



**Ashfaq Textile Mills Ltd.**

ISO-9002 CERTIFIED

established since 1988



**33<sup>rd</sup> ANNUAL REPORT 2021**

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

شروع اللہ کے نام سے جو بڑا مہربان اور نہایت رحم والا ہے

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mr. Ashfaq Ahmad  
(Chief Executive / Managing Director)

Mr. Nadeem Ashfaq  
(Executive Director)

Mr. Waseem Ashfaq  
(Executive Director)

Mrs. Shazia Amjad  
(Non-Executive Director)

Mrs. Nazia Irfan  
(Non-Executive Director)

Muhammad Idrees  
(Non-Executive Director)

Mr. Saad Zubair  
(Independent, Non-Executive Director)

Mr. Muhammad Aqeel Idrees  
(Independent, Non-Executive Director)

### COMPANY SECRETARY

Mr. Nisar Ahmad

### CHIEF FINANCIAL OFFICER (CFO)

Mr. Mohammad Anwar Javed

### AUDITORS

RSM Avais Hyder Liaqat Nauman.  
Chartered Accountants

### BANKERS

United Bank Limited.

### AUDIT COMMITTEE

Mr. Saad Zubair (Chairman)  
Mr. Nisar Ahmad (Secretary)  
Mrs. Shazia Amjad (Member)  
Mr. Mohammad Aqeel Idrees (Member)

### HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Saad Zubair (Chairman)  
Mrs. Nazia Irfan (Member)  
Mr. Muhammad Aqeel Idrees (Member)

### SHARE REGISTRAR

M/s FD Registrar Services (SMC-PVT) Ltd.  
1705, 17th Floor, Saima Trade Tower A,  
I.I. Chundrigar Road, Karachi.

### MAILING ADDRESS

8-A/1, Officers Colony, Susan Road,  
Faisalabad.

### REGISTERED OFFICE

17 K.M. Main Faisalabad, Jaranwala  
Road, Faisalabad.

### CONTACT DETAILS

Phones: 92 (41) 2435101-04

Fax: 92 (41) 2435105

### E-mail

[info@ashfaqtextile.com](mailto:info@ashfaqtextile.com)

### Web-Site

[www.ashfaqtextile.com](http://www.ashfaqtextile.com)

## ASHFAQ TEXTILE MILLS LIMITED.

### NOTICE OF MEETING

32<sup>nd</sup> Annual General Meeting of ASHFAQ TEXTILE MILLS LIMITED, will be held at the Registered Office of the Company, 17 K.M. Jaranwala Road, Faisalabad on Thursday 28<sup>th</sup> October, 2021 at 09:00 a.m. to transact the following business:-

#### Ordinary Business:

1. To confirm minutes of the last Meeting.
2. To receive, consider and adopt audited financial statements of the company for the year ended on 30<sup>th</sup> June 2021 together with the Directors and Auditors reports thereon.
3. To appoint auditors for the year ending June 30, 2022 and to fix their remuneration.
4. To transact any other ordinary business with the permission of the Chair.

By Order of the Board

Faisalabad: September 30, 2021.

Ashfaq Ahmad  
Chief Executive

#### NOTES:

1. The share transfer books of the Company shall remain closed from 20<sup>th</sup> October, 2021 to 27<sup>th</sup> October, 2021 (both days inclusive) and no transfer will be accepted during this period.
2. Share transfer received at the Companies Registrars office, M/s FD Registrar Services (SMC-PVT) Ltd., Office # 1705, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi before the close of business on 19<sup>th</sup> October 2021 will be treated in time.
3. A member entitled to attend and vote at the general meeting is entitled to appoint another member as proxy. Proxies, in order to be effective, must be received at the Companies registered office not less than 48 hours before the time of meeting.
4. Shareholders are requested to notify the change in their address if any, immediately.
5. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1, dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

#### A. Attending of Meeting in Person:

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

#### B. Appointment of Proxies:

- i) In case of individuals, the Account and sub-account holders and/or the person whose securities are in group account and their registration detail are uploaded as per the regulations, shall submit the proxy form as per the following requirement.
- ii) The proxy form shall be witnessed by two members whose names, address and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CNIC/original passport at the time of the meeting.
- v) In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted and affixed its common seal (unless it has been provided earlier) along with proxy form to the company.
- vi) Members who have not yet submitted copy of their computerized National Identity Card (CNIC) to the company are requested to send at the earliest.

## **BRIEF HISTORY OF THE COMPANY**

Ashfaq Textile Mills Limited was incorporated on January 14, 1988 as a Private Limited Company under the Companies Ordinance 1984 and subsequently converted into a Public Limited Company. Its Shares are quoted on the Pakistan Stock Exchange Limited Karachi. The Company is ISO – 9002 certified. The Mills is located at 17– K.M. Jaranwala Road, Faisalabad. The Company is engaged in the Manufacturing and Sale of Textile goods. Ashfaq Textile Mills Limited is a Weaving unit having 243 Sulzer Shuttleless Machines in operation.

At present the average production capacity of the plant is 30.711 Million Sq. Meters on 60 picks per annum three shifts per day. The Company has produced 30.675 Million Sq. Meters on 60 picks on the basis of 356 days three shifts per day.

## **VISION**

**To play a meaningful role in the economy of Pakistan by accepting the challenge of barrier free trade as a dynamic force.**

## **MISSION**

**To serve the customers by providing quality and high standard products and to expand the sales of the Company through quality control measures and good Governance.**

**To serve hard for boosting Exports of the country to earn more foreign exchange for tremendous growth of the economy.**

## DIRECTORS' REPORT

We are pleased to present our 32nd Annual Report and Audited Accounts for the year ended June 30, 2021.

Highlights	2021	2020	Variance %
Sales	453.352	387.086	17.12
Gross Profit	54.292	52.179	4.05
Profit / (Loss) Before Tax	16.860	17.252	(2.27)
Profit / (Loss) After Tax	11.137	15.095	(26.22)
EPS	0.27	0.39	(30.77)

Your Company earned a profit of Rs.16.860 million before tax in comparison to last year profit of Rs.17.252 million. Although COVID pandemic made its negative impact on the overall market, yet we were able to keep the flow of orders coming and passed through the global slow down. We are hopeful that in the coming months positive trend will prevail as the world is opening up gradually after strict lockdowns due to covid-19.

Government is showing all the positive signs to focus on the industry and business in Pakistan, however, more focus needs to be on the higher no of inflation which is making the cost of doing business go higher thus making us less competitive in the market.

The Board of Director in its meeting held on September 30, 2021 has pleased to approved the issue of bonus shares in the proportion of 1 (one) bonus share for every 10 (ten) shares held i.e. 10% to all shareholders of the Company.

### Marketing strategy and future prospects

The constantly increasing inflation is making a negative impact on the cost of our business. We have been following a policy of cost reduction and our target market is domestic which is slowly absorbing the hike in prices. We believe that this current policy is proving successful, therefore we will continue penetrating further more in the local market.

### Corporate Social Responsibility

We strongly believe that it is our social responsibility to give back to the community. We are pleased to share that this year we contributed Rs. 1,600,000 to "Faisalabad Liver Foundation Trust" for free medicines and liver related lab tests totally free to deserving patients.

### Principal Risks and Uncertainties

The Company is exposed to certain inherent risks and uncertainties. However, we consider the following as key risks:

- Adverse movement in foreign exchange rates and commodity prices;
- Market disruption due to changes in tax laws and regulations to widen the tax net.

### Internal Financial Controls

The directors are aware of their responsibility with respect to internal financial controls. Through discussions with management and auditors (both internal and external), they confirm that adequate controls have been implemented by the Company.

### Corporate Governance

The statement of compliance with the best practice of Code of Corporate Governance is annexed.

### Corporate and Financial Reporting Frame Work

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

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of account of the company have been maintained.
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 Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the company's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance, as detailed in the Listing Regulations of the Pakistan Stock Exchange.
8. The Board held four meetings during the year. Attendance by each director was as follows;

Sr.No.	Name of Director	No. of Meetings Attended
1	Mr. Ashfaq Ahmad	04
2	Mr. Nadeem Ashfaq	04
3	Mr. Waseem Ashfaq	04
4	Mr. Muhammad Aqeel Idrees	04
5	Mrs. Shazia Amjad	04
6	Mrs. Nazia Irfan	04
7	Muhammad Idrees	04
8	Mr. Saad Zubair	04

Leave of absence was granted to directors who could not attend one Board meeting.

9. Key operating and financial data for the last six years are annexed.
10. **Audit Committee**

Mr. Saad Zubair (Chairman)  
Mr. Nisar Ahmad (Secretary)  
Mrs. Shazia Amjad (Member)  
Mr. Muhammad Idrees (Member)

The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company. The meeting was also attended by the Head of Internal Audit and External Auditors as and when it was required.

11. **Human Resources and Remuneration Committee.**

The Board has also formed an Human Resources and Remuneration Committee, which comprises of the following:

Mr. Saad Zubair (Chairman)  
Mrs. Nazia Irfan (Member)  
Mr. Muhammad Aqeel Idrees (Member)

The Human Resources and Remuneration Committee met one time during the year. The committee makes recommendations to the Board for maintaining a sound organizational plan of the company, an effective employee development programme and sound compensation and benefit plans, policies and practices designed to attract and retain high caliber personnel for effective management of business with a view to achieve set objectives.

12. **Composition of Board**

The board consists of 6 male and 2 female directors with following composition:

Independent directors	2
Other non-executive directors	3
Executive directors	3
<b>Total number of directors</b>	<b>8</b>

13. **Remuneration Policy of Non-Executive Directors**

The fee of the Non-Executive and Independent Directors for attending the Board and Committee meetings of the Company is determined by the Board from time to time.

14. **Subsequent Events**

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year and the date of this report.

15. **Safety and Environments**

The Company strictly complies with the standards of the safety rules and regulations. It also follows environmental friendly polices.

16. **Trading in Company's Shares**

Directors, CEO, CFO Company Secretary and their spouses and minor children have made the following transaction of company shares.

