,990,049</u> |
| | | 386,122,634 | 354,612,625 |
| NON CURRENT LIABILITIES | | | |
| Deferred taxation | 18 | 98,228,626 | 113,298,671 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 19 | 149,768,779 | 132,318,757 |
| Accrued markup | 20 | 194,161,422 | 194,161,422 |
| Short term borrowings | 21 | 417,590,707 | 417,590,707 |
| Provision for taxation | | - | 707,385 |
| | | 761,520,908 | 744,778,271 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 22 | - | - |
| TOTAL EQUITY AND LIABILITIES | | <u>1,245,872,168</u> | <u>1,212,689,567</u> |

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

[Signature]

[Signature]
CHIEF EXECUTIVE

[Signature]
CHIEF FINANCIAL OFFICER

[Signature]
DIRECTOR

ASIM TEXTILE MILLS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2022

| | Note | 2022 Rupees | 2021 Rupees |
|---|------|---------------------|---------------------|
| Sales - net | 23 | 2,080,169,476 | 1,726,224,177 |
| Cost of sales | 24 | (2,010,728,399) | (1,601,373,671) |
| Gross profit | | <u>69,441,077</u> | <u>124,850,506</u> |
| Operating expenses | | | |
| Distribution cost | 25 | (922,707) | (1,003,080) |
| Administrative expenses | 26 | (36,107,847) | (30,946,425) |
| Other operating expenses | 27 | (4,125,485) | (7,527,965) |
| | | <u>(41,156,039)</u> | <u>(39,477,470)</u> |
| Profit from operations | | 28,285,038 | 85,373,036 |
| Finance cost | 28 | (264,204) | (175,604) |
| Other income | 29 | 16,833,578 | 10,929,706 |
| Profit before taxation | | <u>44,854,412</u> | <u>96,127,138</u> |
| Taxation | 30 | (12,008,147) | (19,864,431) |
| Profit for the year | | <u>32,846,265</u> | <u>76,262,707</u> |
| Earnings per share - basic and diluted | 31 | <u>2.16</u> | <u>5.02</u> |

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

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 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

ASIM TEXTILE MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

| | 2022 Rupees | 2021 Rupees |
|--|-------------------|-------------------|
| Profit for the year | 32,846,265 | 76,262,707 |
| Other comprehensive (loss) / income for the year | | |
| Items that will be reclassified subsequently to profit or loss: | | |
| Unrealized (loss) / gain on changes in fair value of investments | (1,882,051) | 5,310,959 |
| Related effect of deferred tax liability | 545,795 | (690,999) |
| | (1,336,256) | 4,619,960 |
| Total comprehensive income for the year | 31,510,009 | 80,882,667 |

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

V.A.K.


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

ASIM TEXTILE MILLS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

| | Note | 2022 Rupees | 2021 Rupees |
|---|-------|----------------------|--------------------|
| a) CASH FLOWS FROM OPERATING ACTIVITIES | | 44,854,412 | 96,127,138 |
| Profit before taxation | | | |
| Adjustments for non cash and other items: | | 25,328,919 | 26,806,597 |
| Depreciation | | (12,938,270) | (9,407,085) |
| Profit on deposit accounts | | (577,667) | (1,159,153) |
| Profit on deposit with SNGPL | | (787,169) | (124,444) |
| Gain on disposal of property, plant and equipment | | (2,289,068) | (239,024) |
| Balances written back | | 2,415,783 | 5,187,689 |
| Workers' profit participation fund | | 959,702 | 2,323,230 |
| Workers' welfare fund | | (79,004) | 17,046 |
| Exchange (gain)/loss on foreign currency translation | | 264,204 | 175,604 |
| Finance cost | | 57,151,842 | 119,707,598 |
| Operating cash flows before working capital changes | | | |
| Changes in working capital | | | |
| (Increase)/decrease in current assets | | (434,445) | (3,548,093) |
| Stores and spares | | (252,542,768) | (3,433,784) |
| Stock in trade | | 37,899,823 | 3,001,763 |
| Trade debts | | (9,792,663) | 60,486,965 |
| Advances, deposits and prepayments | | (138,040) | |
| Short term investment in mutual funds - net | | (40,817,912) | 8,556,628 |
| Tax refunds due from the Government | | 20,951,515 | 26,508,760 |
| Increase in current liabilities | | (244,874,490) | 91,572,239 |
| Trade and other payables | | (187,722,648) | 211,279,837 |
| Cash (used in)/generated from operations | | 449,870 | 1,106,899 |
| Profit on deposit with SNGPL received | | (178,437) | (59,883) |
| Finance cost paid | | - | (381,131) |
| Staff retirement gratuity paid | | (5,303,410) | (1,552,400) |
| Workers' profit participation fund paid | | (33,882,086) | (22,089,045) |
| Income tax paid | | 79,004 | (17,046) |
| Exchange gain / (loss) on foreign currency translation | | (7,522,639) | - |
| Long term deposit paid | | (234,080,346) | 188,287,231 |
| Net cash (used in)/generated from operating activities | | | |
| b) CASH FLOWS FROM INVESTING ACTIVITIES | | (72,184,293) | (2,002,459) |
| Addition in property, plant and equipment | | 965,000 | 485,000 |
| Proceeds from disposal of property, plant and equipment | | 12,490,830 | 9,407,085 |
| Profit on deposit accounts received | | (58,728,463) | 7,889,626 |
| Net cash (used in) / generated from investing activities | | | |
| Net (decrease)/increase in cash and cash equivalents | (a+b) | (292,808,809) | 196,176,857 |
| Cash and cash equivalents at the beginning of the year | | 413,808,044 | 217,631,187 |
| Cash and cash equivalents at the end of the year | 15 | 120,999,235 | 413,808,044 |

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

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[Signature]
 CHIEF EXECUTIVE

[Signature]
 CHIEF FINANCIAL OFFICER

[Signature]
 DIRECTOR

ASIM TEXTILE MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

| | Share Capital | Unappropriated profit / (loss) | Surplus on remeasurement of investments | Surplus on revaluation of property, plant and equipment | Total |
|--|--------------------|-----------------------------------|---|--|--------------------|
| | [R u p e e s] | | | | |
| Balance as at July 01, 2020 | 151,770,000 | (121,097,747) | (2,928,204) | 245,985,909 | 273,729,958 |
| Profit for the year | - | 76,262,707 | - | - | 76,262,707 |
| Other comprehensive income | - | - | 4,619,960 | - | 4,619,960 |
| Total comprehensive income for the year | - | 76,262,707 | 4,619,960 | - | 80,882,667 |
| Incremental depreciation on revalued property, plant and equipment for the year (note 17) | - | 15,487,127 | - | (15,487,127) | - |
| Tax effect on incremental depreciation (note 17) | - | (4,491,267) | - | 4,491,267 | - |
| Balance as at June 30, 2021 | 151,770,000 | (33,839,180) | 1,691,756 | 234,990,049 | 354,612,625 |
| Profit for the year | - | 32,846,265 | - | - | 32,846,265 |
| Other comprehensive income | - | - | (1,336,256) | - | (1,336,256) |
| Total comprehensive income for the year | - | 32,846,265 | (1,336,256) | - | 31,510,009 |
| Incremental depreciation on revalued property, plant and equipment for the year (note 17) | - | 14,554,573 | - | (14,554,573) | - |
| Tax effect on incremental depreciation (note 17) | - | (4,220,826) | - | 4,220,826 | - |
| Balance as at June 30, 2022 | 151,770,000 | 9,340,832 | 355,500 | 224,656,302 | 386,122,634 |

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


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

ASIM TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1. THE COMPANY AND ITS OPERATIONS

Asim Textile Mills Limited (the Company) was incorporated in Pakistan on 29 July, 1990 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The shares of the Company are quoted at Karachi, Islamabad and Lahore Stock Exchange (now Pakistan Stock Exchange), with effect from January 11, 2016. The Mill is situated at 32 - KM, Main Sheikhpura Road, Tehsil Jaranwala, District, Faisalabad in the province of Punjab and the registered office of the Company is situated at JK House, 32-W, Susan Road, Madina Town, Faisalabad. The principal business activity of the Company is manufacturing and sale of yarn.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective policy notes.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupee which is also the Company's functional and presentation currency.

3. NEW AND REVISED STANDARDS, INTERPRETATIONS AND PRONOUNCEMENTS

3.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year

There were certain amendments to accounting and reporting standards which became effective during the year. The Company has adopted the following accounting standards and the amendments and interpretation of IFRSs which became effective for the current year:

- Interest Rate Benchmark Reform - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS-16

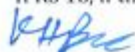
The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

The adoption of the above amendments to accounting standards did not have any material effect on these financial statements.

