

**SUNRAYS TEXTILE MILLS LIMITED**



**ANNUAL REPORT**  
**2022**

<b>CONTENTS</b>	<b>Page</b>
Company Profile	2
Notice of Annual General Meeting	3
Vision and Mission Statement	6
Chairman's Review	7
Director's Report to Shareholder	8
Key operating and Financial Data	11
Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulation, 2019	12
Independent Auditor's Review Report to the Members	14
Independent Auditor's Report	15
Statement of Financial Position	18
Statement of Profit or Loss	19
Statement of Comprehensive Income	20
Statement of Changes in Equity	21
Statement of Cash Flows	22
Notes to the Financial Statement	23
Director Report Urdu	92
Chairman Report Urdu	93
Form of Proxy	94
Pattern of Holding of the Share	96
Dividend Mandate Form	98

**COMPANY PROFILE**  
**BOARD OF DIRECTORS**

- |                          |                 |
|--------------------------|-----------------|
| 1. Mian Imran Ahmed      | Chairman        |
| 2. Mr. Kashif Riaz       | Chief Executive |
| 3. Mr. Naveed Ahmed      |                 |
| 4. Mian Shahzad Ahmed    |                 |
| 5. Mrs. Fadia Kashif     |                 |
| 6. Mr. Irfan Ahmed       |                 |
| 7. Mr. Shahwaiz Ahmed    |                 |
| 8. Mr. Shafqat Masood    |                 |
| 9. Mr. Faisal Hanif      |                 |
| 10. Ms. Azra Yaqub Vawda |                 |
| 11. Mr. Farooq Hassan    |                 |

**AUDIT COMMITTEE**

- |                       |            |
|-----------------------|------------|
| 1. Mr. Faisal Hanif   | (Chairman) |
| 2. Mr. Shahwaiz Ahmed | (Member)   |
| 3. Mrs. Fadia Kashif  | (Member)   |

**HUMAN RESOURCES AND REMUNERATION COMMITTEE**

- |                      |            |
|----------------------|------------|
| 1. Mr. Faisal Hanif  | (Chairman) |
| 2. Mr. Irfan Ahmed   | (Member)   |
| 3. Mrs. Fadia Kashif | (Member)   |

**CHIEF FINANCIAL OFFICER**

Mr. Shabbir Kausar

**CHIEF INTERNAL AUDITOR**

Mr. Imran Iftikhar

**COMPANY SECRETARY**

Mr. Ahmed Faheem Niazi

**LEGAL ADVISOR**

Mr. Yousuf Naseem  
Advocates & Solicitors

**REGISTERED OFFICE**

5<sup>th</sup> floor, Office # 508, Beaumont Plaza,  
Beaumont Road, Civil Lines Quarters, Karachi

**SYMBOL OF THE COMPANY**

SUTM

**WEBSITE**

<http://www.Indus-group.com>

**REGISTRAR & SHARE TRANSFER OFFICE**

JWAFFS REGISTRAR SERVICES (PVT) LTD  
407 -408, AI – Ameer Center,  
Shahrah-e-Iraq, Saddar Karachi.

Tel. 35662023 – 24

Fax. 35221192

**FACTORY LOCATION**

Khanpur Shomali Bagga Sher M.M. Road Muzaffar Garh

**BANKERS**

MCB Bank Limited  
Allied Bank Limited  
Soneri Bank Limited  
United Bank Limited  
Meezan Bank Limited  
Habib Bank Limited  
Bank Al Falah Limited

**AUDITORS**

Yousuf Adil  
Chartered Accountants

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 31<sup>st</sup> Annual General Meeting of **Sunrays Textile Mills Limited** will be held at Indus Dyeing & Manufacturing Company Limited, Plot No. 3 & 7, Sector No. 25, Korangi Industrial Area, Karachi on Thursday, October 27, 2022 at 04:30 P.M. to transact the following business:

## **ORDINARY BUSINESS:**

1. To confirm minutes of the Annual General Meeting held on October 28, 2021.
2. To receive, consider, approve and adopt the audited consolidated and un consolidated financial statements of the Company for the financial year ended June 30, 2022, together with the Directors' and Auditors' Reports thereon and Chairman's Review Report;
3. To appoint the Statutory Auditors for the year ending June 30, 2023 and to fix their remuneration. The Board of Directors on the recommendation of Audit Committee has recommended the appointment of retiring auditors, Messers Yousuf Adil, Chartered Accountants who being eligible have offered themselves for re-appointment;
4. To approve interim cash dividend of Rs. 5/- per share i.e 50% already paid by the company (declared on February 16, 2022) as a final dividend for the year ended June 30, 2022.

## **SPECIAL BUSINESS:**

5. To ratify the transactions carried out by the Company with related parties disclosed in the Financial Statements for the year ended June 30, 2022 by passing the following resolution with or without modification:

**"RESOLVED THAT** all related parties transactions carried out by the Company as disclosed in Note No. 37 of the Financial Statements of the Company for the year ended June 30, 2022 be and are hereby noted, ratified and approved."

6. To approve potential transactions with related parties intended to be carried out in the financial year 2022-2023 and to authorize the Board of Directors of the Company to carry out such related party transactions at its discretion from time to time, irrespective of the composition of the Board of Directors.

The resolutions to be passed in this respect (with or without modification) as special resolutions are as under:

**"RESOLVED THAT** in accordance with the policy approved by the Board and subject to such conditions as may be specified from time to time, the Company be and is hereby authorized to carry out transactions with the related parties for the fiscal year 2022-23."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company may, at its discretion, approves specific related party/parties transaction(s) from time to time, irrespective of the composition of the Board, and in accordance with the provisions of related laws/regulations and Company's policy pertaining to related parties transactions till the next Annual General Meeting.

**RESOLVED FURTHER THAT** all such transactions shall be placed before the shareholders in the next Annual General Meeting for their noting/ratification/approval."

7. To transact any other business with the permission of the chair.

Karachi

Date; October 4, 2022

By Order of the Board  
**Ahmed Faheem Niazi**  
Company Secretary

## **NOTES:**

1. The Share Transfer Books of the Company will remain closed for the period from October 21, 2022 to October 27, 2022 (both days inclusive) and the Final Cash Dividend will be paid to the Members whose name appear in the Register of Members. Transfers received in order at the Office of Company's Share Registrar M/s Jwaifs Registrar Services (Pvt) Ltd, 407-408 Al-Ameera Center, Shahr-e-Iraq, Saddar Karachi. ('Registrar') at the close of business on October 20, 2022 will be considered in time to attend and vote at the Meeting.
2. Financial Statements for the year ended June 30, 2022 will be available at the website of the Company [www.indus-group.com](http://www.indus-group.com) twenty one days before the date of meeting.  
Further, as per approval obtained from members in Annual General Meeting of the Company held on October 31, 2016 to circulate Annual Audited Accounts through CD/DVD/USB in accordance with SRO 470(I)/2016 dated May 31, 2016 of Securities and Exchange Commission of Pakistan (SECP); Annual Audited Accounts of the Company for the year ended June 30, 2022 are being dispatched to the Members through CD/DVD. The Members may request a hard copy of Annual Audited Accounts free of cost. Standard request form is available at the website of the Company [www.indus-group.com](http://www.indus-group.com)
3. Pursuant to Section 223 of the Companies Act, 2017, the Company is allowed to send audited financial statements and reports to its members electronically. Members are therefore requested to provide their valid email IDs. For convenience, a Standard Request Form has also been made available on the Company's website [www.indus-group.com](http://www.indus-group.com)
4. Members (Non-CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/s Jwaifs Registrar Services (Pvt) Ltd, 407-408 Al-Ameera Center, Shahr-e-Iraq, Saddar Karachi.
5. A member of the Company entitled to attend and vote at this meeting, may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.
6. A. CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.  
**FOR ATTENDING THE MEETING:**
  - i. In case of individuals, the accounts holders and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his original CNIC or Passport at the time of attending the Meeting.
  - ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.
- B. **FOR APPOINTING PROXIES:**
  - i. In case of individuals, the account holders and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirements.
  - ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
  - iii. Attested copies of CNIC or the passport of the beneficial owner and the proxy shall be furnished with the proxy form.
  - iv. The proxy shall produce his/her original CNIC or original Passport at the time of meeting.
  - v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

7. Members are requested to notify Change in their addresses, if any; in case of book entry securities in CDS to their respective participants/Investor account services and in case of physical shares to the Registrar of the Company by quoting their folio numbers and name of the Company at the above mentioned address, if not earlier notified/submitted.

**8. Deduction of Income Tax from Dividend under Section 150 of the Income Tax Ordinance, 2001**

Pursuant to the provisions of the Finance Act 2019 effective July 1, 2019, the rates of deduction of income tax from dividend payments under the income Tax Ordinance, have been revised as follows:

(a)	Rate of tax deduction for filer of income tax returns	15%
(b)	Rate of deduction for non-filer of income tax returns	30%

The income tax is deducted from the payment of dividend according to Active Tax-Payers List (ATL) provided on the website of FBR. All those shareholders who are filers of income tax returns are therefore advised to ensure that their names are entered into ATL to enable the Company to withhold income tax from payment of cash dividend @ 15% instead of 30%.

Further, according to clarification received from FBR, withholding tax will be determined separately on 'Filer/Non Filer' status of Principal Shareholder as well as Joint-holder(s) based on their shareholding proportions in case of joint accounts held by the shareholders.

In this regard, all shareholders who hold shares jointly are requested to provide the shareholding proportions of Principal Shareholder and Joint-holders in respect of shares held by them to our Shares Registrar, in writing. The joint accounts information must reach to our Shares Registrar within 10 days of this notice. In case of non-receipt of the information, it will be assumed that the shares are equally held by Principal Shareholder and the Joint-holder(s).

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence as the case may be.

**9. Dividend Mandate and Payment of Cash Dividend through Electronic Mode**

The provisions of Section 242 of the Companies Act, 2017 require that the dividend payable in cash shall only be paid through electronic mode directly into the bank accounts designated by the entitled shareholders. Therefore, for making compliance to the provisions of the law, all those physical shareholders who have not yet submitted their IBAN bank account details to the Company are requested to provide the same on the Dividend Mandate Form available on Company website at [www.indus-group.com](http://www.indus-group.com).

Non CDC shareholders are requested to send valid and legible copy of CNIC/Passport (in case of individual) and NTN Certificate (in case of corporate entity) to the Registrar of the Company. Please note that CNIC number is mandatory for issuance of dividend warrants and in the absence of this information payment of dividend shall be withheld.

CDC shareholders who have also not provided their IBAN bank account details are also requested to provide the same to their Participants in CDC and ensure that their IBAN bank account details are updated. In case of unavailability of IBAN, the Company would be constrained to withhold dividend in accordance with the Companies (Distribution of Dividends) Regulations, 2017.

**10. Video-Link Arrangement for online Participation in the 31<sup>st</sup> Annual General Meeting of the Company**

Shareholders interested in attending the Annual General Meeting (AGM) through video link facility are requested to get themselves registered with the Company Secretary office at least two working days before the holding of the time of AGM at [corporate-affairs@indus-group.com](mailto:corporate-affairs@indus-group.com) by providing the following details:-

Name of Shareholder	CNIC NO	Folio CDC No.	Cell No.	Email address

- The Login facility will remain open from 04:15 P.M, till the end of the meeting.
- Shareholders will be encouraged to participate in the AGM to consolidate their attendance and participation through proxies.
- Shareholders will be able to login and participate in AGM proceedings through their smart phone or computer devices from their home after completing all the facilities required for the identification and verification of the Shareholders.

The Company will follow the best practices and comply with the instructions of the Government and SECP to ensure protective measure are in place for the well-being of its members.

**11. Video Conference Facility**

Members may avail video conference facility for this Annual General Meeting other than Karachi, provided the Company receives consent (standard format is given below) atleast 07 days prior to the date of the Meeting from members holding in aggregate 10% or more shareholding residing at respective city.

The Company will intimate respective members regarding venue of the video-link facility before the date of Meeting along with complete information necessary to enable them to access the facility.

"I/we \_\_\_\_\_ of \_\_\_\_\_ being member(s) of Sunrays Textile Mills Limited, holder of \_\_\_\_\_ Ordinary Share(s) as per Registered Folio No./CDC Account No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_ in respect of 31<sup>st</sup> Annual General Meeting of the Company.