	<b>Purchase</b>	<b>SALE</b>
Mrs. Mussarat Ashfaq	-	4,000

The CEO, Director, CFO and Executives do not hold any interest in the Company other than that disclosed in the pattern of the shareholding.

17. **Auditors**

The present auditors RSM Avais Hyder Liaquat Nauman, Chartered Accountants are due to retire and being eligible offer themselves for re-appointment. The Audit Committee has recommended their re-appointment.

18. **Pattern of Shareholding**

Pattern of share holding of the Company as on June 30, 2021 is annexed.

19. **Acknowledgement**

We also record our sincere thanks and appreciations to the management of our banks M/S United Bank Ltd., who always helped us when needed.

The Directors are pleased to again record their appreciation of the continued hard work and devotion of the staff and workers of the Company.

**For and on behalf of Board of Director**

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**(ASHFAQ AHMAD)**  
**Chief Executive Officer**

**FAISALABAD**  
**DATE: September 30, 2021.**

### FINANCIAL HIGHLIGHTS

		2021	2020	2019	2018	2017	2016
		(Rupees in Thousand)					
SALES	Rs.	453.352	387.086	321.650	286.602	285,395	299,055
GROSS PROFIT	Rs.	54.292	52.179	42.223	16.970	35,729	32,645
NET PROFIT / (LOSS) AFTER TAX	Rs.	11.137	15.095	3.454	(15.748)	3,628	3,120
FIXED ASSTES	Rs.	963.504	968.234	974.361	724.625	720.905	735.147
LONG TERM LIABILITIES (FINANCIAL INSTITUTION)	Rs.	-	-	-	-	-	-
LONG TERM LIABILITIES (DIRECTORS)	Rs.	-	-	-	-	-	-
ACCUMULATED PROFIT / (LOSS)	Rs.	244.649	253.585	221.280	205.908	207,446	204,513
GROSS PROFIT RATIO	%	11.98	13.48	13.13	5.92	12.52	10.92
NET PROFIT / (LOSS) RATIO	%	2.46	3.90	1.07	(5.49)	1.27	1.04
DEBT EQUITY RATIO	%	0:100	0:100	0:100	0:100	0:100	0:100
CURRENT RATIO	%	7.67	6.69	6.40	5.78	5.36	4.93
EARNING / (LOSS) PER SHARE	%	0.27	0.39	0.10	(0.45)	0.10	0.09
BONUS SHARES	%	10%	-	-	-	-	-
DIVIDEND	Rs.	-	-	-	-	-	-

# ڈائریکٹر رپورٹ

ڈائریکٹر 30 جون 2021 کو ختم ہونے والے سال کے تیسویں سالانہ آڈیٹڈ مالیاتی اسٹیٹمنٹ بعد آڈیٹڈ رپورٹ پیش کرتے ہیں۔ اس سال کے مالیاتی نتائج درج ذیل ہیں۔

تفصیل	سالانہ اہتمام 2021، جون 30	سالانہ اہتمام 2020، جون 30	فرق %
فروخت (Sale)	453.352	387.086	17.12
کل نفع / نقصان	54.292	52.179	4.05
سال کے لیے قبل از ٹیکس نقصان / نفع	16.860	17.252	(2.27)
سال کے لیے بعد از ٹیکس نقصان / نفع	11.137	15.095	(26.22)
آمدنی فی شیئر (EPS)	0.270	0.390	(30.77)

آپ کی کمپنی نے ٹیکس سے پہلے 16.860 ملین روپے کا منافع حاصل کیا جو گذشتہ سال کے منافع کے مقابلے میں 17.252 ملین ہے

اگرچہ عالمی وباء Covid 19 کے مارکیٹ پر منفی اثرات مرتب ہوئے ہیں پھر بھی عالمی سطح پر سست روی کے باوجود فروخت کے آرڈر مل رہے ہیں ہم پر اُمید ہیں کہ آنے والے مہینوں میں مثبت رجحان غالب آئے گا کیونکہ Covid 19 کے باعث سخت لاک ڈاؤن کے بعد اب کاروبار ڈنیا میں گھل رہا ہے حکومت پاکستان مثبت حالات دکھا کر پاکستان کے کاروباری مالکان کی توجہ کاروبار پر مرکوز کر رہی ہے۔ تاہم ابھی مہنگائی کے اُپر بہت زیادہ توجہ کی ضرورت ہے جو کہ کاروبار کی لاگت کو بہت زیادہ بڑھا رہی ہے۔ جس کی وجہ سے ہم مارکیٹ میں مقابلہ نہیں کر پارے

بورڈ آف ڈائریکٹرز کی میٹنگ جو کہ ستمبر 2021، 30 میں ہوئی اور بورڈ نے اس سال بھی بخوشی 10% بونس شیئرز (جس کا تناسب ہر 10 شیئرز پر 1 شیئر بنتا ہے) منظور کیا ہے

## مارکیٹ کے حالات اور مستقبل کے خدوخال

تیزی سے بڑھتی ہوئی مہنگائی ہمارے کاروبار کی لاگت پر منفی اثرات ڈال رہی ہے ہمیں لاگت کم کرنے کی پالیسی پر عمل پیرا ہو کر ملکی مارکیٹ میں مہنگائی کو کنٹرول کرنا ہے۔ ہم یقین رکھتے ہیں کہ موجودہ پالیسی کامیاب ثابت ہو رہی ہے لہذا ہمیں مقامی مارکیٹ میں مزید کامیابی ملے گی۔

## کمپنی کی سماجی ذمہ داری

ہماری سماجی اور معاشرتی ذمہ داری ہے کہ ہم معاشرے کی فلاح میں حصہ ڈالیں۔ لہذا ہم نے پیپائٹنس کے مستحق مریضوں کے (مفت علاج) مکمل ادویات اور سگریٹ سے متعلق ایب ٹیسٹ کے لئے فیصل آباد لیور فاؤنڈیشن ٹرسٹ کو 1,600,000 روپے کا عطیہ دیا۔

## بنیادی خطرات اور بے اعتدالی

کمپنی کو شدید موروثی خطرات اور بے اعتدالی کی وجہ سے درج ذیل بنیادی خطرات متوقع ہیں۔  
 ملکی منفی تحریک کی وجہ سے غیر ملکی تجارتی قیمتوں اور فارن ایکسچینج ریٹ میں اتار چڑھاؤ۔  
 ٹیکس نیٹ کو وسیع کرنے کے لئے ٹیکس قوانین اور ضابطوں میں تبدیلی کاروباری رکاوٹ کا باعث ہے۔

## اندرونی فنانس کنٹرول

اڈیٹرز اور مینجمنٹ کے مشترکہ فیصلوں سے کافی حد تک کمپنی نے کنٹرولز یقینی بنائے ہیں

## کارپوریٹ گورننس

ہم کارپوریٹ گورننس کی تفصیل جس پر پوری طرح عمل کیا گیا ہے ہمراہ ہے۔

## کارپوریٹ اور فنانسنگ رپورٹنگ کا فریم ورک

کوڈ آف کارپوریٹ گورننس پر عمل کرتے ہوئے ہم کارپوریٹ اور فنانسنگ رپورٹنگ کا فریم ورک درج کر رہے ہیں

- 1- کمپنی کی بینجمنٹ فائنیشنل اسٹیٹمنٹس اور کمپنی کے جملا معاملات کاروبار کے نتائج، نقدی بہاؤ اور لین دین میں تبدیلی شفاف اور درست پیش کرتی ہے۔
- 2- کمپنی کے حساب کار اندراج کمپنی آرڈیننس کے مطابق کیا جاتا ہے۔
- 3- مالی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل سے لاگو کیا گیا ہے۔ اکاؤنٹنگ یا اندازے معقول اور دانشمندانہ فیصلے پر مبنی ہے۔
- 4- مالی گوشواروں کو بین الاقوامی اکاؤنٹنگ سٹینڈرڈز کے مطابق رکھا گیا ہے۔
- 5- اندرونی کنٹرول کا نظام مضبوط ہے اور اس کی متحرط طریقے سے نگرانی اور عملدرآمد کیا گیا ہے۔
- 6- کاروبار جاری رکھنے کے لیے کمپنی کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- 7- پاکستان کے اسٹاک ایکسچینج کے اصولوں کے مطابق کارپوریٹ گورننس کے بہترین طریقوں میں سے کوئی مادی تجاوز نہیں ہوا۔
- 8- بینجمنٹ بورڈ کا چاروں اجلاس ہوا جس میں مندرجہ ذیل حاضری رہی۔

نمبر شمار	ڈائریکٹر ان کے نام	حاضری کی تفصیل
1-	اشفاق احمد صاحب	04
2-	ندیم اشفاق صاحب	04
3-	وسیم اشفاق صاحب	04
4-	محمد عقیل اداریس صاحب	04
5-	مسز شازیہ امجد صاحبہ	04
6-	مسز نازیہ عرفان صاحبہ	04
7-	محمد اداریس صاحب	04
8-	سعد ذہیر	04

جن ڈائریکٹرز نے غیر حاضری کے لیے درخواست دی ان کی درخواست کو منظور کیا گیا۔

9- پچھلے چھ سالوں کے کارکردگی کی تفصیل لف ہے۔

10- آڈٹ کمیٹی

بورڈ آف ڈائریکٹرز نے بورڈ آف کارپوریٹس پر عمل کرتے ہوئے آڈٹ کمیٹی کی تشکیل کی ہوئی ہے۔ جس کی تفصیل درج ذیل ہے۔

ممبر	مسٹر سعد زبیر
ممبر	مسٹر نثار احمد
ممبر	مسز شازیہ امجد
ممبر	مرزا محمد اداریس

آڈٹ کمیٹی کی میٹنگ ہر کوارٹر سے پہلے ہوتی ہے۔ اور حساب کتاب کی چھان بین کر کے عبوری اور سالانہ حساب کتاب کی منظوری دیتی ہے۔ میٹنگ میں انٹرنل آڈیٹرز کے سنئیر اور ایکسٹرنل آڈیٹرز بھی شریک ہوتے ہیں۔

11- انسانی وسائل اور معاوضہ کمیٹی

انسانی وسائل اور معاوضہ کمیٹی بورڈ آف ڈائریکٹرز کی طرف سے منظور شدہ قواعد و ضوابط کے مطابق چلتی ہے۔ مندرجہ ذیل اس کے ممبران ہیں۔