- Covid-19-Related Rent Concessions beyond 30 June 2021 - Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.



The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Company has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

The adoption of above standards did not have material effect on the accounting policies and these financial statements.

3.2 Standards, interpretations and amendments to approved accounting standards that are issued but not yet effective and have not been early adopted by the Company

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below and have not been adopted early by the Company.

Standard or Interpretation

- Amendment to IAS 16 'Property, Plant and Equipment' - Proceeds before Intended Use (effective for annual period beginning on or after January 01, 2022):

The amendment prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

- Amendment to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of Fulfilling a Contract (effective for annual period beginning on or after January 01, 2022):

The amendment specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

- Amendments to IFRS 3, 'Business Combinations' - Reference to the Conceptual Framework (effective for the Company's annual period beginning on January 01, 2022):

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989 with a reference to the Conceptual Framework for Financial Reporting, that was issued in March 2018, without significantly changing its requirements. In addition, the Board added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities and it clarified existing guidance in IFRS 3 for contingent assets.

- Annual Improvements to IFRS Standards 2018-2020 Cycle. The new cycle of improvements addresses improvements to following approved accounting standards (effective for annual period beginning on or after January 01, 2022):

- **IFRS 1 First-time Adoption of International Financial Reporting Standards.** This amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent - i.e. if a subsidiary adopts IFRS Standards later than its parent and applies IFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to IFRS Standards.

- **IFRS 9 Financial Instruments.** The amendment clarifies which fees an entity includes when it applies the '10 percent' test in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

- **IAS 41 Agriculture.** The amendment removes the requirement for entities to exclude cash flows for taxation when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13 - Fair Value Measurement.

- Amendments to IAS 1, 'Presentation of financial statements' and IFRS Practice Statement 2- Disclosure of Accounting Policies (effective for the Company's annual period beginning on January 01, 2023):

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendment is not likely to have an impact on the Company's financial statements.

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- **Amendments to IAS 1, 'Presentation of financial statements' - Classification of Liabilities as Current or Non-current (effective for the Company's annual period beginning on January 01, 2023):**

The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists. Management expectations about events after the reporting date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant. The amendments clarify the situations that are considered for settlement of a liability.

- **Amendments to IAS 8, 'Accounting policies, changes in accounting estimates and errors' - Definition of Accounting Estimates (effective for the Company's annual period beginning on January 01, 2023):**

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

- **IAS 12 Income Taxes -Amendments regarding deferred tax on leases and decommissioning obligations (Effective for annual periods beginning on or after 1 January 2023):**

The main change in Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) is an exemption from the initial recognition exemption provided in IAS 12. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

The Company expects that the adoption of the above amendments and improvements to the standards will have no material effect on the Company's financial statements, in the period of their initial application.

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 purposes of their applicability in Pakistan:

IFRS - 1 'First time adoption of International Financial Reporting Standards'.

IFRS - 17 'Insurance Contracts'.

The Company expects that the adoption of the above amendments and improvements to the standards will have no material effect on the Company's financial statements, in the period of their initial application.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the approved accounting standards require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods. Judgments made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy notes. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- Estimate of useful life of property, plant and equipment - note 5.1
- Impairment of non financial assets - note 5.2
- Stores and spares - note 5.3
- Stock in trade - note 5.4
- Provisions - note 5.11
- Contingencies - note 5.12
- Taxation - note 5.15

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property, plant and equipment

5.1.1 Operating fixed assets

Property, plant and equipment except free hold land, building on freehold land, plant and machinery and electric installations are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Building on freehold land, plant and machinery and electric installations are stated at revalued amounts less accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at revalued amount.

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Cost in relation to operating fixed assets signifies historical cost. Historical cost includes expenditures that are directly attributable to the acquisition or construction of assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with them will flow to the entity and its cost can be reliably measured. Cost incurred to replace a component of an item of operating fixed assets is capitalized and the asset so replaced is retired from use. Normal repairs and maintenance are charged to the statement of profit or loss during the period in which they are incurred.

Depreciation is charged to statement of profit or loss applying the reducing balance method so as to write off the historical cost of the assets over their expected useful life at the rates mentioned in note 6.1 of these financial statements.

Depreciation on additions during the year is charged for the full month in which the asset is available for use while no depreciation is charged in the month in which the asset is disposed off. The residual values and useful lives are reviewed by the management at each financial year end and adjusted if impact on depreciation is significant.

Any gain or loss on disposal of assets is included in statement of profit or loss in the year in which the assets are derecognized.

5.1.2 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss and represents direct cost of material, labour, applicable overheads and borrowing costs on qualifying assets. Transfers are made to relevant operating fixed assets category as and when assets are available for its intended use.

5.2 Impairment of non financial assets

The carrying amounts of the Company's non-financial assets, other than stock in trade and stores and spares, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment losses are recognized in profit and loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets of the unit on a pro-rata basis. Impairment losses on goodwill shall not be reversed.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

5.3 Stores and spares

These are valued at moving average cost except items-in-transit which are valued at cost accumulated to the balance sheet date. Store and spares are regularly reviewed by the management to assess their net realizable value (NRV). Provision is made for slow moving and obsolete store items when so identified.

5.4 Stock in trade

These are valued at lower of cost and net realizable value. Cost is determined as follows:

| | | |
|------------------------------------|--------------|--|
| Raw material | - At factory | Annual average cost. |
| | - In Transit | Invoice value plus direct charges in respect thereof. |
| Work in process and finished goods | | Prime cost including a proportion of production overheads. |

Wastes are valued at net realizable value.

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

5.5 Trade debts and other receivables

Trade debts are initially recognized at fair value and subsequently carried at amortized cost which approximate fair value of the consideration receivable, less any allowance for expected credit losses.

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

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

5.6 Short term investment

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale.

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Subsequent to initial recognition at cost, these are measured at fair value. The Company uses latest stock exchange quotations to determine the fair value of quoted investments. Gain or losses on available for sale investments are recognized directly in other comprehensive income until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously recognized in other comprehensive income, is re-classified from equity to profit and loss as re-classification adjustment.

5.7 Cash and cash equivalents

For the purpose of cash flow statement cash and cash equivalents comprise of cash and cheques in hand and at banks and include short term highly liquid investments. The cash and cash equivalents are readily convertible to known amount of cash and are subject to insignificant risk of change in value.

5.8 Surplus on revaluation of property, plant and equipment

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognized, net of tax, in other comprehensive income and accumulated in equity under the heading 'Surplus on revaluation of property, plant and equipment'. However the increase is recognized in statement of profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in statement of profit or loss.

Decreases in the carrying amounts arising on revaluation of property, plant and equipment are recognized, net of tax, in profit or loss. However revaluation decrease that reverse previous increases of the same asset is recognized in other comprehensive income to the extent of the remaining surplus attributable to that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under the heading 'Surplus on revaluation of property, plant and equipment'.

Following amounts are transferred directly to retained earnings from equity under the heading 'Surplus on revaluation of property, plant and equipment' through the Statement of Changes in Equity:

- an amount equal to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the original cost of that asset; or
- an amount equal to carrying amount of revaluation surplus of the asset on its disposal.

All transfers to / from the account of 'surplus on revaluation of property, plant and equipment' are net of applicable deferred income tax. Surplus on revaluation of property, plant and equipment reported under equity is not available for distribution of dividend.

5.9 Staff retirement benefits

Defined Contribution Plan

There is a contributory provident fund for all employees of the Company for which contributions are charged to profit or loss as and when incurred.

The Company makes monthly contribution to the fund at the rate of 8.33% whereas employees of the Company also make monthly contributions to the fund at the rate of 8.33% of basic salary. The assets of the fund are held separately under the control of trustees.

5.10 Trade and other payables

Liabilities for trade and other payables are carried at their amortized cost, which approximate fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

5.11 Provisions

A provision is recognized when the Company has a present, legal or constructive obligation as a result of a past event when 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 of obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

5.12 Contingencies

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

5.13 Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for rendering of services to a customer. For each contract with a customer, the Company;

- (i) identifies the contract with a customer;
- (ii) identifies the performance obligations in the contract;
- (iii) determines the transaction price;
- (iv) allocates the transaction price to the separate performance obligations in the contract; and
- (v) recognizes revenue when each performance obligation is satisfied.

Variable consideration within the transaction price is estimates and determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will *NOT OCCUR*. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognized as deferred revenue in the form of a separate refund liability.

a) Sale of goods

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

b) Interest income

Profit on bank balances in deposit accounts and interest income on deposit with Sui Northern Gas Pipelines Limited (SNGPL) are recognized on a time proportion basis on the principal amount outstanding and at the applicable rate.

c) Profit on fair value through other comprehensive income investments

Unrealized gains / (losses) arising on fair value measurements of investments classified as 'fair value through other comprehensive income' are included in other comprehensive income in the period in which they arise.