\_\_\_\_\_  
Signature of Member"

**12. Deposit of Physical Shares into Central Depository**

As per Section 72 of the Companies Act, 2017, every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Act i.e. May 30, 2017. Further SECP vide Letter dated March 26, 2021 has advised to comply Section 72 of the Act and encourage shareholders to convert their shares in book-entry form.

In light of above, shareholders holding physical share certificates are requested to deposit their shares in Central Depository by opening CDC sub-accounts with any of the brokers or Investor Accounts maintained directly with CDC to convert their physical shares into scrip less form. This will facilitate the shareholders to streamline their information in member's Register enabling the Company to effectively communicate with the shareholders and timely disburse any entitlements. Further, shares held shall remain secure and maintaining shares in scrip less form allows for swift sale / purchase.

**13. Unclaimed Dividends and Bonus Shares**

Shareholders, who for any reason, could not claim their dividend and/or bonus shares are advised to contact our Shares Registrar M/s Jwaffs Registrar Services (Pvt) Limited to collect/enquire about their unclaimed dividends and/or bonus shares if any.

**14. Postal Ballot**

Pursuant to companies (Postal Ballot) Regulations, 2018 for the agenda item subject to the requirements of Section 143 and 144 of the Companies Act 2017, members will be allowed to exercise their right of vote through e-voting, in accordance with the requirements and procedure contained in the aforesaid regulations.

**Statement under Section 134 (3) of the Companies Act, 2017**

This statement sets out the material facts concerning the special business to be transacted at the 31st Annual General Meeting of the Company to be held at Indus Dyeing & Manufacturing Company Limited. Plot No. 3 & 7, Sector No. 25, Korangi Industrial Area, Karachi.

**Explanation on Agenda Item No. 5 & 6**

The related parties transactions carried out in normal course of business with associated companies and related parties were being approved by the Board of Directors as recommended by the Audit Committee on quarterly basis pursuant to Section 208 of the Companies Act, 2017 and Regulation 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019. However, the majority of Company Directors were interested in these transactions due to their common directorship and holding of shares in the group companies, the quorum of directors could not be formed for approval of these transactions pursuant to Section 207 of the Companies Act, 2017 and therefore, these transactions have to be approved by the shareholders in General Meeting as a special resolution in terms of section 208 of the said Act.

The transactions with related parties carried out during the fiscal year 2021-2022 to be ratified as disclosed in Note No 37 of the Financial Statements of the Company for the year ended June 30, 2022.

Likewise, since related party transactions are an ongoing process and a restriction to carry out business with related parties merely due to absence of valid quorum would adversely affect the business of the Company. Therefore, shareholders are being approached to grant the broad approval for such transactions to be entered into by the Company, from time to time, at the discretion of the Board (and irrespective of its composition). The Company shall comply with its policy pertaining to transactions with related parties as stated above to ensure that the same continue to be carried out in a fair and transparent manner and on an arm's length basis. This would also ensure compliance with the Section 208(1) of the Companies Act, 2017 of which requires that shareholders' approval shall be required where the majority directors are interested in any related party transactions and regulation 4 of the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 which sets out the conditions for transactions with related parties to be characterized as "arm's length transactions" and states that the parties to the transaction must be unrelated in any way.

Further; it is not possible for the Company or the directors to accurately predict the nature of the related party transaction(s) or the specific related party(ies) with which the transaction(s) shall be carried out. In view of the same and in order to ensure smooth supply during the year, the Company seeks the broad approval of the shareholders that the Board may cause the Company to enter into transactions with related party / parties from time to time in its wisdom and in accordance with the policy of the Company for the fiscal year 2022-23.

All such transactions will be clearly stipulated at the end of the next financial year in the company's Annual Report. In however addition to this all such transactions shall also be placed before the shareholders in the next General Meeting for their noting approval/ ratification.

The Directors are interested in these resolutions only to be extent of their common directorship and shareholding in the associated companies.

## **VISION**

**To be a most successful company in terms of quality products, services & financial**

## **MISSION**

**To provide quality products & services to our customers and handsome return to the shareholders.**

# **CHAIRMAN'S REVIEW**

## **FOR THE YEAR ENDED JUNE 30, 2022**

It is my privilege and pleasure in presenting to the members of Sunrays Textile Mills Limited, review on the performance of the Company for the financial year ended June 30, 2022. I would take this opportunity to invite you for the 31<sup>st</sup> Annual General Meeting of the company.

### **Review of the Boards Performance**

After the pandemic, the Board remained engaged with the management which helped it to meet the exceptional and unforeseen challenges. The continuous monitoring of the Board throughout the period and the deliberations to the management were cardinal in achieving all the targets. The Board has performed remarkably well. The Company successfully steered through the uncertain times with emphasis on health and safety yet, ensuring business continuity, on the back of guidance from the Board of Directors.

STML has an Eleven-member Board of Directors, which comprises individuals with diverse backgrounds, having core competencies, knowledge, and expertise relevant to the business of the Company. All Board Members and the Leadership team of the Company are humbled by your overwhelming response and are determined to deliver as per your expectations. The Board provides strategic direction to the management and fulfills its fiduciary responsibilities with a sense of commitment.

An annual evaluation of performance of the Board, members of the Board, and its committees was carried out with the help of a formal and effective mechanism. Based on the feedback received through this mechanism overall role of the Board has been found to be effective. The Board has fulfilled all its mandatory responsibilities including ensuring compliance with all legal and regulatory requirements for the Company.

I would like to share that all the Directors, including Independent Directors, fully participated and contributed to the decision-making process of the Board. The Board performed its duties and responsibilities diligently, inter alia, by:

- Ensuring that Mission, Vision, and Values of the Company are being followed;
- Effectively guiding the Company in its strategic affairs;
- Setting annual goals and targets for the management;
- Overseeing management's performance and focusing on major risk areas;
- Evaluating significant investments;
- Ensuring high standards of Corporate Governance to preserve stakeholders' value;

Furthermore, throughout the year, all significant issues were presented to the Board or its committees, particularly, all related party transactions of the Company were approved by the Board on the recommendation of the Audit Committee. The Audit Committee and Human Resource & Remuneration Committee met regularly to strengthen the functions of the Board. The Board carried out its self-evaluation and identified potential areas for further improvement, in line with the global best practices.

### **Review of Company's Performance**

The business operated smoothly with an increase in sales of 13% over the last year and whereas the gross profit margins improved from 18% to 27%. The net profit after tax has been increased from 1,150 million to 1,917 million.

On behalf of the Board, I would like to say a big thank to all our customers for their continued confidence on the Company. I would like to express my appreciation for the contribution of the Board, excellent efforts put in by our management and employees and finally I would like to thank all the financial institutions who have stuck with us and supported us through very difficult times. I hope and pray that the Company may maintain the momentum of growth in the future years.

October 04, 2022

  
**Mian Imran Ahmed**  
Chairman

## **DIRECTORS REPORT TO SHAREHOLDERS**

### **For the year Ended June 30<sup>th</sup> 2022**

The Directors of Sunrays Textile Mills Limited are pleased to present the Annual Report together with the audited Financial Statements for the year ended June 30<sup>th</sup>, 2022 before the 31st Annual General Meeting of the Company.

#### **COMPOSITION OF BOARD**

The composition of the Board is in compliance with the requirements of the Code of Corporate Governance regulations, 2019 applicable on listed entities which is given below:

#### **Total Number of Directors**

Male 09

Female 02

#### **Composition**

Executive Director 03

Independent Director 03

Non-Executive Director 05

Category	Names
Independent Directors	Mr. Faisal Hanif Ms. Azra Yaqub Vawda Mr. Farooq Hassan
Executive Directors	Mr. Kashif Riaz (CEO) Sheikh Shafqat Masood Mr. Naveed Ahmed
Non-Executive Directors	Mian Shahzad Ahmed Mian Imran Ahmed Mrs. Fadia Kashif Mr. Irfan Ahmed Mr. Shahwaiz Ahmed
Female Director	Ms. Azra Yaqub Vawda Mrs. Fadia Kashif

#### **Financial and operational result**

The Company earned pretax profit of Rs. 2,070 Million for the year ended June 30, 2022.

Highlights:	Rs.000	
	2022	2021
Pretax profit for the year	2,069,925	1,239,043
Taxation	(152,947)	(88,879)
Profit after taxation	1,916,978	1,150,164
Deferred tax and others	(7,849)	3,748
Un-appropriated profit brought forward	3,315,924	2,264,945
1 <sup>st</sup> interim dividend for the period ended December 31, 2020		(138,000)
1 <sup>st</sup> interim dividend for the period ended December 31, 2021	(103,500)	-
Profit available for appropriations	5,121,553	3,280,857
Transfer from surplus on revaluation of fixed assets	15,567	19,074
Transfer of revaluation surplus due to disposal of revalued assets	18,476	15,993
Un-appropriated profit carried forward	5,155,596	3,315,924

The earnings per share is Rs. 92.61 (Par value Rs. 10/= per share) (2021: Rs.55.56)

#### **DIVIDEND**

The Board of Directors in their meeting held on 16th February 2022, have declared first interim cash dividend @ 50% i.e Rs. 05/- per share for the year ended 30th June 2022.

## **BUSINESS OVERVIEW**

Yours Company earned pre-tax profit Rs. 2,070 Million as compared to Rs.1,239 Million for the last corresponding year. Sales during the year was Rs.9,758 Million (2021 : Rs.8,641 Million) against total cost of sales of Rs.7,157 Million (2021 : Rs.7,059 Million) resulting in a gross profit of Rs.2,600 Million (2021 :Rs1,582 million).

By the Grace of ALMIGHTY ALLAH, Company execution is stunning with development in sales and profitability. The organization's sales developed by 12.92 % and load of more established cotton inventories contributed attractive edges and expanded productivity. During the year Rs.829.918 (M) were invested in the fixed assets. This is part of the company's BMR and expansion plant of ten sets of Rooters machine), Retained earnings and long term financing were used to finance this program.

During the year company has acquired 100% shareholding of EMBEE industries for future business plans

## **FUTURE OUTLOOK**

Pakistan along with other world is in a dire economic crisis, with rising inflation, a depleted rupee and diminishing foreign exchange reserves. Textile Industry is in state of emergency. Pakistan was a victim of climate change and the devastating floods in Pakistan have severely damaged the country's cotton crop. This could potentially lead to a sizeable reduction in cotton output, placing further supply pressure on global market and raising prices. Pakistan is the world's fifth –largest cotton producer, the country is a net importer. Flood damage will likely force Pakistan to increase cotton import at a time when the global cotton market is already facing restricted supply due to lower crops. With the Russian war on Ukraine intensifying, most countries are beginning to feel the heat of the conflict in the shape of commodity shortages and surging prices. The potential snowball effect of this conflict is massive, with a surge in electricity rates, raising of interest rates by central banks, wage-increase demand to meet increased living costs, increase of prices by businesses to compensate higher wages, and workforce cuts leading to unemployment. So, in the coming months, Pakistanis will be faced with frequent and prolonged power outages, extortionate utility bills and impediments to other services. In spite of all these obstacles, we hope by the grace of ALLAH and hard work of the management and focusing its efforts on specialize and value-added high-quality textile products your company will be able to achieve better results.

## **CORPORATE SOCIAL RESPONSIBILITY**

The Company always committed to prioritize its social responsibilities in the best interest of all stakeholders and overall business environment. This being a continuous process, the conservation of natural resources, reduction in wastages, enhancement of recycling, improvement of energy efficiency and enhancement of environmental performance by reducing spills and releases were the top priorities while observing the "Corporate Social Responsibility". Like prior years targets were set for reduction in the natural gas consumption and use of water based on the achievements made in prior years

The continued initiatives included;

- Waste water treatment
- conservation of natural resources
- reduction in wastages
- enhancement of recycling, improvement of energy efficiency, and
- enhancement of environmental performance by reducing spills and releases

## **POST BALANCE SHEET EVENTS**

No material changes and commitments affecting the financial position of the company have occurred between the end of the financial year to which this balance sheet relates and the date of the Director's report.