ممبر	مسٹر سعد زبیر
ممبر	مسز نازیہ عرفان صاحبہ
ممبر	مسٹر عقیل اداریس

اس کمپنی کے سال میں چھ اجلاس ہوئے جس میں حاضری 96 فیصد رہی۔ اس کمپنی میں بورڈ کو اپنی سفارشات پیش کیں کہ کس طرح کمپنی کو ایک مضبوط ادارے کے طور پر چلایا جائے۔ سلازموں کی فلاح و بہبود کے متعلق بھی بہت سے پلان اور پالیسیوں پر عملدرآمد کے لیے سفارشات کیں تاکہ ادارہ اپنے اہداف حاصل کر سکے۔

## 12- مجموعی بورڈ

کمپنی کا بورڈ مندرجہ ذیل 6 مردوں اور 2 عورتوں پر مشتمل ہے

2	خود کار ڈائریکٹر۔
3	غیر عملی ڈائریکٹر۔
3	عملی ڈائریکٹر۔
8	ڈائریکٹران کی کل تعداد۔

## 13- خود کار ڈائریکٹر اور غیر عملی ڈائریکٹرز کی معاوضہ کی پالیسی۔

خود کار ڈائریکٹر اور غیر عملی اور ڈائریکٹران کا بورڈ میٹنگز اور کمپنی کے اجلاس میں شرکت کا معاوضہ کمپنی بورڈ کے ذریعہ وقت کے ساتھ تعین کرتی ہے۔

## 14- ضمنی واقعات۔

اس مالی سال کے اختتام اور اس رپورٹ کے دورانیہ میں کوئی بڑی تبدیلی اور واقعے کمپنی کی مالی حالت کو متاثر نہیں کرتے

## 15- حفاظتی اقدام اور ماحولیاتی آلودگی سے بچاؤ

ادارہ اس بات پر سختی سے عمل کرتا ہے کہ حفاظتی اقدامات پر پوری طرح عمل کیا جائے جو کہ قانون کے مطابق واجب ہیں اور ماحول کو صاف ستھرا رکھنے کے لیے ہر ممکن اقدام کیا جاتا ہے۔ جس کی وجہ سے ہمارے ادارے کا ماحول صاف ستھرا ہے اور ماحولیاتی ادارے اس کی تعریف کر چکے ہیں۔

## 16- کمپنی کے حصص کی تجارت

کمپنی کے ہملہ ڈائریکٹران بشمول چیف ایگزیکٹو آفیسر، چیف فنانس آفیسر، کمپنی سیکرٹری نے کمپنی کے شیئروں کی درج ذیل تجارت ہوئی۔

خرید	فروخت
1- مسز مسرت اشفاق	4,000

چیف ایگزیکٹو آفیسر، ڈائریکٹر، چیف فنانس آفیسر اور ایگزیکٹوز کو سوائے ان شیئروں کے جن کو بتا دیا گیا ہے اور کسی چیز میں دلچسپی نہ ہے۔

## 17- آڈیٹرز

موجودہ آڈیٹرز میسرز اویس حیدر لیاقت نعمان، چارٹرڈ اکاؤنٹنٹس مستعفی ہو رہے ہیں مگر وہ دوبارہ اپائنٹمنٹ کے لیے اپنے آپ کو پیش کر سکتے ہیں۔

آڈٹ کمپنی نے ان کی دوبارہ اپائنٹمنٹ کی سفارش کی ہے۔

## 19- حصص کی تفصیل

حصص کی تفصیل جو کہ 30 جون، 2021 کو کمپنی کے حصے دار ہیں ان کی تفصیل منسلک ہے۔

## 19- اعتراف

ہم یہ بات ریکارڈ پر لانا چاہتے ہیں اور ہم شکر یہ کے ساتھ تعریف کرتے ہیں۔ اپنی مینجمنٹ کی، اپنے بینکرز میسرز یو بی این ٹی بی لمیٹڈ کی جنہوں نے ہر موقع پر ہمارے ساتھ تعاون کیا ڈائریکٹر صاحبان خوشی سے اپنے کارگیروں کی محنت اور دل لگی سے کام کرنے کی تعریف کرتے ہیں۔

--- SD ---

فیصل آباد

بورڈ آف ڈائریکٹران کی طرف سے

30 ستمبر، 2021

اشفاق احمد

چیف ایگزیکٹو آفیسر



## Review Report by the Chairman

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 an annual evaluation of the Board of Directors of Ashfaq Textile Mills Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended Jun 30, 2021, the Board's overall performance and effectiveness has been assessed as Satisfactory. Improvements are an ongoing process leading to action plans. The above overall assessment is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's responsibility.

The Board of Directors of your Company received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings. The board meets frequently enough to adequately discharge its responsibilities. The non-executive and independent directors are equally involved in important decisions.

Dated : September 30, 2021.

---Sd---  
Shazia Amjad  
Chairman

## چیئر مین کی جائیزہ رپورٹ

اشفاق ٹیکسٹائل ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز کا سالانہ جائزہ لیسنڈ کمپنیز (کوڈ آف کارپوریٹ) گورننس ریگولیشنز 2019 کے تحت کیا جاتا ہے۔ اس جائزے کا مقصد اس امر کو یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور افادیت کو کمپنی کے مختص کردہ مقاصد کے تناظر میں پرکھا جاسکے۔

مالی سال برائے 30 جون، 2021 کے لیے بورڈ کی مجموعی کارکردگی اور افادیت اطمینان بخش قرار پائی ہے۔ بہتری ایک مستقل جاری رہنے والا عمل ہے جس کی مدد سے عملی منصوبہ بندیوں کو ممکن بنایا جاتا ہے۔ مجموعی جائزہ ضروری اجزاء کے انفرادی جائزے پر منحصر ہے جن میں دورانہ لیشی، نصب العین اور اقدار، حکمت عملی کے بنانے میں کردار، پالیسی کی تشکیل، کمپنی میں جاری کاروباری سرگرمیوں کی نگرانی، مالیاتی وسائل کے انتظام کی نگرانی، موثر مالی نگرانی، بورڈ کے کاروبار کو پورا کرنے میں ملازمین کے ساتھ منصفانہ سلوک اور بورڈ کی ذمہ داری کو موثر انداز سے پورا کرنا شامل ہیں۔

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کو اور اس کی کمیٹی کی ملاقاتوں میں ایجنڈا معی دیگر ضروری دستاویزات قبل از وقت موصول ہوئے۔ بورڈ ضروری سرگرمیوں اور ذمہ داریوں کو موثر طریقے سے انجام دینے کے لیے باقاعدگی سے ملاقات کرتا ہے۔ نان ایگزیکٹو اور آڈیٹ ڈائریکٹرز بھی اہم فیصلوں میں برابری کی بنیاد پر شامل ہوتے ہیں۔

دستخط

شازیہ امجد

چیئر مین

مورخہ 30 ستمبر، 2021

## ASHFAQ TEXTILE MILLS LIMITED

PATTERN OF SHAREHOLDING  
FORM "34"  
SHAREHOLDERS STATISTICS  
AS AT JUNE 30, 2021

NUMBER OF SHAREHOLDERS	SHARE HOLDING			TOTAL SHARES HELD
	FROM		TO	
46	1	-	100	1,418
151	101	-	500	42,920
222	501	-	1000	185,662
62	1001	-	5000	131,780
14	5001	-	10000	103,796
8	10001	-	15000	90,012
3	15001	-	20000	53,714
1	20001	-	25000	23,100
1	40001	-	45000	40,994
2	75001	-	80000	155,400
1	95001	-	1000000	99,180
1	130001	-	135000	134,200
1	185001	-	190000	189,500
1	2140001	-	2145000	2,141,150
1	2215001	-	2220000	2,216,500
2	3810001	-	3815000	7,629,600
1	5520001	-	5525000	5,524,312
1	5525001	-	5530000	5,529,403
1	6295001	-	6300000	6,299,599
1	7890001	-	7895000	7,891,260
521				38,483,500

S.NO.	CATAGORIES OF SHAREHOLDERS	NUMBER OF SHARE HOLDERS	TOTAL SHARES HELD	PERCENTAGE
1	INDIVIDUAL	518	38,468,318	99.96
2	COMPANIES	1	6,200	0.02
3	FINANCIAL INSTITUTIONS	1	8,982	0.02
		520	38,483,500	100.00

## CATEGORIES OF SHARE HOLDING

AS AT JUNE 30, 2021

DIRECTORS AND THEIR SPOUSE:	SHARES HELD	%
Mr. Ashfaq Ahmad	7,891,260	20.5056
Mr. Nadeem Ashfaq	5,524,312	14.3550
Mr. Waseem Ashfaq	5,529,403	14.3682
Mrs. Shazia Amjad	2,217,050	5.7610
Mrs. Nazia Irfan	2,216,500	5.7596
Muhammad Idrees	5,500	0.0143
Mr. Saad Zubair	233,380	0.6064
Mr. Muhammad Aqeel Idrees	1,100	0.0029
Mrs. Musarat Ashfaq	6,299,599	16.3696
Mrs. Uzma Nadeem	3,814,800	9.9128
Mrs. Memona Waseem	3,814,800	9.9128
<b>SHAREHOLDERS HOLDING 10% OR MORE:</b>		
Mr. Ashfaq Ahmad	7,891,260	20.5056
Mrs. Musarat Ashfaq	6,299,599	16.3696
Mr. Nadeem Ashfaq	5,524,312	14.3550
Mr. Waseem Ashfaq	5,529,403	14.3682
<b>FINANCIAL INSTITUTIONS:</b>		
IDBL (ICP UNIT)	8,982	0.0233
<b>JOINT STOCK COMPANIES</b>		
NCC - PRE SETTLEMENT DELIVERY ACCOUNT	6,200	0.0161
<b>GENERAL PUBLIC:</b>	920,614	2.63
<b>TOTAL</b>	<b>38,483,500</b>	<b>100</b>

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

**Ashfaq Textile Mills Limited  
For the year ended June 30, 2021.**

The company has complied with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) in the following manner:

1. The total number of directors are eight as per the following:

<b>Gender</b>	<b>Number</b>
Male	6
Female	2

2. The composition of Board is as follows:

<b>Category</b>	<b>Names</b>
Independent Directors	Mr. Saad Zubair Mr. Muhammad Aqeel Idrees
Other Non-Executive Directors	Mr. Muhammad Idrees Mrs. Shazia Amjad Mrs. Nazia Irfan
Executive Directors	Mr. Ashfaq Ahmad Mr. Nadeem Ashfaq Mr. Waseem Ashfaq
Female Directors	Mrs. Shazia Amjad Mrs. Nazia Irfan

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 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 the Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Majority of the Directors of the Company are exempted from the requirement of Directors' Training Program.