Gains / (losses) arising on disposal of investments are recognized on the date when the transaction takes place. When the investment is disposed off or derecognized, the cumulative gains / (losses) previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other income / (other expenses).

d) Other revenue

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

5.14 Foreign currency translation

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in the statement of profit or loss immediately.

5.15 Taxation

Current taxation

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The charge for current tax also includes adjustments, where considered necessary, and the tax assessed from assessments framed during the year for such years is over/under the provision of tax then made.

Deferred Taxation

Deferred tax is accounted for using the statement of financial position method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable income. Deferred tax liability is recognized for all taxable temporary differences and deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses and unused tax credits, if any, to the extent that it is probable that future taxable profit will be available against which these can be utilized.

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

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

5.16 Related party transactions

All transactions with related parties are carried out at arm's length. The prices are determined in accordance with comparable uncontrolled price method.

5.17 Dividend and other appropriations

Dividend is recognized 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.

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5.18 Events after the reporting period

If the Company receives information after the reporting period, but prior to the date of authorization for issue, about conditions that existed at the end of the reporting period, the Company will assess if the information affects the amounts that it recognizes in the financial statements.

The Company will adjust the amounts recognized in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Company does not change the amounts recognized in its financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

5.19 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss by weighted average number of shares outstanding during the period. Diluted EPS is calculated by adjusting for the effects of all dilutive potential ordinary shares.

5.20 Financial instruments

5.20.1 Financial assets

A financial asset is measured at amortized cost if it is held in order to collect contractual cash flows which arise on specified dates and that are 'solely payment of principal and interest (SPPI)' on the principal amount outstanding. A debt investment is measured at fair value through other comprehensive income if it is held in order to collect contractual cash flows which arise on specified dates that are solely principal and interest and as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch.

A. Classification and measurement of financial assets

Investments and other financial assets

Classification:

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement:

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/ (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVTOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

B. Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

C. Impairment:

The Company record an allowance for a forward-looking expected credit loss (ECL) approach for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

5.20.2 Financial liabilities

A. Classification and measurement:

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

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

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- **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

- **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

B. Derecognition:

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

5.20.3 Offsetting of financial assets and liabilities

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

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6.2 The detail of operating fixed asset disposed off during the year are as follows:

| Description | Cost | Accumulated Depreciation | Book Value | Sale Proceeds | Gain | Mode of Disposal | Particulars of Buyers |
|-------------|------------------|--------------------------|----------------|----------------|----------------|------------------|--|
| | [R U P E E S] | | | | | | |
| Honda Civic | 1,885,270 | 1,739,520 | 145,750 | 925,000 | 779,250 | Negotiation | Mr. Zahid Anwar, Chief Executive Officer |
| Honda CD 70 | 70,800 | 38,719 | 32,081 | 40,000 | 7,919 | Negotiation | Honda Centre, Abdullah Pur Chowk, Faisalabad |
| 2022 | 1,956,070 | 1,778,239 | 177,831 | 965,000 | 787,169 | | |
| 2021 | 550,000 | 189,444 | 360,556 | 485,000 | 124,444 | | |

Note

| | 2022 Rupees | 2021 Rupees |
|----|-------------------|-------------------|
| 24 | 23,697,065 | 24,795,572 |
| 26 | 1,631,854 | 2,011,025 |
| | 25,328,919 | 26,806,597 |

6.3 Depreciation charge for the year has been allocated as under:

Cost of sales
Administrative expenses

| Note | 2022 Rupees | 2021 Rupees |
|------|-------------------|-------------------|
| 24 | 23,697,065 | 24,795,572 |
| 26 | 1,631,854 | 2,011,025 |
| | 25,328,919 | 26,806,597 |

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

| | 2022 | | |
|---------------------------|--------------------|--------------------------|--------------------|
| | Cost | Accumulated depreciation | Written down value |
| | [R U P E E S] | | |
| Freehold land | 4,061,667 | - | 4,061,667 |
| Building on freehold land | 40,631,196 | 34,748,070 | 5,883,126 |
| Plant and machinery | 556,970,637 | 333,060,213 | 223,910,424 |
| Electric installations | 20,077,366 | 15,499,381 | 4,577,985 |
| | 621,740,866 | 383,307,664 | 238,433,202 |
| | 2021 | | |
| | Cost | Accumulated depreciation | Written down value |
| | [R U P E E S] | | |
| Freehold land | 4,061,667 | - | 4,061,667 |
| Building on freehold land | 40,631,196 | 34,438,432 | 6,192,764 |
| Plant and machinery | 484,911,794 | 324,737,722 | 160,174,072 |
| Electric installations | 20,077,366 | 14,990,716 | 5,086,650 |
| | 549,682,023 | 374,166,870 | 175,515,153 |

6.5 Forced sale values of revalued assets

The forced sale values of revalued assets are based on fair value measurement as at June 30, 2020.

| | Forced Sale Values | |
|---------------------------|--------------------|--------------------|
| | 2022 | 2021 |
| | [Rupees] | |
| Freehold land | 54,190,900 | 54,190,900 |
| Building on freehold land | 99,474,120 | 99,474,120 |
| Plant and machinery | 237,960,000 | 237,960,000 |
| Electric installations | 29,600,000 | 29,600,000 |
| | 421,225,020 | 421,225,020 |

6.6 Details of immovable property in the name of the Company:

| Usage | Location | Area |
|-----------------|---|------------------------------|
| Production unit | Chak # 69 - R.B. 32 - KM. Main Sheikhpura Road, Tehsil Jaranwala, District, Faisalabad. | 56 Kanals 18 Marlas 4 Sarsal |

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|--------------------|--------------------|
| 7. LONG TERM DEPOSITS | | | |
| Security deposits | | | |
| - SNGPL | 7.1 | 12,640,417 | 12,258,028 |
| - FESCO | | 2,734,078 | 2,734,078 |
| - WASA | | 8,550 | 8,550 |
| - CDC | | 37,500 | 37,500 |
| | | 15,420,545 | 15,038,156 |
| Bank guarantee margin | | 7,140,250 | - |
| | | <u>22,560,795</u> | <u>15,038,156</u> |
| 7.1 | This represent the security deposit with Sui Northern Gas Pipelines Limited (SNGPL) against supply of natural gas to the Company. It is subject to mark up at the rate of 1 year KIBOR minus 3% per annum or fixed rate of 5% per annum whichever is lower receivable in arrears. | | |
| 8. STORES AND SPARES | | | |
| Stores | | 10,686,102 | 9,635,622 |
| Spares | | 11,793,754 | 12,409,789 |
| | | <u>22,479,856</u> | <u>22,045,411</u> |
| 9. STOCK IN TRADE | | | |
| Raw materials | | 143,270,871 | 92,635,054 |
| Work in process | | 13,092,725 | 8,693,422 |
| Finished goods | 9.1 | 237,692,241 | 40,184,593 |
| | | <u>394,055,837</u> | <u>141,513,069</u> |
| 9.1 | It includes waste stock amounting to Rs. 1,526,031/- (2021: Rs. 3,875,968/-) measured at net realizable value. | | |
| 10. TRADE DEBTS | | | |
| Considered good: | | | |
| Local - unsecured | | <u>22,722,482</u> | <u>59,992,572</u> |
| 11. ADVANCES, DEPOSITS AND PREPAYMENTS | | | |
| Advances- considered good | | | |
| Advances to suppliers | | 12,647,021 | 6,014,827 |
| Advances to employees | | 264,000 | 300,000 |
| Deposits | | | |
| Letter of credit | | 2,950,178 | 106,445 |
| Trade deposit | 11.1 | 1,723,700 | 1,403,470 |
| Prepayments | | | |
| Prepaid insurance | | 465,587 | 433,081 |
| | | <u>18,050,486</u> | <u>8,257,823</u> |
| 11.1 | This represents the amount paid to Sui Northern Gas Pipelines Limited (SNGPL) against supply of natural gas to the Company. | | |
| 12. SHORT TERM INVESTMENTS | | | |
| Fair value through other comprehensive income (FVTOCI) | | | |
| NAFA islamic active allocation plan | 12.1 | 15,572,143 | 15,798,245 |
| JS investment (JS islamic fund) | 12.2 | 6,335,751 | 7,853,660 |
| | | <u>21,907,894</u> | <u>23,651,905</u> |
| 12.1 | These have been valued by using published net asset value (NAV) as at 30th June, the number of units held by the Company are 131,292.3831 units (2021: 130,128.5322 units). | | |
| 12.2 | These have been valued by using published net asset value (NAV) as at 30th June, the number of units held by the company are 75,032.5785 units (2021: 75,032.5785 units). | | |
| 13. ACCURED INCOME | | | |
| Interest on SNGPL deposit | 7.1 | 577,667 | 449,870 |
| Interest on bank deposit | | 447,440 | - |
| | | <u>1,025,107</u> | <u>449,870</u> |