## **RELATED PARTY TRANSACTION**

In accordance with the requirement of Code of Corporate Governance, the company presented all related party transactions before the audit committee and the board for the review and approval. The details of all related Party transactions have been provided in Note 37 of the annexed financial statements for the year ended June 30, 2022

## **CORPORATE GOVERNANCE, FINANCIAL REPORTING AND INTERNAL CONTROL SYSTEM**

The Director confirms compliance with corporate and financial reporting framework as per the Listing Regulations of the Stock Exchange as follows:

- The financial statements, prepared by the management of the company present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and any departure there from has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There has been no deviation from the best practice of corporate governance, as mentioned in the listing regulations.
- Key operating and financial data for the last six year is annexed.
- There are no statutory payments on account of taxes, duties, levies and charge which are outstanding as on June 30th 2019 except for those disclosed in financial statements.
- There has been no trading of shares by Chief Executive, Director, Financial Officer, Company Secretary, their spouses and minor children, during the year.

### Board & Sub Committee Meetings

During the year meetings of the Board were held Attendance by each director is as follows:

Name of Directors	Board of Directors 4 - Meetings	Audit Committee 4 – Meetings	HR & R.1 - Meeting
	Attended	Attended	Attended
Mr. Naveed Ahmed			
Mr. Shahzad Ahmed	4/4		
Mr. Irfan Ahmed	4/4		
Mian Imran Ahmed	4/4		1/1
Mr. Kashif Riaz	4/4		
Mr. Sheikh Shafqat Masood	4/4		
Mrs. Fadia Kashif	4/4		
Mr. Shahwaiz Ahmed	4/4	4/4	1/1
Mr. Farooq Hassan	4/4	4/4	
Mr. Faisal Hanif	4/4		
Ms. Azra Yaqub Vawda	3/4	4/4	1/1
	4/4		

### Board of Directors

During the period under the review the transfer in shares through gift of the company by the CEO, Directors, spouses and Minors as follows:

S.No	Name	Shares Transfer
1	Mr. Naveed Ahmed	579,139

### DIRECTORS REMUNERATION

The directors have a formal remuneration policy for its directors (Executive/Non-Executive) duly approved by the Board of Directors. The policy has been designed as a component of HR strategy and both are required to support business strategy. The Board believes that the policy is appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the company as well as to create congruence between Directors, executives and shareholders.

### APPOINTMENT OF AUDITORS

Messer's Yousaf Adil, Chartered Accountants, a reputable Chartered Accountants Firm completed its tenure of appointment with the company and being eligible has offered its services for another term. The Board of Directors of Company, based on the recommendation of the audit committee of the board, has proposed Yousuf Adil for reappointment as auditors of the company for the ensuing year.

### AUDIT COMMITTEE

The Board of Directors constituted a fully functional Audit Committee comprising three members, one is Independent Director and two are non-executive Director. The terms of reference of the committee, inter alia, consists of ensuring transparent internal audits, accounting and control systems, adequate reporting structure as well as determining appropriate measure to safeguard the Company's assets.

### PATTERN OF SHAREHOLDING

The pattern of share holding as at June 30<sup>th</sup>, 2022 as required under the Companies Act 2017, and the code of Corporate Governance, is annexed to this report.

### INTERNAL AUDIT FUNCTION

The board have setup efficient and energetic internal control system with operational, financial and compliance controls to carry on the business of the company. Internal audit findings are reviewed by the Audit Committee, and where necessary, action is taken in the basis of recommendations contained in the internal audit reports.

### WEB PRESENCE

Annual and periodic financial statements of the company are also available on the website of the company <http://indus-group.com> for information of the shareholders and others.

### ACKNOWLEDGEMENT

The directors are pleased to place on record their appreciation for the contribution made by employees of the company and look forward for same cordial relationship in coming years. In addition, management also acknowledges the role of all the financial institutions, customers, suppliers and other stakeholders for their continued support.

On Behalf of the Board of Directors

*Ilash of*

Chief Executive Officer

Karachi

Dated: October 04, 2022

**SIX YEAR KEY OPERATING AND FINANCIAL DATA**  
**FROM 2017 TO 2022**  
**(Rupees in 000)**

	2022	2021	2020	2019	2018	2017
<b>OPERATING DATA</b>						
Sales	9,757,682	8,640,883	6,476,172	6,085,258	4,952,171	4,257,729
Cost of Goods Sold	7,157,174	7,059,086	5,565,454	5,130,703	4,315,188	3,885,950
Gross Profit	2,600,508	1,581,797	910,718	954,555	636,983	371,779
Profit Before Taxation	2,062,363	1,239,043	646,430	474,979	278,908	191,387
Profit After Taxation	1,909,806	1,150,164	560,164	471,778	281,885	141,738
<b>FINANCIAL DATA</b>						
Paid Up Capital	207,000	207,000	69,000	69,000	69,000	69,000
Fixed Assets	4,226,358	1,663,452	1,813,371	1,849,895	1,508,584	1,185,010
Current Assets	5,496,620	4,296,801	3,091,115	4,185,540	4,184,174	2,859,534
Current Liabilities	858,078	547,933	416,746	1,948,356	2,398,481	1,500,404
<b>KEY RATIOS</b>						
Gross Margin	26.65%	18.31%	14.06%	15.86%	12.86%	8.73%
Net Profit	19.57%	13.31%	8.65%	7.75%	5.69%	3.33%
Current Ratio	6.41	7.84	7.41	2.15	1.74	1.91
Earning Per Share(Rupees)	92.26	55.56	81.18	68.37	40.85	20.92
<b>STATISTICS</b>						
Number Of Spindle	34802	34792	33127	33468	32994	34912
Production in to 20/S Count(in 000 Kgs)	11430	11882	10531	10368	9853	10223

**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES  
( CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019  
For the Year Ended June 30, 2022**

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

1. The total number of directors are 11 as per follows;

- a) Male 9  
b) Female 2

2. The composition of Board is as followed;

<i>Category</i>	<i>Name</i>
<i>Independent Directors</i>	<i>Ms. Azra Yaqub Vawda Mr. Farooq Hassan Mr. Faisal Hanif</i>
<i>Executive Directors</i>	<i>Mr. Kashif Riaz (CEO) Sheikh Shafqat Masood Mr. Naveed Ahmed</i>
<i>Non-Executive Directors</i>	<i>Mian Shahzad Ahmed Mr. Shahwaiz Ahmed Mrs. Fadia kashif Mian Imran Ahmed Mr. Irfan Ahmed</i>
<i>Female Director</i>	<i>Ms. Azra Yaqub Vawda Mrs. Fadia kashif</i>

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a Code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the board were presided over by the chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board;
8. The Board of directors have a formal policy and transparent procedures for the remuneration of the directors in accordance with the Act and these Regulations;
9. Majority of the directors of the company are exempt from the requirement of the directors training program or has obtained the exemption certificate. The board has arranged Director's Training program for the following:
- Mr. Kashif Riaz
  - Mr. Imran Ahmed
  - Mr. Shahwaiz Ahmed
  - Mr. Farooq Hassan
  - Mrs. Fadia Kashif
  - Mr. Zahid Mahmood
10. The board has approved appointment of CFO, Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. The Financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board;

12. The board has formed committees comprising of the members given below:

a) Audit Committee

Chairman	Mr. Faisal Hanif
Members	Mrs. Fadia Kashif Mr. Shahwaiz Ahmed

b) HR and Remuneration Committee

Chairman	Mr. Faisal Hanif
Member	Mrs. Fadia Kashif Mr. Irfan Ahmed

c) The board may constitute the risk management committee, of such numbers and class of directors, as it may deem appropriate in its circumstances, to carry out review of effectiveness of risk management procedure and present a report to the board.

13. The terms of the reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of the meeting of the committee were as per following:

- a) Audit Committee (Quarterly)
- b) HR and Remuneration Committee (yearly)

15. The board has set up an effective internal audit function;

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (Spouses, parents, dependents and non-dependents children) of the Chief Executive officer, Chief Financial Officer, head of Internal Audit, Company Secretary or directors of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regards;
18. We confirm that all requirements of Regulations 3,6,7,8,27,32,33 and 36 of the Regulations have been complied with except following;
- ñ As per regulation 6, it is mandatory that each listed company shall have at least two or one third members of the Board, whichever is higher, as independent directors and currently, there are three independent directors in a board of eleven directors. With regard to compliance with Regulation 6 pertaining to fraction contained in one-third number and not rounded up as one, Management believes that three Independent Directors are sufficient to represent minority shareholders which are only 12.69% of total shareholders.

On behalf of the Board of Directors



**Mian Imran Ahmed**  
Chairman

**Karachi:October 04, 2022**

## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SUNRAYS 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 **Sunrays Textile Mills Limited** (the Company) for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control 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, 2022.

*Deloitte Yousuf Adil*

**Chartered Accountants**

**Place : MULTAN**

**Date: October 07, 2022**

**UDIN: CR202210180KRZh4CGbk**

# **INDEPENDENT AUDITOR'S REPORT**

## **To the Members of Sunrays Textile Mills Limited Report on the Audit of the Unconsolidated Financial Statement**

### **Opinion**

We have audited the annexed unconsolidated financial statements of Sunrays Textile Mills Limited (the Company) which comprise the statement of unconsolidated financial position as at June 30, 2022, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the profit and its comprehensive income, changes in equity and its cash flows for the year then ended.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### **Following is the key audit matter:**

<b>Key audit matter</b>	<b>How the matter was addressed in our audit</b>
<b>Revenue Recognition</b> The Company's revenue from contracts comprise of revenue from local and export sale of yarn which has been disclosed in note 25 to the unconsolidated financial statements. Revenue from the sale is recognized, when control goods is transferred to the customer and the performance obligation is satisfied i.e. on dispatch of goods (note 4.14). We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not have been recognized based on transfer of control to the customers in line with the accounting policy adopted and may not have been recognized in the appropriate period.	Our audit procedures to address the Key Audit Matter included the following: • Obtained an understanding of and assessing the design and implementation and operating effectiveness of controls around recognition of revenue; • Assessed the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards; • Checked on a sample basis whether the recorded sales transactions are based on transfer of goods to the customer, satisfying the performance obligation and were recorded in the appropriate accounting period. Assessed the adequacy of disclosure in the unconsolidated financial statements.

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

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the unconsolidated financial statements and our auditor's report thereon. Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated 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.

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

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

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

The Board of Directors 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 unconsolidated 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated 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 unconsolidated 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 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 unconsolidated financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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 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 unconsolidated 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 unconsolidated financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

*Deloitte Young & Adil*

**Chartered Accountants**

Multan

Date: October 07, 2022

UDIN: AR202210180knVy1QYfl

## UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022

<b>ASSETS</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
		-----	-----
		<b>Rupees</b>	<b>Rupees</b>
<b>Non-current assets</b>			
Property, plant and equipment	5	4,224,016,141	1,661,109,666
Investment property	6	2,342,055	2,342,055
Long term investment	7	190,850,000	-
Long term deposits		6,991,200	6,991,200
		<b>4,424,199,396</b>	<b>1,670,442,921</b>
<b>Current assets</b>			
Stores and spares	8	95,727,359	104,108,416
Stock in trade	9	2,188,607,098	1,649,540,605
Trade debts	10	765,425,459	1,186,277,053
Loans and advances	11	113,472,576	55,674,069
Advance income tax		113,363,625	88,725,852
Trade deposits	12	3,239,226	3,239,226
Other receivables	13	46,902,050	26,719,292
Other financial assets	14	1,980,330,141	835,013,940
Sales tax refundable		72,537,332	119,270,292
Income tax refundable		20,366,823	107,472,573
Cash and bank balances	15	96,648,425	120,759,269
		<b>5,496,620,115</b>	<b>4,296,800,587</b>
		<b>9,920,819,511</b>	<b>5,967,243,508</b>
<b>Total assets</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Issued, subscribed and paid-up capital	16	207,000,000	207,000,000
Share premium		3,600,000	3,600,000
Surplus on revaluation of property, plant and equipment	17	2,131,810,253	269,214,931
General reserves		612,000,000	612,000,000
Unappropriated profit		5,148,424,850	3,315,924,412
		<b>8,102,835,103</b>	<b>4,407,739,343</b>
<b>Non-current liabilities</b>			
Long term financing	18	883,441,966	854,634,313
Deferred liabilities	19	76,464,325	156,936,701
		<b>959,906,291</b>	<b>1,011,571,014</b>
<b>Current liabilities</b>			
Trade and other payables	20	514,701,614	261,784,169
Accrued markup	21	8,320,237	10,266,875
Short term borrowings	22	-	29,537,798
Current portion of long term financing	18	159,288,605	133,102,824
Current portion of deferred grant	19	204,438	2,696,056
Unclaimed dividend		22,759,665	22,183,456
Provision for taxation	23	152,803,558	88,361,973
		<b>858,078,117</b>	<b>547,933,151</b>
<b>Contingencies and commitments</b>			
	24		
		<b>9,920,819,511</b>	<b>5,967,243,508</b>

The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.