10. The Board has approved appointment of Chief Financial Officer and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. Mr. Nisar Ahmad was assigned the responsibilities of Company Secretary of the Company in addition to his other responsibilities of the Company.
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. Saad Zubair     | Chairman  |
| 2) Mr. Nisar Ahmad     | Secretary |
| 3) Mrs. Shazia Amjad   | Member    |
| 4) Mr. Muhammad Idrees | Member    |
- b) HR and Remuneration Committee**
- |                              |          |
|------------------------------|----------|
| 1) Mr. Saad Zubair           | Chairman |
| 2) Mrs. Nazia Irfan          | Member   |
| 3) Mr. Muhammad Aqeel Idrees | Member   |
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:
- |                                   |                             |
|-----------------------------------|-----------------------------|
| a. Audit Committee:               | 4 (four) quarterly meetings |
| b. HR and Remuneration Committee: | 1 (one) annual meeting      |
15. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are 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 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 other requirements of Regulations 3, 6, 7, 8, 27, 32, and 36 of the Regulations have been complied with.

**For and on behalf of the Board of Directors**

---sd--

**Shazia Amjad**  
Chairman

---sd---

**Ashfaq Ahmad**  
Chief Executive Officer



RSM Avasi Hyder Liaquat Nauman  
Chartered Accountants

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Faisalabad - Pakistan

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**Independent Auditor's Review Report  
to the members of Ashfaq Textile Mills Limited**

**Review Report on the statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019**

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

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

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

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

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

Date: **30 SEP 2021**  
Place: Faisalabad

---sd---  
**RSM AVAIS HYDER LIAQUAT NAUMAN  
CHARTERED ACCOUNTANTS**

THE POWER OF BEING UNDERSTOOD  
AUDIT | TAX | CONSULTING

Other Offices at:  
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Karachi : 92 (21) 356 55975-6  
Islamabad : 92 (51) 235 6041-2  
Quetta : 92 (81) 282 9809  
Peshawar : 92 (91) 527 8310-527 7205  
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RSM Avasi Hyder Liaquat Nauman is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.



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## INDEPENDENT AUDITOR'S REPORT

To the members of Ashfaq Textile Mills Limited

Report on the Audit of the Financial Statements

### Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit and 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 ICAP Code of Ethics for Chartered Accountants (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.

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### **Key Audit Matter**

We have determined that there are no key audit matters to communicate in our report.

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

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

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

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

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

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

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

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

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

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



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

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

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

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



### **Report on Other Legal and Regulatory Requirements**

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

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

The engagement partner on the audit resulting in this independent auditor's report is Hamid Masood

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**RSM AVAIS HYDER LIAQUAT NAUMAN**  
**CHARTERED ACCOUNTANTS**

Place: Faisalabad

Date: 30 SEP 2021

**ASHFAQ TEXTILE MILLS LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2021**

		2021	2020			2021	2020
	Note	Rupees	Rupees		Note	Rupees	Rupees
<b>EQUITY AND LIABILITIES</b>				<b>ASSETS</b>			
<b>SHARE CAPITAL AND RESERVE</b>				<b>NON CURRENT ASSETS</b>			
Authorised capital 100,000,000 ordinary shares of Rs.10/- each		<u>1,000,000,000</u>	<u>1,000,000,000</u>	Property, plant and equipment	9	963,503,969	968,234,112
				Long term security deposits	10	4,509,782	4,509,782
						968,013,751	972,743,894
Issued, subscribed and paid up capital	3	384,835,000	349,850,000				
Capital reserve							
Revaluation surplus on property, plant and equipment	4	359,885,481	375,170,445				
Revenue reserve							
Unappropriated profit		244,649,359	253,584,657				
		989,369,840	978,605,102				
<b>NON CURRENT LIABILITIES</b>							
Deferred liability							
Staff retirement gratuity	5	81,205,825	66,602,652				
Deferred taxation	6	121,813,081	122,904,023				
Provision for Gas infrastructure development cess payable	7	-	396,884				
		203,018,906	189,903,559				
<b>CURRENT LIABILITIES</b>				<b>CURRENT ASSETS</b>			
Trade and other payables	8	26,434,649	28,229,372	Stores, spares and loose tools	11	27,226,164	25,541,615
Current portion of Provision for Gas infrastructure development cess payable	7	396,884	353,573	Stock in trade	12	2,289,447	3,864,987
Provision for taxation - income tax	25	6,800,281	5,806,280	Contract costs	19.1.1	2,830,840	2,473,432
		33,631,814	34,389,225	Trade debts	13	83,885,562	67,664,995
				Loans and advances	14	28,531,169	39,980,953
				Prepayments		531,520	486,592
				Other receivables	15	5,767,659	664,342
				Tax refunds due from Government	16	35,217,188	45,633,443
				Cash and bank balances	17	71,727,260	43,843,633
						258,006,809	230,153,992
		<u>1,226,020,560</u>	<u>1,202,897,886</u>			<u>1,226,020,560</u>	<u>1,202,897,886</u>

The annexed notes 1 to 33 form an integral part of these financial statements.

---SD---  
**CHIEF EXECUTIVE OFFICER**

---SD---  
**DIRECTOR**

---SD---  
**CHIEF FINANCIAL OFFICER**

**ASHFAQ TEXTILE MILLS LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 Rupees	2020 Rupees
Sales	18	453,352,098	387,085,364
Cost of sales	19	399,060,101	334,906,629
Gross profit		<u>54,291,997</u>	<u>52,178,735</u>
Other income	20	<u>5,691,000</u>	<u>3,476,162</u>
		59,982,997	55,654,897
Selling cost	21	2,023,476	1,619,660
Administrative expenses	22	37,379,056	34,005,271
Other operating expenses	23	3,639,982	2,311,859
Finance cost	24	80,654	465,309
		<u>43,123,168</u>	<u>38,402,099</u>
Profit for the year before taxation		16,859,829	17,252,798
Provision for taxation	25	5,722,487	2,158,065
Profit for the year		<u>11,137,342</u>	<u>15,094,733</u>
Earnings per share - Basic and diluted	26	<u>0.27</u>	<u>0.39</u>

The annexed notes 1 to 33 form an integral part of these financial statements.

---SD---  
**CHIEF EXECUTIVE OFFICER**

---SD---  
**DIRECTOR**

---SD---  
**CHIEF FINANCIAL OFFICER**

**ASHFAQ TEXTILE MILLS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 Rupees	2020 Rupees
Profit for the year		11,137,342	15,094,733
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Remeasurement of staff retirement gratuity		(524,794)	1,583,967
Deferred tax relating to remeasurement of staff retirement gratuity		152,190	(459,350)
		(372,604)	1,124,617
Total comprehensive income for the year		10,764,738	16,219,350

The annexed notes 1 to 33 form an integral part of these financial statements.

---SD---  
**CHIEF EXECUTIVE OFFICER**

---SD---  
**DIRECTOR**

---SD---  
**CHIEF FINANCIAL OFFICER**

**ASHFAQ TEXTILE MILLS LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	2021 Rupees	2020 Rupees
<b>(a) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year before taxation	16,859,829	17,252,798
Adjustments for:		
Depreciation of property, plant and equipment	43,165,446	43,431,339
Provision for staff retirement gratuity	19,619,269	17,573,750
Provision for gas infrastructure development cess	-	750,457
Loss/(Gain) on disposal of property, plant and equipment	2,390,435	(3,475,215)
Balances written off	-	1,033,187
Finance cost	80,654	465,309
Operating cash flows before working capital changes	82,115,633	77,031,625
Changes in working capital		
Decrease / (Increase) in current assets		
Stores, spares and loose tools	(1,684,549)	3,142,560
Stock in trade	1,575,540	-
Contract costs	(357,409)	(1,463,643)
Trade debts	(16,220,567)	(9,422,449)
Loans and advances	11,462,426	6,116,865
Prepayments	(44,928)	19,503
Other receivables	(5,103,317)	787,105
Tax refunds due from Government	13,002,865	10,813,501
Increase in current liabilities		
Trade and other payables	(1,794,723)	8,689,930
Cash generated from operating activities	82,950,971	95,714,997
Finance cost paid	(80,654)	(737,709)
Income tax paid	(8,266,489)	(8,209,765)
Staff retirement gratuity paid	(5,540,890)	(5,910,212)
Net cash generated from operating activities	69,062,938	80,857,311
<b>(b) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions in property, plant and equipment	(45,025,738)	(44,953,814)
Proceeds from disposal of operating assets	4,200,000	11,125,000
Net cash (used in) investing activities	(40,825,738)	(33,828,814)

	2021 Rupees	2020 Rupees
<b>(c) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Decrease) in gas infrastructure development cess payable	(353,573)	-
(Decrease) in short term bank borrowings - net	-	(7,939,474)
Net cash (used in) financing activities	<u>(353,573)</u>	<u>(7,939,474)</u>
Net Increase in cash and cash equivalents (a+b+c)	27,883,627	39,089,023
Cash and cash equivalents at the beginning of the year	43,843,633	4,754,610
Cash and cash equivalents at the end of the year	<u><u>71,727,260</u></u>	<u><u>43,843,633</u></u>

The annexed notes 1 to 33 form an integral part of these financial statements.