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| | Note | 2022 Rupees | 2021 Rupees |
|--|------|--------------------|--------------------|
| 14. TAX REFUNDS DUE FROM GOVERNMENT | | | |
| Sales tax refundable | | 61,960,386 | 21,142,474 |
| Income tax refundable | | 6,642,304 | - |
| | | <u>68,602,690</u> | <u>21,142,474</u> |
| 15. CASH AND BANK BALANCES | | | |
| Cash in hand | | 626,360 | 191,135 |
| Cash at bank | | | |
| - In current accounts | 15.1 | 69,541,786 | 150,689,852 |
| - In deposit accounts | 15.2 | 50,831,089 | 262,927,057 |
| | | <u>120,372,875</u> | <u>413,616,909</u> |
| | | <u>120,999,235</u> | <u>413,808,044</u> |

15.1 It includes foreign currency amounting to USD 1,000/- (2021: USD 1,000/-) and SAR 2,461/- (2021: SAR 2,461/-).

15.2 The rate of profit on deposit accounts is ranging from 5.25% to 12.25% per annum (2021: 2.78% to 5.80% per annum).

16. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

| | 2022 | 2021 | | 2022 | 2021 |
|--|-------------------|-------------------|---|--------------------|--------------------|
| | Number of shares | | | | |
| | <u>15,177,000</u> | <u>15,177,000</u> | Ordinary shares of Rs. 10 each fully paid in cash | <u>151,770,000</u> | <u>151,770,000</u> |

16.1 All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends from time to time and are entitled to one vote per share at the general meetings of the Company.

17. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

| | | | |
|---|--|---------------------|---------------------|
| Opening balance | | 234,990,049 | 245,985,909 |
| Less: Incremental depreciation on revalued property, plant and equipment transferred to unappropriated profit / (loss) | | (14,554,573) | (15,487,127) |
| Add: Related effect of deferred tax liability | | 4,220,826 | 4,491,267 |
| | | <u>(10,333,747)</u> | <u>(10,995,860)</u> |
| Closing balance | | <u>224,656,302</u> | <u>234,990,049</u> |

- First revaluation of the Company's building on freehold land and plant and machinery was carried out as on September 30, 1995 by an independent valuer M/s Iqbal A. Nanjee & Co. Lahore on the basis of depreciated replacement values.
- Second revaluation of the Company's freehold land, building on freehold land and plant and machinery was carried out on September 30, 2000 by an independent valuer Inspectorates Corporation International (Pvt) Ltd., Lahore and the same was verified by SBP's approved auditors on the basis of depreciated replacement values.
- Third revaluation of the Company's freehold land, building on freehold land, plant and machinery and electric installations was carried out on June 30, 2012 by an independent valuer M/s Nizamy Associates, Faisalabad on the basis of depreciated replacement values.
- Fourth revaluation of the Company's freehold land, building on freehold land, plant and machinery and electric installations was carried out on Sep 30, 2015 by an independent valuer M/s Amir Evaluators & Consultants, Peshawar on basis of depreciated replacement values.
- Fifth revaluation of the Company's freehold land, building on freehold land, plant and machinery and electric installations has been carried out on June 30, 2020 by an independent valuer M/s S.A. Associates, Lahore on basis of depreciated replacement values.

The fair valuation of the revalued assets are considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets. The fair value are subject to change owing to change in input. However, the management does not expect there to be a material sensitivity to the fair values arising from the non-observable inputs. The basis of revaluation for items of these fixed assets were as follows:

Freehold land

Property brokers, dealers and estate agents were contacted to ascertain the asking and selling prices for properties of the same nature in the immediate neighbourhood and adjoining areas. Neighbouring properties which have been recently sold or purchased, were investigated to ascertain a reasonable selling / buying price. Properties that were up for sale were examined for asking price. An average of the above values was then assigned to the property.

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Building on freehold land

Construction specifications were noted for each factory and residential building / structure and current construction rates were used to obtain replacement values of building, to which a depreciation formula was applied, based upon the Company's estimates of balance life to arrive at the current assessed value.

Plant and machinery

Plant and machinery have been evaluated / assessed by keeping in view their present physical condition, the remaining useful life / economic life and technological obsolescence. Further, new replacement values were arrived by using current local and foreign market values for the similar type of plant and machinery. These current local and foreign market values were taken into account on the basis of technical obsolescence, efficiency, maintenance, replacement and other related factors involved.

Electric installations

These were evaluated / assessed by keeping in view their present physical condition and the remaining useful life / economic life. Further, new replacement values were arrived by using current market values for the similar type of assets. These current market values were taken into account on basis of efficiency, maintenance, replacement and other related factors involved.

| | Note | 2022 Rupees | 2021 Rupees |
|---|------|-------------------|--------------------|
| 18. DEFERRED TAXATION | | | |
| Opening balance | | 113,298,671 | 118,636,604 |
| Adjusted during the year | | (15,070,045) | (5,337,933) |
| Closing balance | 18.1 | <u>98,228,626</u> | <u>113,298,671</u> |
| 18.1 This comprise of following: | | | |
| Deferred tax liability: | | | |
| Taxable temporary differences relating to operating assets | | 31,264,832 | 25,736,952 |
| Taxable temporary differences relating to short term investments | | 145,204 | 690,999 |
| Taxable temporary differences relating to surplus on revaluation of property, plant and equipment | | 83,542,594 | 87,763,419 |
| Deferred tax assets: | | | |
| Deductible temporary differences related to minimum tax | | (16,724,004) | (892,699) |
| | | <u>98,228,626</u> | <u>113,298,671</u> |

18.1.1 The liability of deferred tax has been computed by applying the tax rate of 29%.

19. TRADE AND OTHER PAYABLES

| | | | |
|------------------------------------|------|--------------------|--------------------|
| Trade creditors | 19.1 | 38,275,015 | 39,895,491 |
| Accrued expenses | | 70,206,298 | 58,864,609 |
| Advances from customers | | 26,806,775 | 3,602,459 |
| Provident fund trust | 19.2 | 892,626 | 845,384 |
| Withholding income tax payable | | 940,426 | 424,385 |
| Sales tax payable | | 148,482 | 17,318,460 |
| Due to related parties | 19.3 | 3,367,510 | 367,331 |
| Workers' profit participation fund | 19.4 | 2,501,550 | 5,303,410 |
| Workers' welfare fund | | 6,060,097 | 5,100,395 |
| Other payables | | 570,000 | 596,833 |
| | | <u>149,768,779</u> | <u>132,318,757</u> |

19.1 This includes amount of Rs. 14,734,596/- (2021: 15,404,496/-) payable to Zeeshan Energy Limited- a related party against purchase of electricity.

19.2 This represents amount due to provident fund trust for the month of June-2022 for which payment was made at July 06, 2022 (2021: July 12, 2021).

The investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and conditions specified thereunder.

19.3 This represents chief executive, directors and member current account balances maintained with the Company and is payable on demand.



| | Note | 2022 Rupees | 2021 Rupees |
|--|------|------------------|------------------|
| 19.4 Workers' profit participation fund | | | |
| Opening balance | | 5,303,410 | 1,552,400 |
| Interest on funds utilized in the Company's business | | 85,767 | 115,721 |
| | | <u>5,389,177</u> | <u>1,668,121</u> |
| Allocation for the year | 27 | 2,415,783 | 5,187,689 |
| | | <u>7,804,960</u> | <u>6,855,810</u> |
| Payments made during the year | | (5,303,410) | (1,552,400) |
| Closing balance | | <u>2,501,550</u> | <u>5,303,410</u> |

20. ACCRUED MARKUP

| | | | |
|--|------|--------------------|--------------------|
| Accrued markup on secured morabaha finance | 20.1 | <u>194,161,422</u> | <u>194,161,422</u> |
|--|------|--------------------|--------------------|

20.1 The Company has ceased the payment of markup since July 01, 2006, as it has filed a suit against Faysal Bank Limited in the Honorable Lahore High Court, Lahore. The facts of the litigation are explained in note 22.1.1.

21. SHORT TERM BORROWINGS

From banking company

Secured

| | | | | |
|-------------|------|---|-------------|-------------|
| Morabaha I | 21.1 | } | 340,901,898 | 340,901,898 |
| Morabaha II | | | 74,145,100 | 74,145,100 |

Unsecured

| | | | | |
|------------------------------|------|--|--------------------|--------------------|
| Interest free bank overdraft | 21.2 | | <u>2,543,709</u> | <u>2,543,709</u> |
| | | | <u>417,590,707</u> | <u>417,590,707</u> |

21.1 Morabaha I represents secured finance by converting various morabaha finances into long term finance at interest rate of 13% per annum, whereas, the Morabaha II represents an interest free morabaha finance by converting various unpaid markups. These loans are secured against first charge of Rs. 505 million on fixed assets and personal guarantees of directors and Chief Executive of the Company.