  
Shabbir Kausar  
Chief Financial Officer

  
Kashif Riaz  
Chief Executive Officer

  
Mian Imran Ahmed  
Chairman

## UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 ————— Rupees —————	2021
Revenue from contracts with customers - net	25	9,757,681,828	8,640,883,390
Cost of sales	26	(7,157,174,210)	(7,059,086,333)
Gross profit		<b>2,600,507,618</b>	1,581,797,057
Distribution cost	27	(185,305,345)	(140,826,188)
Administrative expenses	28	(198,160,243)	(168,520,186)
Other expenses	29	(150,360,109)	(65,713,449)
Finance cost	30	(65,914,408)	(64,116,279)
Other income	31	61,595,229	96,422,462
		<b>(538,144,876)</b>	(342,753,640)
Profit before taxation		<b>2,062,362,742</b>	1,239,043,417
Taxation	32	(152,556,539)	(88,879,156)
Profit for the year		<b>1,909,806,203</b>	1,150,164,261
<b>Earnings per share - basic and diluted (Rupees)</b>	33	<b>92.26</b>	<b>55.56</b>

The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.

  
Shabbir Kausar  
Chief Financial Officer

  
Kashif Riaz  
Chief Executive Officer

  
Mian Imran Ahmed  
Chairman

## UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2022

	<i>Note</i>	<i>2022</i> ----- <i>Rupees</i> -----	<i>2021</i>
Profit for the year		1,909,806,203	1,150,164,261
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement of defined benefit obligation - gratuity	19.2	(7,848,937)	3,747,996
Revaluation surplus on property, plant and equipment	17.1	1,896,638,494	-
		1,888,789,557	3,747,996
<b>Total comprehensive income for the year</b>		<b>3,798,595,760</b>	<b>1,153,912,257</b>

The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.

  
Shabbir Kausar  
Chief Financial Officer

  
Kashif Riaz  
Chief Executive Officer

  
Mian Imran Ahmed  
Chairman


## UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022

	Rupees				Total	
	Share capital	Capital reserves		Revenue reserves		
	Share premium	Surplus on revaluation of fixed assets	General reserve	Unappropriated profit		
Balance as at June 30, 2020	69,000,000	3,600,000	289,188,794	750,000,000	2,264,945,574	3,376,734,368
Profit for the year	-	-	-	-	1,150,164,261	1,150,164,261
Other comprehensive income	-	-	-	-	3,747,996	3,747,996
<b>Total Comprehensive income for the year</b>	-	-	-	-	1,153,912,257	1,153,912,257
<b>Transaction with Owners</b>						
Interim dividend for the period ended September 30, 2020 @ Rs. 20 per share	-	-	-	-	(138,000,000)	(138,000,000)
Bonus shares issue in proportion of 2 shares for every 1 shares held	138,000,000	-	-	(138,000,000)	-	-
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	(19,073,555)	-	19,073,555	-
Transfer of revaluation surplus due to disposal of revalued assets	-	-	(15,993,026)	-	15,993,026	-
Reversal of deferred tax liability	-	-	15,092,718	-	-	15,092,718
Balance as at June 30, 2021	207,000,000	3,600,000	269,214,931	612,000,000	3,315,924,412	4,407,739,343
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	1,909,806,203	1,909,806,203
Other comprehensive income	-	-	1,896,638,494	-	(7,848,937)	1,888,789,557
<b>Total comprehensive income for the year</b>	-	-	1,896,638,494	-	1,901,957,266	3,798,595,760
<b>Transactions with owners</b>						
Interim dividend for the period ended December 31, 2021 @ Rs. 5 per share	-	-	-	-	(103,500,000)	(103,500,000)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	(15,566,897)	-	15,566,897	-
Transfer of revaluation surplus due to disposal of revalued assets	-	-	(18,476,275)	-	18,476,275	-
<b>Balance as at June 30, 2022</b>	<b>207,000,000</b>	<b>3,600,000</b>	<b>2,131,810,253</b>	<b>612,000,000</b>	<b>5,148,424,850</b>	<b>8,102,835,103</b>

The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.

  
**Shabbir Kausar**  
 Chief Financial Officer

  
**Kashif Riaz**  
 Chief Executive Officer

  
**Mian Imran Ahmed**  
 Chairman

## UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
	Rupees	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,062,362,742	1,239,043,417
Adjustments for:		
Depreciation on property, plant and equipment	159,800,948	168,554,893
Unrealized loss on re-measurement of other financial assets-net	26,556,585	(50,483,705)
Realized loss on disposal of other financial assets-net	15,258,117	(5,746,619)
Provision for staff retirement benefits - gratuity	35,074,628	19,194,484
Reversal of deferred tax liability	-	15,092,718
Gain on sale of property, plant and equipment- net	(579,733)	(343,434)
Dividend income	(58,639,990)	(27,831,814)
Gain on remeasurement of GIDC	-	(7,524,837)
Interest income	(2,375,506)	(617,125)
Finance cost	65,914,408	64,116,279
<b>Operating cash flows before changes in working capital</b>	<b>2,303,372,199</b>	<b>1,413,454,257</b>
<b>Changes in working capital</b> <i>(Increase) / decrease in current assets</i>		
Stores and spares	8,381,057	(7,434,900)
Stock in trade	(539,066,493)	174,148,506
Trade debts	420,851,594	(843,615,730)
Loans and advances (excluding advance income tax)	(57,798,507)	(18,168,419)
Trade deposits and short term prepayments	-	482,496
Sales tax refundable	46,732,960	(12,149,164)
Income tax refundable	87,105,750	9,334,435
Other receivables	(20,182,758)	10,427,114
<i>Increase in current liabilities</i>		
Trade and other payables	182,452,534	905,948
<b>Cash generated from operations</b>	<b>2,431,848,336</b>	<b>727,384,543</b>
Finance cost paid	(67,861,046)	(73,479,515)
Staff retirement benefits - gratuity paid	(52,726,593)	(11,353,020)
Income taxes paid	(112,752,727)	(90,636,140)
<b>Net cash generated from operating activities</b>	<b>2,198,507,970</b>	<b>551,915,868</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(174,568,739)	(20,705,045)
Additions to capital work in progress	(655,349,208)	-
Proceeds from disposal of property, plant and equipment	4,428,752	2,412,974
Payments for long term investment	(190,850,000)	-
Payment for purchase of short term investments	(6,153,345,498)	(3,570,681,594)
Proceeds from disposal of short term investments	4,966,214,991	3,201,125,025
Dividend income	58,639,990	27,831,814
Interest income	2,375,506	617,125
<b>Net cash used in investing activities</b>	<b>(2,142,454,206)</b>	<b>(359,399,701)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finances obtained	189,094,037	70,162,290
Repayment of long term finances	(136,797,056)	(48,666,526)
Short term borrowings - net	(29,537,798)	10,685,093
Dividends paid	(102,923,791)	(136,562,627)
<b>Net cash used in financing activities</b>	<b>(80,164,608)</b>	<b>(104,381,770)</b>
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(24,110,844)	88,134,397
Cash and cash equivalents at beginning of the year	120,759,269	32,624,872
<b>Cash and cash equivalents at end of the year</b>	<b>96,648,425</b>	<b>120,759,269</b>

The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.

  
Shabbir Kausar  
Chief Financial Officer

  
Kashif Riaz  
Chief Executive Officer

  
Mian Imran Ahmed  
Chairman

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

## **1. GENERAL INFORMATION**

**1.1** Sunrays Textile Mills Limited "the Company" was incorporated in Pakistan on August 27, 1987 as a public limited company under the repealed Companies Ordinance, 1984 (Now Companies Act 2017) and its shares are quoted on the Pakistan Stock Exchange. The Company is principally engaged in trade, manufacture and sale of yarn. The registered office of the Company is situated at Office no. 508, 5th floor, Beaumont Plaza, Beaumont Road, Civil Lines Quarters, Karachi. The mill site is located at Khanpur Shumali khewat no. 359, District Muzaffargarh, Dera Ghazi Khan Division, in the province of Punjab.

**1.2** These financial statements are the separate financial statements of the Company in which investment in subsidiary company is accounted for on the basis of actual cost incurred to acquire subsidiary. Consolidated financial statements are prepared separately.

## **2. BASIS OF PRESENTATION**

### **2.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRS'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 Basis of measurement**

These unconsolidated financial statements have been prepared under historical cost convention except indicated in note 4.1, 4.2, 4.4, 4.5, 4.10, 4.11 and 4.12.

### **2.3 Functional and presentation currency**

The unconsolidated financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

### **2.4 Significant accounting estimates and judgments**

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

The estimates and underlying assumptions are reviewed on the ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised.

In preparing these unconsolidated financial statements, the significant judgement made by the management in applying accounting policies include:

- useful life and residual values of depreciable assets (note 4.5 and 5.1)
- allowance for expected credit losses;
- provision for current tax and deferred tax (note 4.2 and 32)
- revaluation of assets pertaining to freehold land, building on freehold land, plant and machinery and cost value of investment property;
- staff retirement benefits (note 4.1 and 19.1)
- net realizable value of stock-in-trade (note 4.9 and 9)

## **3. STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED DURING THE YEAR**

The following amendments to existing standards have been published that are applicable to the Company's unconsolidated financial statements covering annual periods, beginning on or after the following dates:

**3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2022**

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

<b>Standards or Interpretations with no significant impact</b>	<b>Effective from accounting period beginning on or after:</b>
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021

**3.2 New accounting standards / amendments and IFRS interpretations that are not yet effective**

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

	<b>Effective from accounting period beginning on or after:</b>
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred Indefinitely

Certain annual improvements have also been made to a number of IFRSs.

**3.3** Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the SECP:

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

#### **4. SIGNIFICANT ACCOUNTING POLICIES**

##### **4.1 Staff retirement benefits**

The Company operates an unfunded gratuity scheme covering all its employees. The cost of providing benefit is determined using the projected unit credit method, with actuarial valuation. Actuarial gains and losses are recognized immediately as they arise in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested. Otherwise it is amortized on a straight line basis over the average period until the amended benefits become vested.

Details of the scheme are given in the note 19.1 to these unconsolidated financial statements.

##### **4.2 Taxation**

###### **Current**

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemption available, if any. For income covered under final tax regime, taxation is based on applicable tax rates under such regime.

###### **Deferred**

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

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

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

##### **4.3 Dividend distribution**

Dividend distribution to the Company's shareholders is recognized as a liability in the unconsolidated financial statement in the period in which the dividends are approved by the Company's shareholders.

##### **4.4 Foreign currencies**

Transactions in currencies other than Pakistani Rupees are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted. Gains and losses arising on retranslation are included in profit or loss for the period.

##### **4.5 Property, plant and equipment**

Property, plant and equipment except free hold land, building on freehold land, plant and machinery and capital work in progress are stated at cost less accumulated depreciation and accumulated impairment losses.

### **Revaluation**

Free hold land, building on free hold land and plant and machinery are stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity so that the fair value and carrying value do not differ materially at the statement of financial position date. Any revaluation increase arising on the revaluation of such assets is credited in 'Surplus on revaluation of property, plant and equipment'. A decrease in the carrying amount arising surplus on revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation account relating to previously revalued assets. To the extent of incremental depreciation charged on revalued assets, on disposal of revalued assets and the related surplus on revaluation (net of deferred tax) is transferred directly to unappropriated profit.