---SD---  
CHIEF EXECUTIVE OFFICER

---SD---  
DIRECTOR

---SD---  
CHIEF FINANCIAL OFFICER

**ASHFAQ TEXTILE MILLS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Capital Reserve	Revenue Reserve	Total	
	Revaluation surplus on property, plant and equipment	Unappropriated profit		
	-----Rupees-----			
Balance as at June 30, 2019	349,850,000	517,348,940	221,279,700	1,088,478,640
Total comprehensive income for the year				
Profit for the year	-	-	15,094,733	15,094,733
Other comprehensive income				
Items that will not be subsequently reclassified to profit or loss				
Remeasurement of staff retirement gratuity			1,583,967	1,583,967
Deferred tax relating to remeasurement of staff retirement gratuity			(459,350)	(459,350)
	-	-	16,219,350	16,219,350
Incremental depreciation on revalued assets for the year - net of deferred tax	-	(16,085,607)	16,085,607	-
Transferred to deferred tax		(126,092,888)		(126,092,888)
Balance as at June 30, 2020	349,850,000	375,170,445	253,584,657	978,605,102
Total comprehensive income for the year				
Profit for the year	-	-	11,137,342	11,137,342
Other comprehensive income				
Items that will not be subsequently reclassified to profit or loss				
Remeasurement of staff retirement gratuity	-	-	(524,794)	(524,794)
Deferred tax relating to remeasurement of staff retirement gratuity			152,190	152,190
	-	-	10,764,738	10,764,738
Incremental depreciation on revalued assets for the year - net of deferred tax	-	(15,284,964)	15,284,964	-
Transaction with owners				
Issue of bonus shares	34,985,000	-	(34,985,000)	-
Balance as at June 30, 2021	384,835,000	359,885,481	244,649,359	989,369,840

The annexed notes 1 to 33 form an integral part of these financial statements.

---SD---  
**CHIEF EXECUTIVE OFFICER**

---SD---  
**DIRECTOR**

---SD---  
**CHIEF FINANCIAL OFFICER**

**ASHFAQ TEXTILE MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**1. GENERAL INFORMATION**

- 1.1 Ashfaq Textile Mills Limited (the Company) was incorporated in Pakistan on January 14, 1988 as a private limited company under the repealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act 2017 on May 30, 2017) and subsequently converted into a public limited company. The Company is listed on Pakistan Stock Exchange Limited. The business of the Company is manufacturing and sale of textiles and rendering of sizing and conversion services. The registered office and mills of the Company are located at 17 K.M. Jaranwala Road, Faisalabad in the Province of Punjab.
- 1.2 The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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 Standard (IFRS's) 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's, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2 Application of new and revised International Financial Reporting Standards (IFRSs)**

**2.2.1 Standards, amendments to standards and interpretations becoming effective in current year**

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Company for the periods beginning on or after July 01, 2020 and therefore, have been applied in preparing these financial statements.

**Amendments to IAS 1 and IAS8 - Definition of Material**

The amendments are made to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The concept of "obscuring" material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from "Could influence" to "Could reasonably be expected to influence".

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments have no material impact on the disclosures or on the amounts reported in the company's financial statements.

### **The Amendments to References to the Conceptual Framework for Financial Reporting**

The Company has adopted amendments to References to the conceptual framework in IFRS,s. The amendments are intended to replace reference to a previous version of the IASB,s conceptual framework with a reference to the current version.

The amendments have no material impact on the disclosures or on the amounts reported in the company's financial statements.

#### **2.2.2 Standards, amendments to standards and interpretations becoming effective in current year but not relevant.**

There are certain amendments to standards that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2020 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

#### **2.2.3 Standards, amendments to standards and interpretations becoming effective in future periods**

There are certain standards, amendments to the IFRS and interpretations that are mandatory for companies having accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

##### **Amendments to IAS 16 - Property, Plant and Equipment**

The amendments prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of 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 recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendments are effective for the annual periods beginning on or after January 01, 2022.

The amendments are not expected to have any material impact on company's financial statements.

##### **Amendments to IAS 1 - Classification of Liabilities as Current or Noncurrent**

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are inexistence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are effective for the annual periods beginning on or after January 01, 2023.

The amendments are not expected to have any material impact on the company's financial statements.

##### **Amendments to IAS1 -Disclosure of Accounting Policies**

In February 2021, the Board issued amendments to IAS 1 the amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments are effective for the annual periods beginning on or after January 01, 2023.

The amendments are not expected to have any material impact on the company's financial statements.

#### **Amendments to IAS 8 - Definition of Accounting Estimates**

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for the annual periods beginning on or after January 01, 2023.

The amendments are not expected to have any material impact on the company's financial statements.

#### **Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgment (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgment is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

The amendments are effective for the annual periods beginning on or after January 01, 2023.

The amendments are not expected to have any material impact on the company's financial statements.

#### **Annual improvements to IFRS – 2018 – 2020**

- IFRS 9 Financial Instruments

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The amendments are not expected to have any material impact on the company's financial statements.

#### **2.2.4 Standards, amendments to standards and interpretations becoming effective in future periods but not relevant.**

There are certain new standards, amendments to standards and interpretations that are effective from different future periods but are considered not to be relevant to the Company's operations, therefore, not disclosed in these financial statements.

### **2.3 Basis of preparation**

These financial statements have been prepared under the historical cost convention except:

- certain property, plant and equipment are stated at valuation.
- staff retirement benefits carried at present value.

**The principal accounting policies adopted are set out below:**

### **2.4 Staff retirement gratuity**

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

## **2.5 Trade and other payables**

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether billed to the Company or not.

## **2.6 Provisions**

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

## **2.7 Provision for taxation**

### **Current**

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

### **Deferred**

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

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

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

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

## **2.8 Dividend and other appropriations**

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

## **2.9 Property, plant and equipment**

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

Depreciation is charged to income applying the reducing balance method at the rates specified in property, plant and equipment note.

Depreciation on additions during the year is charged from the month in which asset is acquired or capitalised, while no depreciation is charged for the month in which asset is disposed off. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

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

Gains or losses on disposal of assets, if any, are recognised as and when incurred.

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these assets are available for use.

Any revaluation increase arising on the revaluation of land, buildings and plant and equipment improvements is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land, buildings and plant and equipment improvements is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revaluation on buildings and plant and equipment improvements to the extent of incremental depreciation charged is transferred to unappropriated profit.

## **2.10 Impairment**

The company assesses at each date of statement of financial position whether there is any indication that assets except deferred tax assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether these are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in statement of profit or loss, unless the relevant assets are carried at revalued amounts, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognised for the assets in prior years. A reversal of an impairment loss is recognised immediately in statement of profit or loss.

## **2.11 Borrowing costs**

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

## **2.12 Stores, spares and loose tools**

These are valued at moving average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice value plus other charges incurred thereon.

## **2.13 Stock in trade**

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

Raw material	Weighted average cost.
Work in process	Average manufacturing cost.
Finished goods	Average manufacturing cost.

Wastes are valued at net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to make the sales. Average manufacturing cost includes cost of direct material, labour and appropriate manufacturing overheads.

## **2.14 Contract costs**

Contract costs are recognised at average manufacturing costs incurred that will be used in satisfying performance obligation in the future less amortisation and impairment loss, if any.

## **2.15 Trade debts and other receivables**

Trade debts are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad are written off when identified. Other receivables are recognised at nominal amount which is fair value of the consideration to be received in future.

## **2.16 Cash and cash equivalents**

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

## **2.17 Foreign currencies**

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

Gains and losses arising on retranslation are included in net profit or loss for the period.

## **2.18 Financial instruments**

### **2.18.1 Financial assets**

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

#### **- Financial assets at amortised cost**

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

#### **- Financial assets at fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income are held within a business model whose objective is both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### **- Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Equity instrument financial assets are measured at fair value at initial recognition and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

#### **2.18.2 Financial liabilities**

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where 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 and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

#### **2.19 Offsetting of financial asset and financial liability**

A financial asset and financial liability is offset and the net amount reported in the statement of financial position, if the Company has a legal enforceable right to offset the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **2.20 Related party transactions**

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

#### **2.21 Revenue recognition**

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

## 2.22 Critical accounting estimates and judgments

The preparation of financial statements in conformity with IASs / IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes 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 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 recognised in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, revaluation of land, buildings and plant and equipment, provision for doubtful receivables and slow moving inventory, staff retirement gratuity and taxation. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

### 3. Issued, subscribed and paid up capital

2020	2021		2021	2020
Number of shares			Rupees	Rupees
20,991,000	20,991,000	Ordinary shares of Rs. 10/- each fully paid in cash	209,910,000	209,910,000
13,994,000	13,994,000	Ordinary shares of Rs. 10/- each fully paid bonus shares	139,940,000	139,940,000
-	3,498,500	Ordinary shares of Rs. 10/- each fully paid bonus shares issued during the period	34,985,000	-
<u>34,985,000</u>	<u>38,483,500</u>		<u>384,835,000</u>	<u>349,850,000</u>

### 4. Revaluation surplus on property, plant and equipment

Opening balance	375,170,445	517,348,940
Incremental depreciation for the year	(21,528,118)	(16,085,607)
Deferred tax related to Surplus	-	(126,092,888)
Incremental depreciation on revalued assets	6,243,154	-
Transferred to deferred tax	6,243,154	(126,092,888)
	<u>359,885,481</u>	<u>375,170,445</u>

4.1 Freehold land, building on freehold land and plant and machinery are carried at valuation. Latest valuation on the basis of market values, has been carried out by independent valuers "M/S Impulse (Private) Limited" on June 30, 2019.

### 5. Staff retirement gratuity

#### 5.1 General description

The scheme provides terminal benefits for all the employees of the Company who attain the minimum qualifying period. Annual charge is based on actuarial valuation carried out as at June 30, 2020 using Projected Unit Credit Method.