21.1.1 The Company is not repaying the morabaha finances as it has filed a suit against Faysal Bank Limited in the Honorable Lahore High Court, Lahore. The bank has also filed a counter suit praying for a decree to be passed in its favor for a sum of Rs. 454.502 million against the defendants jointly and severally, with cost of funds at the rate of 20% or as certified by State Bank of Pakistan from date of default and 20% liquidated damages plus service charges and all costs, charges, expenses payable or to be incurred by the plaintiff bank till the final payment / realization of the aforementioned amount. The facts and status of the litigations are further explained in note 22.1.1.

21.2 The Company has obtained interest free bank overdraft facility from Faysal Bank Limited but ceased the repayment of the overdraft due to litigation in courts. The facts of the litigation are explained in note 22.1.1.

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

22.1.1 The Company has instituted a suit in the Honorable Lahore High Court, Lahore against Faysal Bank Limited (FBL) claiming damages on account of acquisition of un-remunerative agricultural land on the advice of FBL for not providing timely cash finance facilities despite written commitments and for charging illegal profits against the principles of Islamic Banking and circulars issued by the State Bank of Pakistan in addition to contravention of the objective clause of its Memorandum & Articles of Association. The amount claimed for the first two counts is Rs.141.831 million (including claims of Central Excise Duty), whereas the amount of last count has been left for the Court to determine.

The counter suite filed by the Faysal Bank for recovery of Rs. 454.502 million along with costs and cost of funds before the Honorable Lahore High Court (Single Judge), Lahore has been adjudicated on 04.06.2015 against the company. The company has filed an appeal in Honourable Lahore High Court, Lahore (Division Bench) vide R.F.A. No. 1372/2015 on various grounds including the company being condemned unheard. The learned Division Bench garaciously allowed the appeal on 20.02.2020 and impugned judgment and decree dated 04.06.2015 was set aside. Consequently leave to appeal was adjudged to have been granted to the appellant company and the case is directed to be proceeded on that basis after framing issues and recording of evidences. Due to litigations, the Bank is not responding and confirming the balance to the company. Having been undeterminable at this stage, provision for cost of funds has not been accounted for.

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- 22.1.2 By virtue of Finance Act, 2017, Section 5A of the Income Tax Ordinance, 2001 was amended. Through the revised provision, a tax equal to 7.5 percent of accounting profit for the year is required to be levied on every public company, other than a scheduled bank and modarba, if distribution of cash dividend or bonus shares of at least 40 percent of the accounting profit after tax for the year is not made within six months. The tax rate was revised at 5% of accounting profit for tax year 2018 and 2019. Constitutional petitions have already been filed by some companies before Honourable High Courts challenging the tax and the Honourable Sindh High Courts has held the impugned provisions of Section 5A to be ultra vires of the Constitution, and was accordingly struck down.

The department has issued notice in terms of Section 122(9) for the year ended June 30, 2017 for charge of tax amounting to Rs. 2,995,427/-. The management has challenged the notice on the ground of jurisdiction before Honourable Lahore High Court vide writ petition No.48653 of 2021, who has disposed of by directing the concerned Commissioner seized of the matter to determine the question of jurisdiction before finalization of the assessment proceedings. Accordingly provisions amounting to Rs. 2,995,427/- for the year ended June 30, 2017, Rs 2,937,309 for the year ended June 30, 2018 and Rs 4,029,657 /- for the year ended June 30, 2019 have not been made in these financial statements in respect of the additional tax liability and the management expects a favourable outcome in this respect.

- 22.1.3 The department while initiating sales tax audits of the Company for the tax years 2012 and 2014, created demands on account of supplies from suspended/blacklisted units aggregated to amount of Rs. 818,182/-. Being aggrieved the Company filed appeals before Commissioner Inland Revenue (Appeals) who upheld the department's stance. The Company filed second appeals before Appellate Tribunal Inland Revenue Lahore on 15-Aug-2012, 25-Jul-2014, and 09-Oct-2014 which are pending for final decision. The management is contesting the case diligently and legal advisor is optimistic that the cases will be decided in the favour of the Company. Therefore, no provision has been made in these accounts.

22.2 Commitments

There are no significant commitments at the reporting date which need to be disclosed in the financial statements.

| | Note | 2022 Rupees | 2021 Rupees |
|-------------------------------|------|----------------------|----------------------|
| 23. SALES - NET | | | |
| Export sales | | 18,486,000 | - |
| Local sales | | | |
| Yarn sales | | 2,374,715,212 | 1,993,275,368 |
| Waste sales | | 41,477,701 | 26,406,978 |
| | | 2,416,192,913 | 2,019,682,346 |
| | | (354,509,437) | (293,458,169) |
| Less: Sales tax | | 2,061,683,476 | 1,726,224,177 |
| | | <u>2,080,169,476</u> | <u>1,726,224,177</u> |
| 24. COST OF SALES | | | |
| Raw material consumed | 24.1 | 1,593,592,780 | 1,102,224,398 |
| Stores and spares consumed | 24.2 | 51,293,020 | 66,203,813 |
| Packing material consumed | | 32,768,639 | 28,401,611 |
| Salaries, wages and benefits | 24.3 | 206,946,719 | 166,279,375 |
| Fuel and power | | 279,534,599 | 227,908,437 |
| Fee and subscription | | 88,326 | 114,114 |
| Repairs and maintenance | | 18,095,361 | 10,961,530 |
| Postage and telecommunication | | 48,333 | 52,857 |
| Insurance | | 5,315,399 | 3,834,299 |
| Depreciation | 6.3 | 23,697,065 | 24,795,572 |
| Others | | 1,255,109 | 1,565,721 |
| | | 2,212,635,350 | 1,632,341,727 |
| Work in process | | | |
| Opening balance | | 8,693,422 | 7,973,295 |
| Closing balance | | (13,092,725) | (8,693,422) |
| | | (4,399,303) | (720,127) |
| Cost of goods manufactured | | 2,208,236,047 | 1,631,621,600 |
| Finished goods | | | |
| Opening balance | | 40,184,593 | 9,936,664 |
| Closing balance | | (237,692,241) | (40,184,593) |
| | | (197,507,648) | (30,247,929) |
| | | <u>2,010,728,399</u> | <u>1,601,373,671</u> |

| | Note | 2022 Rupees | 2021 Rupees |
|--|---|----------------------|----------------------|
| 24.1 Raw material consumed | | | |
| Opening balance | | 92,635,054 | 120,169,326 |
| Purchases | | 1,644,228,597 | 1,074,690,126 |
| | | <u>1,736,863,651</u> | <u>1,194,859,452</u> |
| Closing balance | | <u>(143,270,871)</u> | <u>(92,635,054)</u> |
| | | <u>1,593,592,780</u> | <u>1,102,224,398</u> |
| 24.2 Stores and spares consumed | | | |
| Opening balance | | 22,045,411 | 18,497,318 |
| Purchases | | 51,727,465 | 69,751,906 |
| | | <u>73,772,876</u> | <u>88,249,224</u> |
| Closing balance | | <u>(22,479,856)</u> | <u>(22,045,411)</u> |
| | | <u>51,293,020</u> | <u>66,203,813</u> |
| 24.3 | Salaries, wages and benefits include Rs. 4.686 million (2021: Rs. 4.346 million) in respect of the provident fund contribution. | | |
| 25. DISTRIBUTION COST | | | |
| Selling commission | | <u>922,707</u> | <u>1,003,080</u> |
| 26. ADMINISTRATIVE EXPENSES | | | |
| Director's remuneration | | 6,000,000 | 3,600,000 |
| Staff salaries and benefits | 26.1 | 15,511,593 | 13,379,243 |
| Postage and telecommunication | | 583,309 | 527,772 |
| Electricity, gas and water | | 1,074,123 | 1,133,539 |
| Printing and stationery | | 194,123 | 176,830 |
| Traveling and conveyance | | 643,382 | 439,062 |
| Fee and subscriptions | | 1,020,289 | 1,611,287 |
| Rent, rates and taxes | | 453,677 | 621,556 |
| Legal and professional | | 915,290 | 1,034,050 |
| Entertainment | | 375,310 | 234,417 |
| Repairs and maintenance | | 52,080 | 37,520 |
| Vehicle running and maintenance | | 5,633,933 | 4,387,620 |
| Auditors' remuneration | 26.2 | 850,000 | 807,000 |
| Insurance | | 873,393 | 690,142 |
| Advertisement | | 43,875 | 87,750 |
| Depreciation | 6.3 | 1,631,854 | 2,011,025 |
| Others | | 251,616 | 167,612 |
| | | <u>36,107,847</u> | <u>30,946,425</u> |
| 26.1 | Salaries, wages and benefits include Rs. 0.435 million (2021: Rs. 0.427 million) in respect of the provident fund contribution. | | |
| 26.2 Auditors' remuneration | | | |
| Statutory audit fee | | 800,000 | 700,000 |
| Half yearly review | | 50,000 | 57,000 |
| Out of pocket expenses | | - | 50,000 |
| | | <u>850,000</u> | <u>807,000</u> |
| 27. OTHER OPERATING EXPENSES | | | |
| Workers' profit participation fund | | 2,415,783 | 5,187,689 |
| Workers' welfare fund | | 959,702 | 2,323,230 |
| Exchange loss on foreign currency translation | | - | 17,046 |
| Charity and donation | 27.1 | 750,000 | - |
| | | <u>4,125,485</u> | <u>7,527,965</u> |
| 27.1 | There is no interest of any director or his / her spouse in donees' funds. | | |
| 28. FINANCE COST | | | |
| Interest on workers' profit participation fund | | 85,767 | 115,721 |
| Bank charges and commission | | 178,437 | 59,883 |
| | | <u>264,204</u> | <u>175,604</u> |