Depreciation is charged to income applying reducing balance method to write-off the cost over the estimated remaining useful life of assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Rates of depreciation are stated in note 5. In respect of additions and disposals during the year, depreciation is charged from the month of acquisition up to the month preceding the disposal respectively.

Gains / losses on disposal of operating assets, if any, are recognized in unconsolidated statement of profit and loss account, as and when incurred. Assets are derecognized when disposed or when no future economic benefits are expected from its use or disposal.

Normal repairs and maintenance are charged to unconsolidated statement of profit and loss account as and when incurred. Major renewals and improvements are capitalized and assets replaced, if any, other than those kept as stand-by are retired.

### **Capital work-in-progress**

Capital work-in-progress (CWIP) is stated at cost less any recognized impairment loss. All expenditures connected to the specific assets incurred during installation and construction period are carried under CWIP. These are transferred to specific assets as and when assets are available for use.

#### **4.6 Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation, is valued using the cost method i.e. at cost less any accumulated depreciation and any identified impairment loss.

Any gain or loss on disposal of investment property, calculated as difference between the proceeds from disposal and the carrying amount is recognised in the unconsolidated statement of profit and loss.

#### **4.7 Long term investment**

##### **Investment in subsidiary company**

Investment in subsidiary is initially recognized at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investment are adjusted accordingly. Impairment losses are recognized as an expense in the unconsolidated statement of profit and loss. Where impairment losses are subsequently reversed, the carrying amounts of investments are increased to revise recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the unconsolidated statement of profit and loss.

#### **4.8 Stores and spares**

These are valued at lower of cost or net realizable value, cost is determined on the basis of moving average cost less allowance for obsolete and slow moving items, except for items in transit which are valued at cost incurred to the statement of financial position.

#### **4.9 Stock in trade**

These are valued at lower of cost and net realizable value. Cost is determined by applying the

Raw material

- At mills

- In transit

Work in process

Finished goods

Weighted average cost

At cost incurred to the statement of financial position

Average manufacturing cost

Average manufacturing cost

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

#### **4.10 Trade debts**

Trade debts and other receivables are initially recognised at fair value, which is usually the original invoiced amount and subsequently carried at amortised cost using the effective interest method less allowance for expected credit losses.

#### **4.11 Impairment of non-financial assets**

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

Where impairment loss subsequently reverses, the carrying amount of the assets is increased to the revised recoverable amount but limited to the extent of carrying amount that would have been determined had no impairment loss been recognized in prior periods. Reversal of impairment loss is recognized as income.

#### **4.12 Financial Instruments**

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

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

##### **4.12.1 Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### **Classification of financial assets**

###### **a) Debt instruments measured at amortised cost**

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

###### **Amortised cost and effective interest method**

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

As at reporting date, the Company carries cash and cash equivalents, trade receivables and term finance certificate at amortized cost.

***b) Debt instruments measured at fair value through other comprehensive income (FVTOCI)***

Debt instruments that meet specified conditions and are measured subsequently at fair value through other comprehensive income (FVTOCI).

As at reporting date, the Company does not hold any debt instrument classified as at FVTOCI.

***c) Equity instruments designated as at FVTOCI***

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

As at reporting date, the Company does not hold any equity instrument classified as at FVTOCI.

***d) Financial assets measured subsequently at fair value through profit or loss (FVTPL)***

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

As at reporting date, the Company carries investments in shares of listed companies and units of mutual funds classified as at FVTPL.

***Impairment of financial assets***

The Company recognises a loss allowance for expected credit losses (ECL) on financial assets that are measured at amortised cost or at FVTPL, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

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

***Definition of default:***

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

#### **Write off policy**

The Company writes off financial assets when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made against financial assets written-off are recognised in profit or loss.

#### **Derecognition of financial assets**

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

#### **4.12.2 Financial liabilities**

##### **Subsequent measurement of financial liabilities**

Financial liabilities that are not

- contingent consideration of an acquirer in a business combination,
- held-for-trading, or
- designated as at FVTPL, are measured subsequently at amortised cost using the effective

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

#### **4.12.3 Derecognition of financial liabilities**

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

#### **4.12.4 Off setting of financial assets and financial liabilities**

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

#### **4.13 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 the future for goods and services received, whether or not billed to the company.

#### **4.14 Revenue recognition**

The Company is in the business of sale of goods. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer and the performance obligation is satisfied under the contract at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

- Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods.
- Export rebate is recognized on accrual basis at the time of making the Export sales.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., right of returns, volume rebates). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non cash consideration, and consideration payable to the customer (if any).

#### 4.15 Cash and cash equivalents

Cash and cash equivalents are carried in the unconsolidated statement of financial position at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash and cheques in hand, balances with banks on current, saving and deposit accounts.

#### 4.16 Borrowing cost

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

All other borrowing costs are charged to income in the period in which these are incurred.

#### 4.17 Borrowings

Loans and borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Finance cost is accounted for on an accrual basis and are included in mark-up accrued on loans to the extent of amount remaining unpaid, if any.

#### 4.18 Earning Per share

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

### 5. PROPERTY, PLANT AND EQUIPMENT

	2022	2021
Note	Rupees	
Operating assets	5.1	3,568,666,933
Capital work-in-progress	5.4	1,661,109,665
		<u>4,224,016,341</u>

#### 5.1 Operating assets

Particulars	Cost / revised amount				Depreciation				Written down value as at June 30
	Opening	Additions / (disposal)	Revaluation Adjustment	Closing	Opening	For the year / (on disposal)	Revaluation Adjustment	Closing	
Rupees									
<b>Owned</b>									
Freehold land	192,914,491	43,162,200	744,963,300	981,040,000	-	-	-	-	981,040,000
Building on freehold land	357,052,783	-	142,947,216	499,999,999	162,995,760	19,403,702	(182,401,462)	-	500,000,000
Plant and machinery	2,378,734,973	108,667,294	-	2,466,789,260	1,188,157,068	123,554,952	(826,326,507)	466,789,240	2,000,000,000
		(10,613,027)	-	-	-	(18,596,273)	-	-	-
Electric installations	69,644,240	-	-	69,644,240	42,398,636	2,724,560	-	45,123,196	16,521,044
Factory equipments	4,255,896	-	-	4,255,896	2,709,616	154,588	-	2,864,204	1,391,292
Office equipments	4,883,546	183,000	-	5,066,546	3,982,723	93,132	-	4,075,855	990,691
Electric appliances	4,617,405	-	-	4,617,405	3,322,580	129,483	-	3,452,063	1,165,342
Furniture and fittings	9,377,319	244,445	-	9,621,764	6,702,551	279,699	-	6,982,250	2,639,514
Vehicles	127,793,914	22,311,800	-	136,994,017	77,895,567	13,458,831	-	80,074,967	56,919,050
		(13,111,697)	-	-	-	(11,279,431)	-	-	-
<b>2022</b>	<b>3,149,274,167</b>	<b>174,568,739</b>	<b>887,910,525</b>	<b>4,178,028,707</b>	<b>1,488,164,501</b>	<b>159,800,948</b>	<b>(1,008,727,969)</b>	<b>609,361,775</b>	<b>3,568,666,933</b>
		<b>(33,724,724)</b>				<b>(29,875,704)</b>			
Rupees									
<b>Owned</b>									
Freehold land	191,940,053	974,438	-	192,914,491	-	-	-	-	192,914,491
Building on freehold land	357,052,783	-	-	357,052,783	141,433,868	21,561,892	-	162,995,760	194,057,023
Plant and machinery	2,353,748,823	63,184,159	-	2,378,734,973	1,073,082,947	131,311,807	-	1,188,157,068	1,190,577,905
		(18,199,009)	-	-	-	(16,237,686)	-	-	-
Electric installations	69,644,240	-	-	69,644,240	39,371,347	3,027,289	-	42,398,636	27,245,604
Factory equipments	4,255,896	-	-	4,255,896	2,537,851	171,765	-	2,709,616	1,545,880
Office equipments	4,708,546	175,000	-	4,883,546	3,885,873	96,850	-	3,982,723	900,821
Electric appliances	4,617,405	-	-	4,617,405	3,178,730	143,870	-	3,322,580	1,294,825
Furniture and fittings	9,377,319	-	-	9,377,319	6,405,355	297,196	-	6,702,551	2,674,768
Vehicles	123,672,166	5,122,648	-	127,793,914	66,844,025	11,944,224	-	77,895,567	49,898,347
	0	(1,000,900)	-	-	-	(892,682)	-	-	-
<b>2021</b>	<b>3,119,017,831</b>	<b>40,456,245</b>		<b>3,149,274,167</b>	<b>1,316,739,976</b>	<b>168,554,895</b>		<b>1,488,164,501</b>	<b>1,661,109,665</b>
		<b>(10,199,909)</b>				<b>(17,130,368)</b>			

5.2 Disposal of property, plant and equipment of book value exceeding Rs. 500,000

Particulars	Cost	Accumulated Depreciation	Carrying value	Sale proceeds	Gain	Mode of Disposal	Relationship	Particulars of buyers
<b>Rupees</b>								
<b>For the year ended 2022</b>								
<b>Plant and machinery</b>								
China Card	20,613,027	18,596,273	2,016,754	2,136,752	119,998	Negotiation	Third party	Lyallpur Textiles
<b>Vehicles</b>								
Perado	3,556,697	3,469,933	86,764	250,000	163,236	Negotiation	Third party	Haris Javed
Honda City	1,519,000	1,166,596	352,404	425,000	72,596	Negotiation	Third party	Muhammad Akram
Suzuki Cultus	1,039,000	852,943	186,057	250,000	63,943	Negotiation	Third party	Muhammad Arslan
Toyota Fortuner	5,772,000	4,864,143	907,857	1,000,000	92,143	Negotiation	Third party	Shahid Latif Ather
Suzuki Cultus	1,059,000	795,116	263,884	325,000	61,116	Negotiation	Third party	Manzoor Tariq
	<b>33,558,724</b>	<b>29,745,003</b>	<b>3,813,721</b>	<b>4,386,752</b>	<b>573,031</b>			
<b>Rupees</b>								
<b>For the year ended 2021</b>								
<b>Plant and machinery</b>								
China Card	12,500,917	10,924,417	1,576,500	1,705,983	129,483	Negotiation	Third party	Combine Spinning Pvt. Ltd
Murata Auto Coner	5,304,119	4,948,635	355,484	416,667	61,183	Negotiation	Third party	Muhammad Umer Farooq
	<b>17,805,036</b>	<b>15,873,052</b>	<b>1,931,984</b>	<b>2,122,650</b>	<b>190,666</b>			

		<b>2022</b>	<b>2021</b>
	<i>Note</i>	<b>Rupees</b>	
<b>5.3</b> Depreciation for the year has been allocated as under:			
Cost of goods sold	26	<b>145,839,803</b>	156,070,442
Administrative expenses	28	<b>13,961,145</b>	12,484,451
		<b>159,800,948</b>	168,554,893
<b>5.4 Capital Work in Progress</b>			
Machinery in transit		<b>456,936,184</b>	-
Building		<b>198,413,024</b>	-
	5.4.1	<b>655,349,208</b>	-
<b>5.4.1 Movement in capital work in progress</b>			
Opening balance		-	<b>28,751,200</b>
Additions during the year		<b>655,349,208</b>	-
Transferred to operating assets		-	<b>(28,751,200)</b>
		<b>655,349,208</b>	-

5.5 The Company has its freehold land, building on freehold land and plant and machinery revalued on June 30, 2022 by Joseph Lobo (Private) Limited & M.Y.K Associate (Private) Limited, independent valuers. The basis used for the revaluation of these assets were as follows:

**Freehold land**

Fair market value of the land was assessed through inquiries in the vicinity of land, recent market deals and information obtained through estate agents and property dealers of the area.

**Building on freehold land**

Fair market value of the building was assessed mainly through new construction value, depreciation cost factors, state of infrastructure, current trends in prices of real estate in the vicinity and information obtained through estate agents, builders and developers.

**Plant and machinery**

Fair market value of the plant and machinery was assessed through inquiries of local authorized dealers who deal in old and new similar type of plant and machineries. Replacement value was then ascertained from competitive rates of the plant and machinery and thereafter, an average depreciation factor was applied on the replacement value of the plant and machinery.