	Note	2021 Rupees	2020 Rupees
<b>5.2 The amount recognised in the statement of financial position is as follows :</b>			
Present value of defined benefit obligation		<u>81,205,825</u>	<u>66,602,652</u>

**5.3 Movement in net liability recognised**

Opening balance		66,602,652	56,523,081
Expenses recognised in statement of profit or loss	5.4	19,619,269	17,573,750
Paid / adjusted during the year		(5,540,890)	(5,910,212)
Remeasurement loss / (gain) on obligation		524,794	(1,583,967)
Balance at June 30,		<u>81,205,825</u>	<u>66,602,652</u>

**5.4 Expenses recognised in statement of profit or loss**

Current service cost		11,285,350	9,940,314
Past Service Cost		2,908,181	-
Interest cost		5,425,738	7,633,436
		<u>19,619,269</u>	<u>17,573,750</u>

**5.5 Principal actuarial assumptions**

Discount factor used	10% Per annum	8.5% Per annum
Expected rate of increase in salaries	9% Per annum	7.5% Per annum
Expected average remaining working lives of participating employees	7 years	7 years

**5.6 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is :**

		Reworked defined benefit obligation	
	Change in assumptions	Increase in assumptions	Decrease in assumptions
		-----Rupees-----	
Discount rate	100 bps	75,776,981	87,388,491
Salary increase rate	100 bps	87,580,242	75,505,506

**5.7** The above sensitivity analysis is based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (Projected Unit Credit Method) has been applied as for calculating the liability of staff retirement gratuity.

	Note	2021 Rupees	2020 Rupees
<b>6. Deferred taxation</b>	6.1	<u>121,813,081</u>	<u>122,904,023</u>
Opening balance		122,904,023	-
(Reversal) of deferred tax related to:			
Deferred tax on surplus		-	126,092,888
Incremental depreciation on revalued assets		(6,243,154)	-
Remeasurement of staff retirement gratuity		(152,190)	459,350
Provided/(Reversal) during the year		<u>5,304,402</u>	<u>(3,648,215)</u>
		<u>121,813,081</u>	<u>122,904,023</u>

**6.1 It represents the following:**

Deferred tax liability:			
Difference between accounting and tax bases of assets		145,362,770	142,218,792
Deferred tax asset			
Staff retirement gratuity		<u>(23,549,689)</u>	<u>(19,314,769)</u>
		<u>121,813,081</u>	<u>122,904,023</u>

**7. Provision for Gas infrastructure development cess payable**

		396,884	750,457
Less : Current portion			
Payable within one year		<u>(396,884)</u>	<u>(353,573)</u>
		<u>-</u>	<u>396,884</u>

7.1 This represents amount of arrears payables to Sui Northern Gas Pipelines Limited (SNGPL) in 24 equal monthly installments commenced from August 2020 without the late payment surcharge. The late payment surcharge will be payable in case of delay in the payment of any installment on due date.

	Note	2021 Rupees	2020 Rupees
<b>8. Trade and other payables</b>			
Creditors		7,596,454	9,006,751
Accrued liabilities		15,930,848	13,130,183
Worker's profit participation fund	8.1	905,469	926,574
Worker's welfare fund		344,078	352,098
Sales tax payable		1,268,315	3,830,107
Other		<u>389,485</u>	<u>983,659</u>
		<u>26,434,649</u>	<u>28,229,372</u>

**8.1 Worker's profit participation fund**

Opening balance		926,574	339,706
Interest on funds utilised in the Company's business		<u>51,177</u>	<u>23,454</u>
		977,751	363,160
Amount paid to workers on behalf of the fund		<u>(977,751)</u>	<u>(363,160)</u>
		-	-
Allocation for the year		<u>905,469</u>	<u>926,574</u>
		<u>905,469</u>	<u>926,574</u>

	Note	2021 Rupees	2020 Rupees
9. Property, plant and equipment			
Operating assets	9.1	963,503,969	954,603,226
Capital work in progress - Building		-	13,630,886
		<u>963,503,969</u>	<u>968,234,112</u>

#### 9.1 Operating assets

	Freehold land (note 9.2)	Building on freehold land	Plant and machinery	Factory equipment	Office equipment	Furniture and fixture	Vehicles	Arms and ammunitions	Total
Rupees									
<b>At July 01, 2019</b>									
Cost / valuation	69,550,000	187,047,086	813,308,031	7,200,077	14,534,196	2,966,695	51,981,142	34,100	1,146,621,327
Accumulated depreciation	-	(15,471,086)	(128,308,031)	(1,726,708)	(5,255,175)	(1,745,313)	(22,610,884)	(23,953)	(175,141,150)
Net book value	<u>69,550,000</u>	<u>171,576,000</u>	<u>685,000,000</u>	<u>5,473,369</u>	<u>9,279,021</u>	<u>1,221,382</u>	<u>29,370,258</u>	<u>10,147</u>	<u>971,480,177</u>
<b>Year ended June 30, 2020</b>									
Opening net book value	69,550,000	171,576,000	685,000,000	5,473,369	9,279,021	1,221,382	29,370,258	10,147	971,480,177
Additions	-	-	9,475,676	3,850	158,067	-	24,566,580	-	34,204,173
Disposal:									
Cost	-	-	-	-	-	-	(16,002,445)	-	(16,002,445)
Accumulated depreciation	-	-	-	-	-	-	8,352,660	-	8,352,660
	-	-	-	-	-	-	(7,649,785)	-	(7,649,785)
Depreciation charge	-	(4,289,400)	(34,289,482)	(273,844)	(467,811)	(61,069)	(4,049,227)	(506)	(43,431,339)
Closing net book value	<u>69,550,000</u>	<u>167,286,600</u>	<u>660,186,194</u>	<u>5,203,375</u>	<u>8,969,277</u>	<u>1,160,313</u>	<u>42,237,826</u>	<u>9,641</u>	<u>954,603,226</u>
<b>At July 01, 2020</b>									
Cost / valuation	69,550,000	187,047,086	822,783,707	7,203,927	14,692,263	2,966,695	60,545,277	34,100	1,164,823,055
Accumulated depreciation	-	(19,760,486)	(162,597,513)	(2,000,552)	(5,722,986)	(1,806,382)	(18,307,451)	(24,459)	(210,219,829)
Net book value	<u>69,550,000</u>	<u>167,286,600</u>	<u>660,186,194</u>	<u>5,203,375</u>	<u>8,969,277</u>	<u>1,160,313</u>	<u>42,237,826</u>	<u>9,641</u>	<u>954,603,226</u>
<b>Year ended June 30, 2021</b>									
Opening net book value	69,550,000	167,286,600	660,186,194	5,203,375	8,969,277	1,160,313	42,237,826	9,641	954,603,226
Transferred from work in progress	-	13,630,886	-	-	-	-	-	-	13,630,886
Additions	-	18,504,256	4,468,532	142,450	721,215	4,600	21,184,685	-	45,025,738
Disposal:									
Cost	-	-	-	-	-	-	(11,040,619)	-	(11,040,619)
Accumulated depreciation	-	-	-	-	-	-	4,450,184	-	4,450,184
	-	-	-	-	-	-	(6,590,435)	-	(6,590,435)
Depreciation charge	-	(4,249,113)	(33,090,251)	(267,292)	(465,552)	(58,246)	(5,034,511)	(481)	(43,165,446)
Closing net book value	<u>69,550,000</u>	<u>195,172,629</u>	<u>631,564,475</u>	<u>5,078,533</u>	<u>9,224,940</u>	<u>1,106,667</u>	<u>51,797,565</u>	<u>9,160</u>	<u>963,503,969</u>
<b>At June 30, 2021</b>									
Cost / valuation	69,550,000	219,182,228	827,252,239	7,346,377	15,413,478	2,971,295	70,689,343	34,100	1,212,439,060
Accumulated depreciation	-	(24,009,599)	(195,687,764)	(2,267,844)	(6,188,538)	(1,864,628)	(18,891,778)	(24,940)	(248,935,091)
Net book value	<u>69,550,000</u>	<u>195,172,629</u>	<u>631,564,475</u>	<u>5,078,533</u>	<u>9,224,940</u>	<u>1,106,667</u>	<u>51,797,565</u>	<u>9,160</u>	<u>963,503,969</u>
Annual rate of depreciation (%)	-	2.5	5	5	5	5	10	5	

#### 9.1.1 Depreciation for the year has been allocated as under:

	2021 Rupees	2020 Rupees
Cost of goods sold	37,606,656	38,852,726
Administrative expenses	5,558,790	4,578,613
	<u>43,165,446</u>	<u>43,431,339</u>

9.2 The total area of land of the company is 378700.5-Sft. which is used for head office and production unit.

### 9.3 Disposal of property, plant and equipment

-----2021-----							
Asset	Cost	Written down value	Sale proceeds	Gain / (Loss) on disposal	Mode of disposal	Nature of relationship	Particulars of buyer
Vehicle	1,729,765	759,775	750,000	(9,775)	Negotiation	None	Muhammad Ahmad Chak No.204 R.B Faisalabad.
Vehicle	6,194,500	4,369,445	2,000,000	(2,369,445)	Negotiation	None	Ghazanfar Ali H.No.68-B new civil line, Faisalabad.
Vehicle	1,558,177	752,747	750,000	(2,747)	Negotiation	None	Pitras Jan Masih Chak No 214 R.B Faisalabad.
Vehicle	1,558,177	708,468	700,000	(8,468)	Negotiation	None	Shahid Maqbool P-34 Khayaban Colony No.1 Faisalabad.
		<u>11,040,619</u>	<u>6,590,435</u>	<u>4,200,000</u>	<u>(2,390,435)</u>		

-----2020-----							
Asset	Cost	Written down value	Sale proceeds	Gain / (Loss) on disposal	Mode of disposal	Nature of relationship	Particulars of buyer
Vehicle	6,812,150	3,382,677	5,000,000	1,617,323	Negotiation	None	Toyota Faisalabad Motors. West canal Road Faisalabad.
Vehicle	2,315,000	882,763	1,725,000	842,237	Negotiation	None	Toyota Faisalabad Motors. West canal Road Faisalabad.
Vehicle	6,875,295	3,384,345	4,400,000	1,015,655	Negotiation	None	Toyota Faisalabad Motors. West canal Road Faisalabad.
		<u>16,002,445</u>	<u>7,649,785</u>	<u>11,125,000</u>	<u>3,475,215</u>		

#### 9.4 Fair value measurement of the Company's property, plant and equipment

The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties.