| | Note | 2022 Rupees | 2021 Rupees |
|---|------|-------------------|-------------------|
| 29. OTHER INCOME | | | |
| Income from financial assets | | | |
| Profit on deposit accounts | | 12,938,270 | 9,407,085 |
| Dividend income | | 162,400 | - |
| Exchange gain on foreign currency translation | | 79,004 | - |
| Profit on deposit with SNGPL | | 577,667 | 1,159,153 |
| Income from non-financial assets | | | |
| Gain on disposal of property, plant and equipment | | 787,169 | 124,444 |
| Balances written back | | 2,289,068 | 239,024 |
| | | <u>16,833,578</u> | <u>10,929,706</u> |

| | | | |
|--|------|-------------------|-------------------|
| 30. TAXATION | | | |
| Current year | 30.1 | 25,986,978 | 25,893,363 |
| Prior year | | 545,419 | - |
| Deferred tax | | | |
| Deferred tax relating to the origination and reversal of temporary differences | | (14,524,250) | (6,028,932) |
| | | <u>12,008,147</u> | <u>19,864,431</u> |

30.1 The provision for current taxation has been made on turnover under section 113 and indirect exports in terms of section 154(3) of the Income Tax Ordinance, 2001 which falls under minimum tax regime and final tax regime respectively.

30.2 The reconciliation between accounting profit and tax expense is meaningless in view of the tax provision made under minimum tax and final tax regime as mentioned in Note 30.1 above.

| 31. EARNINGS PER SHARE - BASIC AND DILUTED | | 2022 | 2021 |
|--|--|-------------------|-------------------|
| 31.1 Earnings per share - Basic | | | |
| Profit for the year (Rupees) | | <u>32,846,265</u> | <u>76,262,707</u> |
| Weighted average number of ordinary shares outstanding during the year | | <u>15,177,000</u> | <u>15,177,000</u> |
| Earnings per share - basic (Rupees) | | <u>2.16</u> | <u>5.02</u> |

31.2 Earnings per share - Diluted

A diluted earnings per share have not been presented as the Company does not have any convertible instruments in issue as at June 30, 2022 and 2021 which would have any effect on the earnings per share if the option to convert is exercised.

32. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

| | 2022 | | |
|-------------------------|------------------|------------------|------------------|
| | Chief Executive | Directors | Executives |
| | [Rupees] | | |
| Managerial remuneration | 2,400,000 | 3,600,000 | 3,433,762 |
| House rent allowance | - | - | 1,373,505 |
| Utilities allowance | - | - | 343,377 |
| | <u>2,400,000</u> | <u>3,600,000</u> | <u>5,150,644</u> |
| Number of persons | <u>1</u> | <u>2</u> | <u>2</u> |
| | 2021 | | |
| | Chief Executive | Directors | Executives |
| | [Rupees] | | |
| Managerial remuneration | 1,500,000 | 2,100,000 | 3,284,280 |
| House rent allowance | - | - | 1,313,711 |
| Utilities allowance | - | - | 328,428 |
| Provident fund | - | - | 273,581 |
| | <u>1,500,000</u> | <u>2,100,000</u> | <u>5,200,000</u> |
| Number of persons | <u>1</u> | <u>2</u> | <u>2</u> |

V. H. B. S.

33. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, entities under common directorship, directors, major shareholders, key management personnel and retirement benefit fund. The Company in the normal course of business carries out transactions with these related parties. Amounts due from and due to related parties, if any, are shown under relevant notes to financial statements. Remuneration to chief executive, directors and key management personnel is disclosed in note 32. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

| Name | Nature of transactions | 2022 Rupees | 2021 Rupees |
|---|------------------------------------|----------------|----------------|
| Asim Textile Mills Limited, Employees' Provident Fund Trust | Company's contribution to the fund | 5,121,700 | 4,773,418 |
| CEO/directors/members | Expenses paid - net | 2,999,821 | 3,958,004 |
| Mr. Zahid Anwar, Chief Executive Officer | Sale of vehicle | 925,000 | - |
| Zeeshan Energy Limited | Purchase/advance of electricity | - | 62,460,596 |

33.1 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place.

| Company Name | Basis of Relationship | Common Directorship / Percentage of shareholding | Address and Country of Incorporation |
|---|------------------------|--|--|
| J.A. Textile Mills Limited | Associated Undertaking | Common Directors | JK House, 32-W, Susan Road, Madina Town, Faisalabad, Pakistan. |
| Zeeshan Energy Limited | Associated Undertaking | Common Directors | JK House, 32-W, Susan Road, Madina Town, Faisalabad, Pakistan. |
| Asim Textile Mills Limited, Employees' Provident Fund Trust | Trustees | N/A | JK House, 32-W, Susan Road, Madina Town, Faisalabad, Pakistan. |

34. PLANT CAPACITY AND ACTUAL PRODUCTION

| | [UOM] | 2022 | 2021 |
|---|---------|------------|------------|
| Installed capacity after conversion into 20/s | [KGs] | 11,407,803 | 11,407,803 |
| Actual production after conversion into 20/s | [KGs] | 8,998,553 | 9,240,827 |

34.1 Reasons for shortfall

The decrease in actual production during the year when compared with capacity is mainly on account of:

- The actual production is planned to meet the internal demand and orders in hand.

35. NUMBER OF EMPLOYEES

| | 2022 | 2021 |
|---|------|------|
| Average number of employees during the year | 548 | 555 |
| Number of employees at end of the year | 545 | 559 |

36. SHARIAH SCREENING DISCLOSURE

| | Note | 2022 Rupees | 2021 Rupees |
|---|-----------|----------------------|----------------------|
| Loans/advances as per Islamic mode | | | |
| Short term borrowings | 21 | 417,590,707 | 417,590,707 |
| Shariah compliant bank deposits/bank balances | | | |
| Bank balances | | 44,307,970 | 1,627,736 |
| Profit earned from shariah compliant bank deposits / bank balances | | 4,042,518 | 10,705 |
| Revenue earned from a shariah compliant business | | 2,080,169,476 | 1,726,224,177 |
| Gain/loss or dividend from shariah compliant investments | | | |
| Unrealized gain on short term investments | | (1,882,051) | 5,310,959 |
| Exchange gain earned | | - | - |
| Mark up on Islamic mode of financing | 20 | 194,161,422 | 194,161,422 |
| Profits or interest on any conventional loan or advance | | | |
| Profit on deposit accounts | | 8,895,752 | 9,396,380 |
| Profit on deposit with SMCBI | 29 | - | - |

Relationship with shariah compliant banks

| Name of institutions | Relationship with institutions |
|--------------------------------|--------------------------------|
| Al Barka Bank Pakistan Limited | Bank balance |
| Meezan Bank Limited | Bank balance |
| Faysal Bank Limited | Short term borrowings |

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value hierarchy

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

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

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

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

Level 1 : Fair value measurements using quoted (unadjusted) in active markets for identical asset or liability.

Level 2 : Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

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



38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. The Company follows an effective cash management and planning policy and maintains flexibility in funding by keeping committed credit lines available. Market risks are managed by the Company through the adoption of appropriate policies to cover currency risks and interest rate risks.

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

- Market risk
- Credit risk
- Liquidity risk

38.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk, currency risk and other price risk such as equity risk. The sensitivity analysis in the following sections relate to the position as at June 30, 2022 and 2021.