Forced sale value of the above items of property, plant and equipment is as follows:

	<b>Rupees</b>
Freehold land	743,082,000
Building on freehold land	375,000,000
Plant and machinery	1,500,000,000
	<b>2,618,082,000</b>

5.6 Had there been no revaluation the related figures of freehold land, building on freehold land and plant and machinery as at the statement of financial position date would have been as follows:

	<b>2022</b>	<b>2021</b>
	<b>Rupees</b>	
Freehold land	<b>122,530,730</b>	79,368,530
Building on freehold land	<b>347,688,155</b>	41,745,178
Plant and machinery	<b>1,996,642,875</b>	1,187,220,780
	<b>2,466,861,760</b>	1,308,334,488

**6. INVESTMENT PROPERTY**

Investment property comprises of agricultural land held by the Company for capital appreciation purposes, and is not currently in use by the Company for business purposes. The fair value as at June 30, 2019 is Rs. 46.49 million. The forced sale value has been assessed as at June 30, 2019 is Rs. 37.19 million. The investment property is located at Shujabad, District Multan.

<b>7. LONG TERM INVESTMENTS</b>		<b>2022</b>	<b>2021</b>
		<b>----- Rupees -----</b>	
<b>Investment in subsidiary company - at cost</b>	<b>Note</b>		
<b>Embee Industries (Private) Limited</b>	<b>7.1</b>	<b>190,850,000</b>	<b>-</b>
<b>7.1</b> Embee Industries (Private) Limited (EIL) is a private company incorporated in Pakistan. As at the reporting date, the company holds 100 percent shares (173,500 issued, subscribed and paid up share of PKR 100 each) of EIL. The EIL is engaged in business of manufacturing and sale of ice.			
<b>8. STORES AND SPARES</b>		<b>2022</b>	<b>2021</b>
		<b>----- Rupees -----</b>	
Stores		49,392,812	67,182,421
Spares		46,334,547	36,925,995
		<b>95,727,359</b>	<b>104,108,416</b>
<b>9. STOCK-IN-TRADE</b>			
Raw material		1,422,495,562	1,235,098,282
Raw material in-transit		511,929,544	249,398,825
Work in process		49,121,588	40,247,255
Finished goods		105,250,471	33,632,473
Waste		99,809,933	91,163,770
		<b>2,188,607,098</b>	<b>1,649,540,605</b>
<b>10. TRADE DEBTS</b>			
Foreign - secured and considered good		254,322,451	795,989,799
Local - unsecured	10.1	513,619,543	393,054,090
		<b>767,941,994</b>	<b>1,189,043,889</b>
Bad debts written off	29		(500,638)
Allowance for expected credit losses	10.2	(2,516,535)	(2,266,198)
		<b>765,425,459</b>	<b>1,186,277,053</b>
<b>10.1</b> It includes due from associated undertakings relating to sale of yarn in normal course of business. Detail of balances due is as follows:			
		<b>2022</b>	<b>2021</b>
		<b>----- Rupees -----</b>	
Indus Dyeing & Manufacturing Co.	10.5 & 37	541,354	-
Indus Home Limited	10.6 & 37	13,771,486	14,222,881
<b>10.2 Allowance for expected credit losses</b>			
Opening balance as at July 1		2,266,198	2,266,198
Expected credit losses		250,337	-
Closing balance as at June 30		<b>2,516,535</b>	<b>2,266,198</b>
<b>10.3</b> Trade debts are generally on 60 to 90 days credit terms.			
<b>10.4</b> As at year end, trade receivables of Rs. 1,571,811 (2021: Rs. 573,833) were past due.			
<b>10.5</b> The maximum outstanding balance during the year due from Indus Dyeing & Manufacturing Co. Limited (associated undertaking) is Rs. 0.54 million (2021 Rs. Nil).			
<b>10.6</b> The maximum outstanding balance during the year due from Indus Home Limited Rs. 71.82 million (2021: Rs. 14.22 million).			
<b>11. LOANS AND ADVANCES</b>		<b>2022</b>	<b>2021</b>
		<b>----- Rupees -----</b>	
<b>Considered good</b>			
Due from employees	11.1	13,533,659	25,405,492
Advances :			
To suppliers / services		85,267,713	29,287,904
To contractors		29,507	59,556
Letter of credit margin		14,641,697	921,117
		<b>113,472,576</b>	<b>55,674,069</b>
<b>11.1</b> This are interest free loans, secured against gratuity not more than Rs. 1,000,000 (2021: Rs. 1,000,000) to a person.			

	<i>Note</i>	<u>2022</u>	<u>2021</u>
		<u>----- Rupees -----</u>	
<b>12. TRADE DEPOSITS</b>			
Bank guarantee margin		<b>3,239,226</b>	3,239,226
<b>13. OTHER RECEIVABLES</b>			
Cotton claims - considered good		<b>44,522,812</b>	24,314,962
Rebate claims		<b>2,122,182</b>	2,122,182
Other		<b>257,056</b>	282,148
		<b>46,902,050</b>	26,719,292
<b>14. OTHER FINANCIAL ASSETS</b>			
Measured at fair value through profit & loss	14.1	<b>1,880,330,141</b>	835,013,940
Measured at amortised cost	14.2	<b>100,000,000</b>	-
		<b>1,980,330,141</b>	835,013,940

**14.1 Market value of other financial assets**

<u>Number of units</u>		<u>Investments in units of mutual funds</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>2022</u>	<u>2021</u>		<u>----- Rupees -----</u>			
215,675	215,675	NAFA Stock Fund	<b>2,975,581</b>		3,460,138	
294,101	294,101	ABL Stock Fund	<b>3,812,015</b>		4,663,819	
4,364,720	1,096,443	MCB Cash Management Optimizer	<b>442,145,300</b>		110,695,934	
107,284	107,284	UBL Stock Advantage Fund	<b>7,456,205</b>		8,424,975	
111,061,590	30,104,702	National Investment Trust	<b>1,072,155,275</b>		290,221,369	
134	430,416	Alfalah GHP Money Market Fund	<b>13,155</b>		42,283,410	
210,934	1,797,784	First Habib Cash Fund	<b>21,368,813</b>		180,928,251	
115	-	ABL Cash Fund	<b>1,177</b>		-	
1,332	-	HBL Money Market Fund	<b>136,918</b>		-	
1,291,841	-	UBL Liquidity Plus Fund	<b>130,589,764</b>		-	
27	-	NBP Mahana Amadni Fund	<b>271</b>		-	
-	34,298	NAFA Money Market	-		339,504	
758	758	Nafa Islamic Energy Fund	<b>6,684</b>		7,187	
<u>Number of shares</u>		<u>Investment in ordinary shares of listed companies</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>2022</u>	<u>2021</u>		<u>----- Rupees -----</u>			
-	138,000	Engro Fertilizer Limited	-		9,697,260	
275,000	275,000	Fatima Fertilizer Company Limited	<b>10,395,000</b>		7,906,250	
-	16,500	Nishat Mills Limited	-		1,539,450	
-	190,353	United Bank Limited	-		23,261,137	
-	164,000	Bank Al Habib Limited	-		11,499,680	
-	-	Pak International Bulk	-		-	
-	18,262	Terminal Limited	-		207,822	
69,962	-	Systems Limited	<b>23,077,665</b>		-	
4,150	-	Highnoon Laboratories Limited	<b>2,198,961</b>		-	
64,500	-	Pakistan Aluminium Beverages Oil and Gas Development	<b>2,033,685</b>		-	
91,914	91,914	Company Limited	<b>7,230,874</b>		8,734,587	
43,500	-	Tariq Glass Industries Limited	<b>4,515,735</b>		-	
90,000	44,225	Lucky Cement Limited	<b>41,313,600</b>		38,185,634	
-	25,000	Sui Southern Gas Company Limited	-		332,500	
374,897	87,300	Habib Bank Limited	<b>34,243,092</b>		10,682,901	
-	32,300	MCB Bank Limited	-		5,162,509	
-	13,000	Kot Addu Power Company Limited	-		576,550	
-	82,500	Nishat Chunian Power Limited	-		1,239,151	
32,920	32,920	Engro Corporation Limited	<b>8,463,403</b>		9,698,561	
-	26,400	Amreli Steels Limited	-		1,146,816	
-	-	Crescent Steel and Allied products	-		-	

-	26,400	Amreli Steels Limited	-	1,146,816
-	24,200	Crescent Steel and Allied products Limited	-	2,032,316
-	16,700	Engro Foods Limited	-	1,921,836
<b>1,200</b>	2,200	GlaxoSmithKline Pakistan Limited	<b>285,996</b>	364,474
-	205,500	Fauji Cement Company Limited	-	4,726,500
-	7,540	Kohinoor Textile Limited	-	567,008
-	69,000	D.G Khan Cement Company Limited	-	8,136,480
-	65,600	Maple Leaf Cement Factory Limited	-	3,081,888
<b>104,004</b>	29,000	Mughal Iron & Steel Industries Limited	<b>5,994,791</b>	3,027,600
<b>15,300</b>	20,000	Bestway Cement Limited	<b>1,942,794</b>	3,230,400
-	3,200	EFU General Insurance Limited	-	371,168
<b>177,140</b>	152,140	Hub Power Company Limited	<b>12,075,634</b>	12,120,994
<b>2,568</b>	2,120	Mari Petroleum Company Limited	<b>4,467,652</b>	3,231,707
-	70,400	Pak Elektron Limited	-	2,468,224
<b>239,528</b>	38,397	Meezan Bank Limited	<b>27,061,873</b>	4,431,398
-	9,545	Searl Pakistan Limited	-	2,315,808
<b>21,000</b>	21,000	Interloop Limited	<b>9,138,227</b>	1,470,630
<b>42,099</b>	11,100	International Steels Limited	<b>2,498,997</b>	1,036,851
-	1,400	GlaxoSmithKline Consumer Health Care Pakistan Limited	-	350,126
-	69,500	Bank Al Falah Limited	-	2,236,510
-	4,000	Archroma Pakistan Limited	-	2,290,000
<b>19,050</b>	11,950	Pakistan Oilfields Limited	<b>7,730,681</b>	4,706,627
<b>119,217,243</b>	<b>36,153,627</b>		<b>1,880,330,141</b>	<b>835,013,940</b>

14.2	Number of certificates		Investment in term finance certificate	Note	2022	2021
	2022	2021			----- Rupees -----	
	1,000	-	Habib Bank Limited	14.3	100,000,000	-
	<b>119,218,243</b>	<b>36,153,627</b>			<b>1,980,330,141</b>	<b>835,013,940</b>

14.3 This represents investment in AA+ rated, unsecured, subordinated, perpetual and non-cumulative term finance certificate of Habib Bank Limited, having face value of Rs.100,000 certificate and carries profit at the rate of 3 Months KIBOR + 1.50% per annum.

15.	<b>CASH AND BANK BALANCES</b>	Note	2022	2021
			----- Rupees -----	
	Cash in hand		422,271	224,577
	Cash at bank			
	- Current accounts		86,110,243	115,392,049
	- Deposit accounts	15.1	1,026	979
	- Saving accounts	15.1	133,406	141,664
	- Term deposit receipts	15.1	9,981,479	5,000,000
			<b>96,226,154</b>	<b>120,534,692</b>
			<b>96,648,425</b>	<b>120,759,269</b>

15.1 Effective markup rate in respect of saving, deposit accounts and term deposits receipts ranges from 6% to 12% (2021: 5.50% to 6.25%) per annum.