The fair value of the building on freehold land was determined using the market comparable approach that reflects the recent transaction prices for assets of comparable utility and age, adjusted for depreciation /obsolescence.

The fair value measurement of revalued assets is based upon unobservable inputs (level 3).

9.5 Had there been no revaluation, the related figures of freehold land, building on freehold land and plant and machinery at June 30, 2021 and 2020 would have been as follows:

	2021		
	Cost	Accumulated depreciation	Written down value
	-----Rupees-----		
Freehold land	9,659,905	-	9,659,905
Building on freehold land	233,976,265	47,061,047	186,915,218
Plant and machinery	491,979,076	265,432,133	226,546,943
	<u>735,615,246</u>	<u>312,493,180</u>	<u>423,122,066</u>

	2020		
	Cost	Accumulated depreciation	Written down value
	-----Rupees-----		
Freehold land	9,659,905	-	9,659,905
Building on freehold land	201,841,123	43,023,662	158,817,461
Plant and machinery	487,510,544	253,658,272	233,852,272
	<u>699,011,572</u>	<u>296,681,934</u>	<u>402,329,638</u>

9.6 Forced sale value of revalued assets on the date of revaluation was Rs. 752,958,000/-

	2021 Rupees	2020 Rupees
Against utilities	4,467,696	4,467,696
Others	42,086	42,086
	<u>4,509,782</u>	<u>4,509,782</u>

#### 10. Long term security deposits

	2021 Rupees	2020 Rupees
<b>11. Stores, spares and loose tools</b>		
Stores	14,206,802	10,346,300
Spares	12,909,757	15,125,589
Loose tools	109,605	69,726
	<u>27,226,164</u>	<u>25,541,615</u>

11.1 Stores and spares include items that many result in fixed capital expenditure but are not distinguishable.

	Note	2021 Rupees	2020 Rupees
<b>12. Stock in trade</b>			
Finished goods - cloth		<u>2,289,447</u>	<u>3,864,987</u>

12.1 Stock in trade is at net realizable value.

<b>13. Trade debts</b>			
Considered good			
Unsecured			
Local		<u>83,885,562</u>	<u>67,664,995</u>

<b>14. Loans and advances</b>			
Considered good			
Loans			
Employees	14.1	20,039,227	14,975,868
Advances			
Suppliers		86,411	404,807
For purchases / expenses		-	16,207,389
Income tax		8,405,531	8,392,889
		<u>28,531,169</u>	<u>39,980,953</u>

14.1 The loans and advances are provided to employees under their terms of employment on interest free basis.

	2021 Rupees	2020 Rupees
<b>15. Other receivables</b>		
Considered good		
Export rebate / duty drawback	32,533	32,533
Insurance claim	5,691,000	400,000
Other	44,126	231,809
	<u>5,767,659</u>	<u>664,342</u>

	Note	2021 Rupees	2020 Rupees
<b>16. Tax refunds due from Government</b>			
Sales tax		18,250,287	25,583,280
Income tax		16,966,901	20,050,163
		<u>35,217,188</u>	<u>45,633,443</u>
<b>17. Cash and bank balances</b>			
Cash in hand		2,208,654	1,192,380
Cash at banks			
In current accounts		69,518,606	42,651,253
		<u>71,727,260</u>	<u>43,843,633</u>
<b>18. Sales</b>			
<b>Conversion and sizing income</b>			
Gross Sale		530,421,985	452,892,399
Less			
Sales Tax		(77,069,887)	(65,807,035)
		<u>453,352,098</u>	<u>387,085,364</u>
<b>19. Cost of sales</b>			
Cost of goods manufactured	19.1	397,484,561	334,906,629
Finished goods			
Opening stock		3,864,987	3,864,987
Closing stock		(2,289,447)	(3,864,987)
	19.2.	1,575,540	-
		<u>399,060,101</u>	<u>334,906,629</u>
<b>19.1 Cost of goods manufactured</b>			
Sizing cost		74,784,037	68,789,535
Salaries, wages and benefits		141,735,330	121,453,362
Staff retirement benefits		16,872,571	15,113,425
Fuel and power		86,009,344	59,238,686
Stores, spares and loose tools		27,545,042	26,183,998
Packing material		5,887,522	3,696,389
Repairs and maintenance		7,611,586	1,226,620
Insurance		2,263,313	2,825,320
Depreciation	9.1.1	37,606,656	38,852,726
		<u>400,315,401</u>	<u>337,380,061</u>
Less: Contract costs	19.1.1	(2,830,840)	(2,473,432)
		<u>397,484,561</u>	<u>334,906,629</u>

**19.1.1** It represents costs accumulated on conversion of cloth in process for outside parties.

**19.2** It represents write down of inventory to net realisable value.

	Note	2021 Rupees	2020 Rupees
<b>20. Other income</b>			
Gain on disposal of vehicle		-	3,475,215
Rebates		-	947
Insurance claim		5,691,000	-
		<u>5,691,000</u>	<u>3,476,162</u>

#### 21. Selling cost

Loading, unloading		<u>2,023,476</u>	<u>1,619,660</u>
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#### 22. Administrative expenses

Directors' remuneration	27	10,560,000	10,560,000
Salaries and benefits		5,539,384	6,626,457
Staff retirement benefits		2,746,698	2,460,325
Electricity and gas		788,586	520,363
Insurance		1,211,429	898,733
Rent, rates and taxes		100,000	101,200
Vehicles running and maintenance		4,158,460	3,366,142
Travelling and conveyance		624,044	522,684
Postage, telephone and telex		728,315	700,431
Printing and stationery		381,597	251,714
Auditors' remuneration	22.1	537,500	537,500
Legal and professional		132,760	331,500
Fees and subscriptions		1,303,084	1,004,543
Entertainment		965,091	536,431
Charity and donations	22.2	1,600,000	600,000
Depreciation	9.1.1	5,558,790	4,578,613
Other		443,318	408,635
		<u>37,379,056</u>	<u>34,005,271</u>

##### 22.1 Auditors' remuneration

###### Assurance services

Annual audit	450,000	450,000
Half yearly review	40,000	40,000

###### Non-assurance services

	<u>47,500</u>	<u>47,500</u>
	<u>537,500</u>	<u>537,500</u>

**22.2** Ashfaq Ahmad - Chief Executive Officer of the Company is Trustee of the Liver Foundation Trust, Faisalabad. The Company has made payment of donations amounting to Rs. 1,600,000/- (2020: Rs.600,000/-) to Liver Foundation Trust during the year.

	2021 Rupees	2020 Rupees
<b>23. Other operating expenses</b>		
Loss on disposal of vehicle	2,390,435	-
Workers' profit participation fund	905,469	926,574
Worker's welfare fund	344,078	352,098
Balances written off	-	1,033,187
	<u>3,639,982</u>	<u>2,311,859</u>

	2021 Rupees	2020 Rupees
<b>24. Finance cost</b>		
Interest / mark up on:		
Short term bank borrowings	-	336,647
Workers' profit participation fund	51,177	23,454
Bank charges and commission	29,477	105,208
	<u>80,654</u>	<u>465,309</u>

**25. Provision for taxation**

Current		
For the year	6,800,281	5,806,280
For prior year	(139,042)	-
Deferred	<u>(938,752)</u>	<u>(3,648,215)</u>
	<u>5,722,487</u>	<u>2,158,065</u>

**25.1 The relationship between tax expense and accounting profit**

The relationship between tax expense and accounting profit has not been presented in these financial statements as income is subject to minimum tax. Provision for taxation has been made under section 113 of the Income Tax Ordinance, 2001.

		2021	2020
<b>26. Earnings per share - Basic and diluted</b>			
Profit for the year	(Rupees)	<u>11,137,342</u>	<u>15,094,733</u>
Weighted average number of ordinary shares outstanding during the year	(Number)	<u>40,611,355</u>	<u>38,483,500</u>
Earnings per share - Basic and diluted	(Rupees)	<u>0.27</u>	<u>0.39</u>

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

**27. REMUNERATION TO CHIEF EXECUTIVE OFFICER , DIRECTORS AND EXECUTIVES**

	2021			2020		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	-----Rupees-----					
Remuneration	2,600,000	4,440,000	2,136,320	2,600,000	4,440,000	1,992,320
House rent allowance	1,170,000	1,998,000	961,344	1,170,000	1,998,000	896,544
Conveyance allowance	130,000	222,000	106,816	130,000	222,000	99,616
	<u>3,900,000</u>	<u>6,660,000</u>	<u>3,204,480</u>	<u>3,900,000</u>	<u>6,660,000</u>	<u>2,988,480</u>
Number of persons	<u>1</u>	<u>2</u>	<u>2</u>	<u>1</u>	<u>2</u>	<u>2</u>

27.1 The Chief Executive Officer and Directors are entitled to reimbursement of telephone bills. The monetary value of these benefits is Rs. 112,677- (2020: Rs. 85,051/-). The Directors have waived off their meeting fee.

## 28. TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of associated undertakings, directors and key management personnel. Remuneration to Chief Executive Officer and Directors are disclosed in Note 27. The Company has not carried out any other significant transactions with the related parties.

## 29. PLANT CAPACITY AND ACTUAL PRODUCTION

	2021	2020
<b>Weaving</b>		
Number of looms installed	243	243
Number of looms worked	243	243
Standard cloth production (Sq. meters)	30,711,000	30,711,000
Actual production (Sq. meters)	30,675,824	30,645,985
<b>Sizing</b>		
Warping machines	3	3
Sizing machines	1	1
Standard production (Kgs.)	4,150,000	4,150,000
Actual production (Kgs.)	2,449,939	2,395,462

### 29.1 Reasons for short fall:

- It is difficult to determine precisely the production / rated capacity in textile weaving since it fluctuates widely depending on various factors such as speed, width and construction of cloth etc.
- The actual production is planned to meet the market demand.