38.1.1 Interest rate risk:

Interest rate risk represents 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 the interest rate exposure arises from deposit with SNGPL and balances in deposit accounts.

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

| | 2022 Rupees | 2021 Rupees |
|-----------------------------------|----------------|----------------|
| Variable rate instruments | | |
| Security deposit with SNGPL | 12,640,417 | 12,258,028 |
| Bank balances in deposit accounts | 50,831,089 | 262,927,057 |

Cash flow sensitivity analysis for variable rate instruments

The following analysis demonstrates the sensitivity to a change in interest rates of 1%, with all other variables held constant, of the Company's profit before tax. This analysis is prepared assuming the amounts of floating rate instruments outstanding at reporting date were outstanding for the whole year.

| | 2022 Rupees | 2021 Rupees |
|--|----------------|------------------|
| Effect on profit and loss of an increase in interest rate for deposit with SNGPL | 117,682 | 114,122 |
| Effect on profit and loss of an increase in interest rate for balances in deposit accounts | 473,237 | 2,447,851 |
| | <u>590,919</u> | <u>2,561,973</u> |

Decrease in interest rates at June 30 would have had the equal but opposite effect of these amounts. Sensitivity analysis has been prepared on symmetric basis.

38.1.2 Currency risk / Foreign Exchange 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 foreign currency transactions.

Exposure to Currency Risk

The Company's exposure to currency risk is restricted to the balance in foreign currency bank account. The Company's exposure to currency risk is as follows:

| Particulars | Currency | 2022 | | 2021 | |
|--------------|----------|------------|----------------|------------|----------------|
| | | F.Currency | Rupees | F.Currency | Rupees |
| Bank balance | US \$ | 1,000 | 205,500 | 1,000 | 157,800 |
| | SAR | 2,461 | 134,961 | 2,461 | 103,657 |
| | | | <u>340,461</u> | | <u>261,457</u> |

The following significant exchange rates have been applied as at reporting date:

| Foreign Currency | 2022 | | 2021 | |
|------------------|-----------------|--------|-----------------|--------|
| | Selling | Buying | Selling | Buying |
| | [R U P E E S] | | [R U P E E S] | |
| US \$ | 206.00 | 205.50 | 158.30 | 157.80 |

Currency rate sensitivity analysis

If the functional currency, at reporting date, had weakened by 5% against the foreign currencies with all other variables held constant, the profit before taxation would have increased for the year 2022 and 2021 by the following amounts:

| Foreign Currency | 2022 Rupees | 2021 Rupees |
|------------------|---------------|---------------|
| US \$ | 9,566 | 7,346 |
| SAR | 6,282 | 4,825 |
| | <u>15,848</u> | <u>12,171</u> |

A 5% strengthening of the functional currency against foreign currencies at June 30 would have had the equal but opposite effect of these amounts.

Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. The analysis assumes that all other variables remained constant.

38.1.3 Other price risk:

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is exposed to price risk, because of the investments held by the Company in mutual funds, and classified on the statement of financial position as fair value through other comprehensive income. To manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio.

Short term investments include fair value through other comprehensive income of Rs. 21,907,894/- (2021: 23,651,905/-) which were subject to price risk.

If redemption price on mutual funds, at the year end date, fluctuate by 5% higher / lower with all other variables held constant, profit after tax for the year would have been Rs. 764,859/- (2021: 825,747/-) higher / lower, mainly as a result of higher / lower redemption price on units of mutual funds.

38.2 Credit risk:

Credit risk is the risk representing accounting loss that would be recognized at the reporting date if one party to a financial instrument will fail to discharge an obligation or its failure to perform duties under the contract as contracted. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations that is susceptible to changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry. The maximum exposure to credit risk at the reporting date is as follows :

| | 2022 Rupees | 2021 Rupees |
|------------------------|--------------------|--------------------|
| Long term deposits | 22,560,795 | 15,038,156 |
| Trade debts | 22,722,482 | 59,992,572 |
| Advances | 264,000 | 300,000 |
| Short term investments | 21,907,894 | 23,651,905 |
| Accrued income | 1,025,107 | 449,870 |
| Bank balances | 120,372,875 | 413,616,909 |
| | <u>188,853,153</u> | <u>513,049,412</u> |

Long term deposits have been mainly placed with suppliers of electricity, gas and telecommunication services and bank guarantee margin. Considering the financial position and credit quality of the institutions, the Company's exposure to credit risk is not significant.

For trade debts, internal risk assessment process determines the credit quality of the customers, taking into account their financial positions, past experiences and other factors. Moreover, the management regularly monitors and reviews customers' credit exposure. Accordingly, the Company is not exposed to any significant credit risk.

Advances consist of advances to employees. Advances to employees are secured against employees' retirement benefits. Other receivable constitute additional sales tax receivable from parties. Therefore, the Company is not exposed to any significant credit risk on these advances and other receivables.

Short term investments are investment in mutual funds. The credit risk on liquid funds is limited because counter party is bank with reasonably high credit ratings.

| | 2022 [Credit Ratings] | 2021 [Credit Ratings] |
|-----------------------------|-------------------------|-------------------------|
| NBP Fund Management Limited | AM1 | AM1 |
| JS Investments Limited | AM2 | AM2 |

The credit quality of the Company's bank balances can be assessed by reference to external credit ratings or to historical information about counterparty default rate:

| Name of Bank | Date | Long term | Short term | Outlook | Agency |
|-------------------------------------|-----------|-----------|------------|---------|---------|
| Al-Barka Bank (Pakistan) Limited | 29-Jun-22 | A+ | A-1 | Stable | JCR-VIS |
| Dubai Islamic Bank Pakistan Limited | 29-Jun-22 | AA | A-1+ | Stable | JCR-VIS |
| Faysal Bank Limited | 30-Jun-22 | AA | A-1+ | Stable | JCR-VIS |
| Habib Bank Limited | 29-Jun-22 | AAA | A-1+ | Stable | JCR-VIS |
| JS Bank Limited | 23-Jun-22 | AA- | A1+ | Stable | PACRA |
| MCB Bank Limited | 23-Jun-22 | AAA | A1+ | Stable | PACRA |
| Meezan Bank Limited | 29-Jun-22 | AAA | A-1+ | Stable | JCR-VIS |
| National Bank of Pakistan | 27-Jun-22 | AAA | A-1+ | Stable | JCR-VIS |
| United Bank Limited | 30-Jun-22 | AAA | A-1+ | Stable | JCR-VIS |

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

38.3 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 risk is to maintain sufficient level of liquidity by holding highly liquid assets and the availability of funding through an adequate amount of committed credit facilities. This includes maintenance of balance sheet liquidity ratios through working capital management. Further, liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board. The management believes that the Company is not exposed to any liquidity risk.

The following are the contractual maturity analysis of financial liabilities as at June 30, 2022 and 2021:

| | 2022 | | | | |
|--------------------------------|--------------------|------------------------|--------------------|-------------------------------------|------------------------------------|
| | Carrying amount | Contractual cash flows | Within 6 months | More than 6 months and up to 1 year | More than 1 year and up to 5 years |
| | [R u p e e s] | | | | |
| Financial Liabilities : | | | | | |
| Trade and other payables | 113,311,449 | 113,311,449 | 113,311,449 | - | - |
| Accrued markup | 194,161,422 | 194,161,422 | 194,161,422 | - | - |
| Short term borrowings | 417,590,707 | 417,590,707 | 417,590,707 | - | - |
| | <u>725,063,578</u> | <u>725,063,578</u> | <u>725,063,578</u> | <u>-</u> | <u>-</u> |
| | 2021 | | | | |
| | Carrying amount | Contractual cash flows | Within 6 months | More than 6 months and up to 1 year | More than 1 year and up to 5 years |
| | [R u p e e s] | | | | |
| Financial Liabilities : | | | | | |
| Trade and other payables | 100,569,648 | 100,569,648 | 100,569,648 | - | - |
| Accrued markup | 194,161,422 | 194,161,422 | 194,161,422 | - | - |
| Short term borrowings | 417,590,707 | 417,590,707 | 417,590,707 | - | - |
| | <u>712,321,777</u> | <u>712,321,777</u> | <u>712,321,777</u> | <u>-</u> | <u>-</u> |

39. CAPITAL RISK MANAGEMENT

The primary objective of the Company's capital management is to safeguard the Company's ability to continue as a going concern, maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, so that it can continue to provide returns for shareholders thereby maximizing their wealth, benefits for other stakeholders and reduce the cost of capital.

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

As at June 30, 2022 and 2021, the Company had surplus reserves to meet its requirements

40. DATE OF AUTHORIZATION FOR ISSUE

07 October, 2022

The financial statements were authorized for issue on ----- by the Board of Directors of the Company.