<b>16. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL</b>			<u>2022</u>	<u>2021</u>
<b>Authorized capital</b>			<b>Rupees</b>	
<b>50,000,000</b>	50,000,000	Ordinary shares of Rs. 10 each	<b>500,000,000</b>	500,000,000
<b>Issued, subscribed and paid up capital</b>				
<b>20,700,000</b>	20,700,000	Ordinary shares of Rs. 10 each fully paid in cash	<b>207,000,000</b>	207,000,000
<b>16.1</b> 205,962 (2021: 208,752) ordinary shares of Rs. 10 each are held by the associated companies in the capital, detailed as follows:			<b>2022</b>	<b>2021</b>
			<b>No. of shares</b>	
Indus Dyeing & Manufacturing Company Limited			<b>205,962</b>	208,752
			<b>205,962</b>	208,752
<b>16.2</b> The Company has only one class of ordinary shares which carry no right to fixed income.				
<b>16.3</b> Shareholders are entitled to cast vote proportionate to the paid up value of shares carrying voting rights. All shares rank equally with regard to the Company's residual assets.				
<b>17. SURPLUS ON REVALUATION OF</b>			<u>2022</u>	<u>2021</u>
<b>PROPERTY, PLANT AND EQUIPMENT</b>			<b>Rupees</b>	
<b>17.1 Surplus on revaluation of property, plant and equipment</b>			<b>2,131,810,253</b>	269,214,931
Opening balance			<b>269,214,931</b>	304,281,512
Surplus arising on revaluation				
- Land			<b>744,963,309</b>	-
- Building			<b>325,348,678</b>	-
- Plant & Machinery			<b>826,326,507</b>	-
			<b>1,896,638,494</b>	-
Transferred to unappropriated profit on account of:				
Incremental depreciation			<b>(15,566,897)</b>	(19,073,555)
Revaluation surplus due to disposal of revalued assets			<b>(18,476,275)</b>	(15,993,026)
			<b>(34,043,172)</b>	(35,066,581)
Closing balance			<b>2,131,810,253</b>	269,214,931
<b>Related deferred tax liability</b>				
Opening balance			-	(15,092,718)
Reversal of deferred tax liability			-	15,092,718
			-	-
Closing balance			<b>2,131,810,253</b>	269,214,931
<b>18. LONG TERM FINANCING</b>				
<b>From banking companies - secured</b>				
<b>Term finance:</b>				
Allied Bank Limited	18.1		<b>3,600,000</b>	-
Allied Bank Limited	18.2		<b>115,304,000</b>	-
			<b>118,904,000</b>	-
<b>LTF:</b>				
United Bank Limited	18.3		<b>36,933,825</b>	51,707,355
Bank Alfalah Limited	18.4		<b>363,281,250</b>	375,000,000
MCB Bank Limited	18.5		<b>352,405,247</b>	405,907,786
Allied Bank Limited	18.6		<b>104,914,486</b>	79,662,010
Allied Bank Limited	18.7		<b>66,496,200</b>	78,360,480
Deferred grant	19		-	(204,438)
			<b>924,031,008</b>	990,433,193
			<b>1,042,935,008</b>	990,433,193
Less: Current portion			<b>(159,288,605)</b>	(133,102,824)
Less: Current portion of deferred grant			<b>(204,437)</b>	(2,696,056)
			<b>883,441,966</b>	<b>854,634,313</b>

**18.1 Allied Bank Limited - Term Finance**

This finance has been obtained from Allied Bank Limited for BMR. The loan was repayable in 16 equal half yearly installments commencing from May 25, 2022 with 3 months grace period from the date of 1st disbursement. It carried mark up at the rate of 6 Months KIBOR + 0.50%. The finance was secured against first pari passu charge over all present and future fixed assets the Company for Rs. 134 million inclusive of 25% margin.

**18.2 Allied Bank Limited - Term Finance (Rooters)**

This finance has been obtained from Allied Bank Limited for BMR. The loan was repayable in 16 equal half yearly installments commencing from June 14, 2024 with 2 years grace period. carried mark up at the rate of 6 Months KIBOR + 0.75%. The finance was secured against first pari passu charge over present and future fixed assets of the Company for Rs.800 million inclusive of 25% margin.

**18.3 United Bank Limited - LTFF**

This finance has been obtained from United bank Limited for BMR. The loan is repayable in 10 equal half yearly installments commencing from February 18, 2019 with 11 months grace period. It carries markup at flat rate of 3%. The finance is secured against first pari passu charge amounting to Rs. 125 million over all present and future fixed assets of the Company with 25% margin.

**18.4 Bank Alfalah Limited- LTFF**

This finance has been obtained from Bank Alfalah Limited for BMR. The loan is repayable in 32 equal quarterly installments commencing from June 18, 2021 with 2 years grace period. carries markup at flat rate of 3%. The finance is secured against first pari passu charge amounting to Rs. 500 million over all present and future fixed assets of the Company with 25% margin.

**18.5 MCB Bank Limited - LTFF**

This finance has been obtained from MCB Bank Limited for BMR. The loan is repayable in 16 equal half yearly installments commencing from April 18, 2020 with 2 years grace period. It carries markup at rate of 2.5%. The finance is secured against first pari passu charge amounting to Rs. 600 million over all present and future fixed assets of the Company with 25% margin.

**18.6 Allied Bank Limited - LTFF (salaries and wages)**

This finance has been obtained from Allied Bank to pay salaries and wages under SBP's Refinance Scheme for payment of wages and salaries. The loan is repayable in 8 equal quarterly installments commencing from Jan 31, 2021. It carries mark up at flat rate of 1.25%. The finance is secured against first pari passu charge amounting to Rs. 152 million over all present and future fixed assets of

**18.7 Allied Bank Limited - LTFF**

This finance had been obtained from Allied Bank for BMR. The loan is repayable in 16 equal half yearly installments commencing from May 25, 2022 with 3 months grace period. It carries mark up at the rate of SBP + 0.50%. The finance is secured against first pari passu charge over all present and future fixed assets of the company for Rs. 134 Million inclusive of 25% Margin.

<b>19. DEFERRED LIABILITIES</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>Rupees</b>	
Staff retirement benefits - gratuity	19.1	<b>76,464,325</b>	86,267,353
Provision for Gas Infrastructure			
Development Cess (GIDC)	19.4	-	70,464,910
Deferred Grant	19.5	-	204,438
		<b>76,464,325</b>	<b>156,936,701</b>
<b>19.1 Staff retirement benefits - gratuity</b>			
<b><u>Liability recognized in the statement of financial position</u></b>			
Present value of defined benefit obligation		<b>76,464,325</b>	86,267,353
		<b>76,464,325</b>	<b>86,267,353</b>
<b><u>Movement in the net liability</u></b>			
Opening balance		<b>86,267,353</b>	82,173,885
Charge for the year		<b>35,074,628</b>	19,194,484
Payment made during the year		<b>(52,726,593)</b>	(11,353,020)
Actuarial (gain) / loss from changes in experience adjustments		<b>7,226,427</b>	(4,089,344)
Actuarial loss / (gain) from changes in financial assumptions		<b>622,510</b>	341,348
		<b>76,464,325</b>	<b>86,267,353</b>

<b><u>Changes in present value of defined benefit obligation</u></b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>Rupees</b>	<b>Rupees</b>
Opening defined benefit obligation		86,267,353	82,173,885
Current service cost		16,229,063	12,692,207
Past service cost		12,855,159	-
Interest cost		5,990,406	6,502,277
Benefits paid		(52,726,593)	(11,353,020)
Actuarial (gain) / loss from changes in experience adjustments		7,226,427	(4,089,344)
Actuarial loss / (gain) from changes in financial assumptions		622,510	341,348
		<b>76,464,325</b>	<b>86,267,353</b>
<b><u>Charge for the year</u></b>			
Current service cost		16,229,063	12,692,207
Past service cost		12,855,159	-
Interest cost		5,990,406	6,502,277
		<b>35,074,628</b>	<b>19,194,484</b>
<b><u>Allocation of charge for the year</u></b>			
Cost of sales	26.2	31,707,631	14,394,484
Administrative expenses	28.1	3,366,997	4,800,000
		<b>35,074,628</b>	<b>19,194,484</b>

**19.2 Remeasurement gain/loss recognised in other comprehensive income**

Actuarial (gain) / loss from changes in experience adjustments		7,226,427	(4,089,344)
Actuarial loss from changes in financial assumptions		622,510	341,348
Remeasurement gain/loss		<b>7,848,937</b>	<b>(3,747,996)</b>

As per actuarial valuation carried out as at June 30, 2022 by Nauman Associates using Projected Unit Credit Method, the following significant assumptions have been used for valuation of defined benefit obligation of the Company:

	<b>2022</b>	<b>2021</b>
Discount rate	13.25%	10.00%
Expected rate of salary increase in future years	12.25%	9.00%
Average expected remaining working life time of employees	6 years	6 years

Mortality rate was based on the State Life Corporation (SLIC) 2001-2005 ultimate mortality rates with 1 year setback as per recommendation of Pakistan Society of Actuaries ("PSOA").

**19.3 Staff retirement benefits sensitivity analysis**

**Increase/(decrease) in defined benefit obligation**

	<b>2022</b>	<b>2021</b>
	<b>Rupees</b>	<b>Rupees</b>
Year end sensitivity analysis (+/- 100 bps) on defined benefit obligation:		
Discount rate + 100 bps	72,491,013	81,090,114
Discount rate - 100 bps	81,003,071	92,188,553
Salary Increase + 100 bps	81,160,899	92,371,633
Salary Increase - 100 bps	72,277,986	80,831,626
	<b>2022</b>	<b>2021</b>

**Maturity Profile**

Average duration of liability	6 years	6 years
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**Expected contribution for the next year**

The expected contribution to the gratuity scheme for the next year works out to Rs. 25.549 million.

**19.4 Provision for Gas Infrastructure Development Cess (GIDC)**

	<b>2022</b>	<b>2021</b>
	<b>Rupees</b>	<b>Rupees</b>
Provision for GIDC	70,464,910	84,999,849
Less: Current portion	(70,464,910)	(14,534,939)
	<b>-</b>	<b>70,464,910</b>

On August 13, 2020 the Supreme Court of Pakistan (SCP) through its order declared GIDC Act an Intra vires to the constitution and directed all the industrial and commercial entities to pay the Cess that have become due up to July 31, 2020. However, as a concession, the same was allowed to be recovered in twenty four equal monthly installments starting from August 01, 2020.

In light of the above stated order of SCP, the Company opted to recognize the Cess as payable in twenty four equal monthly installments in accordance with the provision of IAS 37.

### 19.5 DEFERRED GRANT

As mentioned in note 17.7, the State Bank of Pakistan (SBP) through circular no. 6 dated April 10, 2020 introduced a 'Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concern (the Refinance Scheme). The purpose of the Refinance Scheme is to provide relief to dampen the effects of COVID- 19 by providing loans at concessional interest rates. The Company obtained financing of Rs. 106.22 million under the Refinance Scheme. The benefit of below market interest rates, measured as the difference between the fair value of loan and loan proceeds on the date of disbursement has been recognised as deferred grant. The deferred grant is amortized over the term of the loan i.e., 2.5 years. In line with the recognition of interest expense, the grant is compensatory.

The movement during the year is as follows:

	<i>Note</i>	<u>2022</u>	<u>2021</u>
		<i>Rupees</i>	
As at July 01		2,900,494	-
Recognized during the year			7,604,320
Amortized during the year		(2,696,057)	(4,703,826)
As at June 30		204,437	2,900,494
Less: Current portion		(204,437)	(2,696,056)
Non current portion		-	204,438

### 20. TRADE AND OTHER PAYABLES

Creditors		175,610,057	47,314,986
Provision for infrastructure cess	20.1	134,662,322	118,362,773
Accrued liabilities		86,551,655	47,504,446
Current portion of provision for GIDC	19.4	70,464,910	14,534,939
Sales tax payable		41,243,810	617,573
Advances from customers		3,338,076	2,331,951
Workers' Profit Participation Fund	20.2	545,407	7,212,811
Commission on export sale		1,356,508	22,934,177
Due to employees		908,726	675,695
Income tax deducted at source		20,143	294,818
		<u>514,701,614</u>	<u>261,784,169</u>

**20.1** This includes provision for Sindh Development and Infrastructure Cess which was levied by the Excise and Tax Department of Government of Sindh on goods entering or leaving the province through air or sea at prescribed rate under Sindh Finance Ordinance, 2001. The levy was challenged by the Company along with other companies in Sindh High Court (SHC). SHC through its interim order passed on May 31, 2011 ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure cess should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed. The management is confident for a favorable outcome, however, as a matter of prudence Company has paid Rs. 134.66 million upto June 30, 2022 (50%) of the value of infrastructure cess in cash and recorded liability for the remaining amount which is supported by a bank guarantee. During the year, the Sindh High Court has passed an order on June 4, 2021 for settlement of remainder of Infrastructure Cess against which the Company has filed an appeal in Supreme Court and the Company's legal counsel expect that the matter will be decided in favour of the Company.