	2021	2020
<b>30. NUMBER OF EMPLOYEES</b>		
Total number of employees as at June 30,	512	498
Average number of employees during the year	505	493

## 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

	2021 Rupees	2020 Rupees
<b>31.1 FINANCIAL INSTRUMENTS BY CATEGORY</b>		
<b>Financial assets at amortized cost:</b>		
Deposits	4,509,782	4,509,782
Trade debts	83,885,562	67,664,995
Loans	20,039,227	14,975,868
Other receivables	5,691,000	400,000
Cash and bank balances	71,727,260	43,843,633
	<u>185,852,831</u>	<u>131,394,278</u>
<b>Financial liabilities at amortized cost:</b>		
Trade and other payables	<u>26,090,571</u>	<u>27,302,798</u>

### 31.2 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company's activities expose it to a variety of financial risks (credit risk, liquidity risk and market risk). Risks measured and managed by the Company are explained below:

#### 31.2.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The Company is exposed to concentration of credit risk towards a customer which represent 73.82% (2020: 84.62%) of total trade debts. The maximum exposure to credit risk at the reporting date is as follows:

	2021 Rupees	2020 Rupees
Deposits	4,509,782	4,509,782
Trade debts	83,885,562	67,664,995
Loans	20,039,227	14,975,868
Other receivables	5,691,000	400,000
Bank balances	69,518,606	42,651,253
	<u>183,644,177</u>	<u>130,201,898</u>

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

For trade debts, credit quality of the customer is assessed, taking into consideration its financial position and previous dealings. Individual credit limits are set. The management regularly monitor and review customers credit exposure. The majority of customers of the Company are situated in Pakistan. The trade debts as at reporting date were not past due.

The bank balances alongwith credit rating is as follows.

Credit Rating	2021 Rupees	2020 Rupees
AAA	7,407,864	3,297,971
AA+	39,269,530	27,605,231
AA	22,324,709	11,241,025
Others	516,503	507,026
	<u>69,518,606</u>	<u>42,651,253</u>

### 31.2.2 Liquidity risk

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

	2021		
	Carrying amount	Contractual cash flows	Six months or less
-----Rupees-----			
<b>Financial liabilities:</b>			
Trade and other payables	26,090,571	26,090,571	26,090,571
	<b>26,090,571</b>	<b>26,090,571</b>	<b>26,090,571</b>
-----Rupees-----			
	2020		
	Carrying amount	Contractual cash flows	Six months or less
-----Rupees-----			
<b>Financial liabilities:</b>			
Trade and other payables	27,302,798	27,302,798	27,302,798
	<b>27,302,798</b>	<b>27,302,798</b>	<b>27,302,798</b>

The Company will manage the liquidity risk from its own source through equity and working capital management. As at the date of statement of financial position, the Company has liquid assets of Rs. 216.64 (2020: Rs. 172.78 million) and unavailed short term borrowing facilities of Rs. 50 million (2020 : Rs. 50 million).

### 31.2.3 Market risk

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

#### i) Interest rate risk

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

Majority of interest rate risk may arise from short term borrowings from banks. The short term borrowing limit of Rs. 50 million is available to the company subject to mark up rate of 8.95% per annum. Currently the company is not exposed to interest rate risk.

#### Sensitivity analysis

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

#### Fair value sensitivity analysis for fixed rate instruments

The Company has no fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not effect statement of profit or loss.

#### Cash flow sensitivity analysis for variable rate instruments

There is no exposure of variable rate instruments at the year end requiring sensitivity analysis.

#### ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. At the reporting date, the Company is not exposed to any currency risk.

#### iii) Equity price risk

Trading and investing in quoted equity securities give rise to equity price risk. At the reporting date, the Company is not exposed to equity price risk.

### 31.3 Fair values of financial instruments

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

#### **31.4 Capital risk management**

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

The Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view the future investment requirements and expectation of the shareholders. The capital structure of the Company consists of net debt and equity of the Company. Debt is calculated as short term bank borrowings as shown in the statement of financial position. Total capital comprises of shareholders' equity as shown in the statement of financial position under 'share capital and reserves' and net debt (debt less cash and cash equivalents). At the reporting date, the Company is not exposed to capital risk.

#### **32. PROPOSED DIVIDEND**

The Board of directors in its meeting held on September 30, 2021 have proposed bonus issue of one share for every 10 shares held for the year ended June 30, 2021. The bonus issue is subject to the approval of members in the annual general meeting. The effect of bonus shares shall be accounted for in the financial statements for the year ending on June 30, 2022.

#### **33. DATE OF AUTHORISATION FOR ISSUE**

The financial statements were authorised for issue on 30-09-2021 by the Board of Directors of the Company.

---SD---  
**CHIEF EXECUTIVE OFFICER**

---SD---  
**DIRECTOR**

---SD---  
**CHIEF FINANCIAL OFFICER**

# PROXY FORM

The Corporate Secretary  
ASHFAQ TEXTILE MILLS LTD.  
8-A/1, Officer Colony,  
Susan Road, Madina Town,  
Faisalabad.

I/We \_\_\_\_\_ of \_\_\_\_\_ being  
member(s) of ASHFAQ TEXTILE MILLS LIMITED., and holder of \_\_\_\_\_  
Ordinary Shares as per Share Register Folio # \_\_\_\_\_ (In case of Central Depository System  
Account Holder A/C # \_\_\_\_\_ Participant I.D. # \_\_\_\_\_) hereby  
appoint \_\_\_\_\_ of \_\_\_\_\_ who is member of the  
company as Register Folio # \_\_\_\_\_ or failing him/her \_\_\_\_\_  
of \_\_\_\_\_ who is member of the company as per Register Folio # \_\_\_\_\_  
as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the company to be held  
on Thursday, October 28, 2021 at 09.00 a.m. at any adjournment thereof.

Signd this \_\_\_\_\_ day of \_\_\_\_\_ 2021.

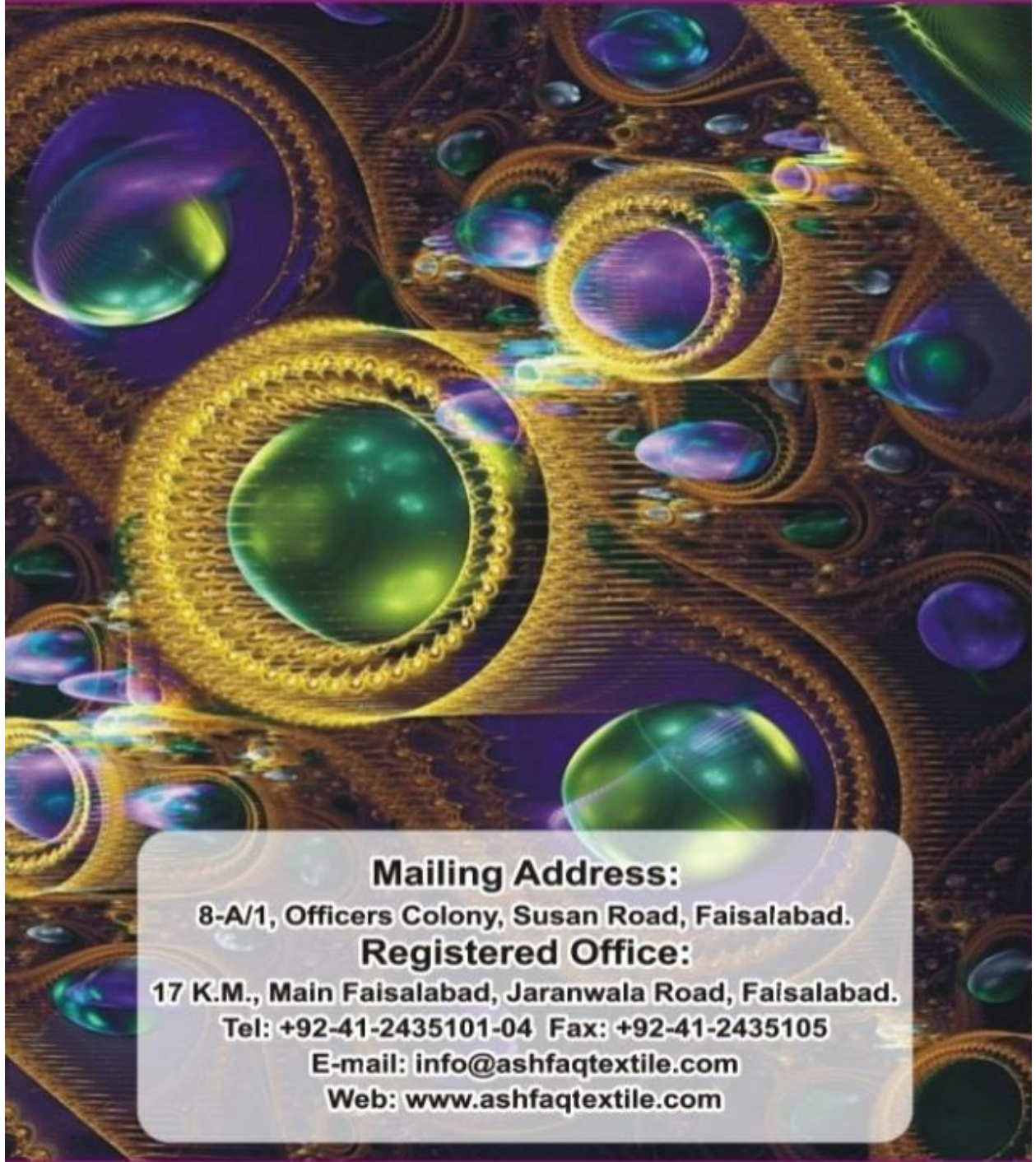
Affix Rs. 5/-  
Revenue  
Stamp

**Signature**

\_\_\_\_\_  
(Signature appended above should agree with the  
specimen signature registered with the Company.)

**NOTES:**

1. The proxy form, duly completed and signed, must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he / she himself / herself is a member of the Company, except that, a corporation may appoint any person as a proxy who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company all such instruments of proxy shall be rendered invalid.
4. In case of proxy for an individual CDC shareholder, attested copies of NIC or the passport, account and participant's I. D. number of the beneficial owner alongwith the proxy is required to be furnished with the proxy form.
3. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form of the Company.



**Mailing Address:**

8-A/1, Officers Colony, Susan Road, Faisalabad.

**Registered Office:**

17 K.M., Main Faisalabad, Jaranwala Road, Faisalabad.

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