41. GENERAL

41.1 Corresponding figures

Corresponding figures have been rearranged and reclassified wherever necessary for the purpose of better presentation. However, during the year no major reclassification is made in the corresponding figures.

41.2 Rounding

Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

PATTERN OF SHAREHOLDING
Consolidated (CDC & Non-CDC)
As at June 30, 2022

| Number of shareholders | Shareholding | | Shares held |
|---------------------------|--------------|---------|-------------------|
| | From | To | |
| 119 | 1 | 100 | 10,040 |
| 1648 | 101 | 500 | 781,023 |
| 67 | 501 | 1000 | 64,460 |
| 122 | 1001 | 5000 | 317,077 |
| 38 | 5001 | 10000 | 314,100 |
| 10 | 10001 | 15000 | 124,700 |
| 6 | 15001 | 20000 | 115,500 |
| 5 | 20001 | 25000 | 114,500 |
| 3 | 25001 | 30000 | 86,000 |
| 1 | 30001 | 35000 | 34,000 |
| 1 | 35001 | 40000 | 39,000 |
| 2 | 45001 | 50000 | 96,000 |
| 3 | 60001 | 65000 | 188,400 |
| 1 | 80001 | 85000 | 82,700 |
| 2 | 100001 | 105000 | 202,300 |
| 1 | 110001 | 115000 | 113,000 |
| 1 | 195001 | 200000 | 197,500 |
| 2 | 245001 | 250000 | 500,000 |
| 1 | 820001 | 825000 | 821,300 |
| 1 | 865001 | 870000 | 869,150 |
| 1 | 995001 | 1000000 | 997,050 |
| 2 | 1515001 | 1520000 | 3,033,800 |
| 1 | 2085001 | 2090000 | 2,087,100 |
| 1 | 3985001 | 3990000 | 3,988,300 |
| 2,039 | | | 15,177,000 |

ASIM TEXTILE MILLS LIMITED
DETAIL CATEGORIES OF SHAREHOLDERS
AS ON 30-06-2022

| CATEGORIES OF SHAREHOLDERS | | TOTAL SHARES | % |
|--|--|--------------|-------|
| 5.1 Directors/Chief Executive Officer and their spouse and minor Children | | | |
| 1 | MR. ZAHID ANWAR | 3,988,300 | 26.28 |
| 2 | MR. IMRAN ZAHID | 1,618,400 | 10.66 |
| 3 | MR. ZEESHAN ZAHID | 1,516,900 | 9.99 |
| 4 | MS. NOORULAIN ZAHID | 997,050 | 6.57 |
| 5 | MR. MUHAMMAD ANWAR UL HAQ | 500 | 0.00 |
| 6 | MR. MUHAMMAD ZULQARNAN | 500 | 0.00 |
| 7 | MR. ALI RAZA | 500 | 0.00 |
| TOTAL: | | 8,122,150 | 53.52 |
| 5.2 Associated Companies, Undertakings and related parties | | | |
| TOTAL: | | 0 | 0.00 |
| 5.3 NIT and ICP | | | |
| 1 | INVESTMENT CORP.OF PAKISTAN | 23,500 | 0.15 |
| TOTAL: | | 23,500 | 0.15 |
| 5.4 Banks, DFIs, NBFIs | | | |
| 1 | SAUDI PAK IND.& AGRI. INV. CO. (PVT.) LTD. | 12,700 | 0.08 |
| 2 | NATIONAL BANK OF PAKISTAN | 642 | 0.00 |
| 3 | NATIONAL BANK OF PAKISTAN | 121 | 0.00 |
| 4 | FAYSAL BANK LIMITED | 7,500 | 0.05 |
| 5 | THE BANK OF KHYBER | 26,000 | 0.17 |
| 6 | THE BANK OF PUNJAB | 400 | 0.00 |
| 7 | NATIONAL BANK OF PAKISTAN - TRUSTEE WING | 100,800 | 0.66 |
| TOTAL: | | 148,163 | 0.98 |
| 5.5 Insurance Companies | | | |
| TOTAL: | | 0 | 0.00 |
| 5.6 Modarabas and Mutual Funds | | | |
| 1 | CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST | 821,300 | 5.41 |
| TOTAL: | | 821,300 | 5.41 |
| 5.7 Shareholding 5% or more | | | |
| 1 | CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST | 821,300 | 5.41 |
| TOTAL: | | 821,300 | 5.41 |
| 5.8 General Public | | | |
| 1.996.0+ .000 | | 6,010,386 | 39.60 |
| b- Foreign | | | 0.00 |

ASIM TEXTILE MILLS LIMITED
 DETAIL CATEGORIES OF SHAREHOLDERS
 AS ON 30-06-2022

| CATEGORIES OF SHAREHOLDERS | TOTAL SHARES | % |
|----------------------------|--------------|-------|
| TOTAL: | 6,010,386 | 39.60 |

5.9 Others - Joint Stock Companies

| | | | |
|--------|----------------------------|-------|------|
| 1 | MAPLE LEAF CAPITAL LIMITED | 1 | 0.00 |
| 2 | NH HOLDINGS (PVT) LTD | 1,000 | 0.01 |
| TOTAL: | | 1,001 | 0.01 |

5.9 Others - Trust

| | | | |
|--------|--|---|------|
| TOTAL: | | 0 | 0.00 |
|--------|--|---|------|

5.9 Others

| | | | |
|--------|--|--------|------|
| 1 | INKAGA CONSULTANTS (PVT.) LTD. | 500 | 0.00 |
| 2 | BROADAXIS TECHNOLOGIES (PRIVATE) LIMITED | 50,000 | 0.33 |
| TOTAL: | | 50,500 | 0.33 |

| | | | |
|--------------|--|------------|--------|
| Grand Total: | | 15,177,000 | 100.00 |
|--------------|--|------------|--------|

ASIM TEXTILE MILLS LIMITED

ANNUAL GENERAL MEETING

FORM OF PROXY

IMPORTANT

This Form of Proxy, in order to be effective, must be deposited duly completed at the Company's Registered Office JK House, 32-W, Susan Road, Madina Town, Faisalabad, not less than 48 hours before the time of holding the meeting.

A proxy must be a member of the Company. Signature should agree with the specimen registered with the company

Please quote Registered Folio Number

I/We-----
of-----
being a member of the Asim Textile Mills Limited-----and holder
of-----ordinary shares, hereby appoint
-----of-----

who is also a member 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 at registered office of the Company, JK House, 32-W, Susan Road, Madina Town, Faisalabad, on 30.06.2022 at 9:30 a.m or at any adjournment thereof.

As witness my/our hand this -----day of -----2022

Signed by the said-----in the presence of

Date: _____
(Member's Signature)

Place _____
(Witness's Signature)

Affix Rs. 5/-
revenue stamp which
must be cancelled
either by signature
over it or by some
other means

پراکسی فارم (مختار عامہ)

کمپنی ریکارڈری
عام ٹیکسٹائل ملز لمیٹڈ
W-32 سوسائ روڈ مدینہ ٹاؤن فیصل آباد

میں اہم

ساکن

بجائیت رکن عام ٹیکسٹائل ملز لمیٹڈ اور حامل عام حصص بمطابق شیئر رجسٹر فوئیو نمبر
(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر نمبر پارٹنر شپ آئی ڈی نمبر)

بذریعہ ہذا

محترم / محترمہ ساکن

جو کمپنی کا ممبر ہے بمطابق شیئر رجسٹر فوئیو نمبر

ساکن جو کمپنی کا ہے بمطابق شیئر رجسٹر فوئیو نمبر کو

مورخہ 28 اکتوبر 2022ء (بروز جمعہ) صبح 09:00 منقذ ہونے والے کمپنی کے صدر دفتر W-32 سوسائ روڈ مدینہ ٹاؤن فیصل آباد میں اجلاس عام میں حق رائے دہی استعمال کرنے،

تقریری اور شرکت کرنے کیلئے اپنا/ہمارا بطور مختار نامہ یا پروکسی فارم مقرر کرتا ہوں کرتے ہیں۔

بطور گواہ میرے دستخط----- آج بروز----- تاریخ----- 2022

دستخط گواہ

دستخط گواہ

5 روپے کارسیدی

ٹکٹ چسپاں کریں

نوٹ:

1- پر آکسیاں تاکہ موعہ ہو سکیں کمپنی کار رجسٹر دفتر / صدر دفتر میں باقاعدہ ممبر، دستخط اور گواہی شدہ اجلاس سے کم از کم 48 گھنٹے قبل پہنچ جانی چاہیں۔








2- دستخط کمپنی کے ہاں رجسٹرڈ نمونہ دستخطوں کے مطابق ہونے چاہئیں۔










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