### 20.2 Workers' Profit Participation Fund

	<i>Note</i>	<u>2022</u>	<u>2021</u>
		<i>Rupees</i>	
Opening balance		7,212,811	498,884
Payment to the fund		(7,212,811)	(498,884)
		-	-
Charge for the year	29	108,545,407	65,212,811
Payment of the fund from current year liability		(108,000,000)	(58,000,000)
Closing balance		545,407	7,212,811

### 21. ACCRUED MARKUP

Accrued markup on:			
- Short term borrowings		896,258	3,572,225
- Long term borrowings		7,423,979	6,694,650
		<u>8,320,237</u>	<u>10,266,875</u>

<b>22. SHORT TERM BORROWINGS</b>		<b>2022</b>	<b>2021</b>
<b>Secured - under markup arrangements from banking Companies</b>		<b>Rupees</b>	
Running finances (RF)		-	29,537,798
	22.1	-	29,537,798
<b>22.1</b>	Short term facilities available from commercial banks under mark up arrangements amount to Rs. 6,475 Million (2021: Rs. 6,475 million) of which facilities aggregating to Rs. 6,475 million ( 2021: Rs. 6,446 million) remained unutilized at the year end. The rate of mark up ranges from 7.86% to 15.06% per annum (2021: 7.81% to 8.69% per annum) payable on quarterly basis. These finances are secured against pledge of raw material and finished goods and charge on current assets of the Company.		
	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>Rupees</b>	
<b>23. PROVISION FOR TAXATION</b>			
Opening balance		88,361,973	85,329,951
Provision made during the year		152,803,558	88,361,973
		241,165,531	173,691,924
Prior year adjustment		247,019	14,575,535
Adjustments against completed assessments		(88,608,992)	(99,905,486)
		152,803,558	88,361,973
<b>24. CONTINGENCIES AND COMMITMENTS</b>			
<b>Contingencies</b>			
Bank guarantees	24.1	201,481,302	164,921,302
Foreign bills purchased		1,182,441,108	587,060,000
In land bills purchased		50,785,020	98,672,017
		1,434,707,430	850,653,319
<b>24.1 Bank guarantees</b>			
<b>In favor of</b>	<b>Bank</b>		
Sui Northern Gas Pipelines Limited	MCB Bank Limited	57,061,261	57,061,261
Ministry of Textile	MCB Bank Limited	599,574	599,574
Excise and taxation	Soneri Bank Limited	23,985,915	23,985,915
Excise and taxation	United Bank Limited	110,560,000	83,000,000
Import licence fee	Habib Bank Limited	274,552	274,552
Excise and taxation	MCB Bank Limited	9,000,000	-
		201,481,302	164,921,302
		<b>2022</b>	<b>2021</b>
	<b>Note</b>	<b>Rupees</b>	
<b>Commitments</b>			
Under letters of credit for:			
- Stores and spares		21,388,308	-
- Raw material		239,520,128	351,482,855
- Plant and machinery		989,328,506	81,151,500
		1,250,236,942	432,634,355
<b>25. Revenue from contracts from customers - net Exports</b>			
Yarn	25.1	8,741,485,561	7,382,482,618
Waste		-	10,104,732
Rebate Claim		75,578,193	-
		8,817,063,754	7,392,587,350
<b>Local</b>			
Yarn		1,148,034,887	1,587,307,098
Doubling		9,569,456	10,408,623
Waste		397,438,600	240,033,136
		1,555,042,943	1,837,748,857
Sales tax on local sales		(554,455,787)	(544,643,942)
Commission		(59,969,082)	(44,808,875)
		9,757,681,828	8,640,883,390
<b>25.1</b>	It includes indirect export of Rs. 2,964.31 million ( 2021: Rs. 2,126.67 million).		

26.	<b><u>COST OF SALES</u></b>	<b><u>Note</u></b>	<b><u>2022</u></b>		<b><u>2021</u></b>	
			<b><u>Rupees</u></b>			
	Raw material consumed	26.1	5,729,938,658		5,045,139,882	
	Power and fuel		543,186,453		411,637,918	
	Salaries, wages and benefits	26.2	314,173,887		273,323,915	
	Depreciation	5.3	145,839,803		156,070,442	
	Packing material consumed		102,403,524		91,216,576	
	Stores and spares consumed		118,152,968		67,597,426	
	Repairs and maintenance		8,247,945		3,446,278	
	Insurance		7,340,737		5,291,888	
	Allowance for expected credit losses		250,337		-	
	Others		2,060,892		1,284,547	
			<b>6,971,595,204</b>		<b>6,055,008,872</b>	
	<b><u>Work in process</u></b>					
	Opening stock		40,247,255		35,073,406	
	Closing stock		(49,121,588)		(40,247,255)	
			<b>(8,874,333)</b>		<b>(5,173,849)</b>	
	Cost of goods manufactured		<b>6,962,720,871</b>		<b>6,049,835,023</b>	
	<b><u>Finished goods</u></b>					
	Opening stock		124,796,243		129,549,303	
	Purchase of finished goods		274,717,500		1,004,498,250	
	Closing stock		(205,060,404)		(124,796,243)	
			<b>194,453,339</b>		<b>1,009,251,310</b>	
			<b>7,157,174,210</b>		<b>7,059,086,333</b>	
<b>26.1</b>	<b><u>Raw material consumed</u></b>					
	Opening stock		1,235,098,282		1,659,066,402	
	Purchases including purchase expenses		5,917,335,938		4,621,171,762	
			<b>7,152,434,220</b>		<b>6,280,238,164</b>	
	Closing stock		(1,422,495,562)		(1,235,098,282)	
			<b>5,729,938,658</b>		<b>5,045,139,882</b>	
<b>26.2</b>	It includes Rs.31.7 million (2021: Rs. 14.4 million) in respect of staff retirement benefits - gratuity.					
27.	<b><u>DISTRIBUTION COST</u></b>	<b><u>Note</u></b>	<b><u>2022</u></b>		<b><u>2021</u></b>	
			<b><u>Rupees</u></b>			
	Export development surcharge		15,229,651		11,612,681	
	Ocean freight		115,197,724		63,527,051	
	Forwarding expenses		25,491,686		29,053,007	
	Local freight		11,861,766		15,106,888	
	Fuel expense		16,961,878		20,789,997	
	Others		562,640		736,564	
			<b>185,305,345</b>		<b>140,826,188</b>	
<b>28.</b>	<b><u>ADMINISTRATIVE EXPENSES</u></b>					
	Salaries, wages and benefits	28.1	62,169,430		57,409,664	
	Directors' remuneration	34	67,264,830		52,563,589	
	Depreciation	5.3	13,961,145		12,484,451	
	Vehicle running and maintenance		15,857,882		11,833,231	
	Travelling and conveyance		4,447,807		2,699,423	
	Postage, telephone and fax		3,309,633		3,003,368	
	Electricity, gas and fuel		2,958,533		2,690,451	
	Printing and stationery		2,766,605		1,790,678	
	Auditors' remuneration	28.2	1,650,000		1,650,000	
	Rent, rates and taxes		4,687,357		3,802,738	
	Donations	28.3	2,619,440		2,349,100	
	Insurance		1,952,358		1,589,101	
	Fees, subscription and periodicals		5,415,133		6,335,847	
	Entertainment		3,391,213		1,833,026	
	Repairs and maintenance		681,955		584,898	
	Legal and professional charges		1,286,000		2,226,260	
	Others		3,740,922		3,674,361	
			<b>198,160,243</b>		<b>168,520,186</b>	
<b>28.1</b>	It includes Rs. 3.68 million (2021: Rs. 4.8 million) in respect of staff retirement benefits - gratuity.					

		<u>2022</u>	<u>2021</u>
		<u>----- Rupees -----</u>	
<b>28.2</b>	<b><i>Auditors' remuneration</i></b>		
	Statutory audit	1,100,000	1,100,000
	Review report on compliance with COCG	100,000	100,000
	Half year review	250,000	250,000
	Certificate for CDC and free float shares	200,000	200,000
		<u>1,650,000</u>	<u>1,650,000</u>
<b>28.3</b>	It includes no amount above Rs. 500,000 given to any donee and none of the directors or their spouses has any interest in the donee's fund.		
<b>29.</b>	<b><i>OTHER EXPENSES</i></b>	<b><i>Note</i></b>	
		<u>2022</u>	<u>2021</u>
		<u>----- Rupees -----</u>	
	Workers' Profit Participation Fund	108,545,407	65,212,811
	Unrealized loss on remeasurement of short term investments	26,556,585	-
	Realized loss on disposal of short term investments	15,258,117	-
	Bad debts written off	-	500,638
		<u>150,360,109</u>	<u>65,713,449</u>
<b>30.</b>	<b><i>FINANCE COST</i></b>		
	Interest / mark up on:		
	Long term financing	28,120,192	28,617,320
	Short term borrowings	30,882,008	29,095,151
	Bank charges and commission	6,912,208	6,403,808
		<u>65,914,408</u>	<u>64,116,279</u>
<b>31.</b>	<b><i>OTHER INCOME</i></b>		
	<b><i>Income from financial assets</i></b>		
	Unrealized gain on remeasurement of short term investments	-	50,483,705
	Realized gain on disposal of short term investments	-	5,746,619
	Interest / profit on bank deposits	2,375,506	617,125
	Dividend income	58,639,990	27,831,814
	<b><i>Income from non financial assets</i></b>		
	Gain on sale of property, plant and equipment	579,733	343,434
	Profit on trading	-	3,874,928
	Remeasurement of Gas Infrastructure Development Cess (GIDC)	-	7,524,837
		<u>61,595,229</u>	<u>96,422,462</u>
<b>32.</b>	<b><i>TAXATION</i></b>		
	Current year:		
	Current	152,803,558	88,361,973
	Deferred	-	15,092,718
	Prior year adjustment	(247,019)	(14,575,535)
		<u>152,556,539</u>	<u>88,879,156</u>
<b>32.1</b>	The Company falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001 for the current year.		
<b>32.2</b>	Provision for deferred income tax is not required as the Company is chargeable to tax under section 169 of the Income Tax Ordinance, 2001 and no temporary differences are expected to arise in the		
<b>32.3</b>	Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not required in view of presumptive taxation.		
<b>33.</b>	<b><i>EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)</i></b>	<b><i>2022</i></b>	<b><i>2021</i></b>
	Profit after tax	<u>1,909,806,203</u>	<u>1,150,164,261</u>
	Weighted average number of ordinary	<u>20,700,000</u>	<u>20,700,000</u>
	Earnings per share - basic and diluted (Rupees)	<u>92.26</u>	<u>55.56</u>
<b>33.1</b>	There is no dilutive effect on the basic earnings per share of the Company.		

**34. REMUNERATION TO CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES**

	<u>Chief executive</u>	<u>Director</u>	<u>Executives</u>
<b>2022</b>	<b>----- Rupees -----</b>		
Remuneration	22,363,636	10,254,545	19,791,273
House rent	2,236,364	1,025,455	1,979,127
Conveyance - cars	1,586,196	292,695	4,443,925
Other benefits	19,117,244	10,388,695	6,422,946
	<b>45,303,440</b>	<b>21,961,390</b>	<b>32,637,271</b>
Number of persons	<b>1</b>	<b>1</b>	<b>14</b>
<b>2021</b>	<b>----- Rupees -----</b>		
Remuneration	19,636,364	10,506,000	16,862,182
House rent and other benefits	1,963,636	1,050,600	1,686,218
Conveyance - cars	1,152,644	257,535	2,945,526
Other benefits	10,350,888	7,645,922	6,028,753
	<b>33,103,532</b>	<b>19,460,057</b>	<b>27,522,679</b>
Number of persons	<b>1</b>	<b>1</b>	<b>14</b>

**34.1** Chief Executive and a director are also entitled to free use of the Company maintained cars.

**35. FINANCIAL INSTRUMENTS**

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

Credit risk

Liquidity risk

Market risk

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

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

**35.2 Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations and arises principally from deposits, trade debts, loans and advances, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	<b>2022</b>	<b>2021</b>
	<b>----- Rupees -----</b>	
Trade debts	<b>765,425,459</b>	1,186,277,053
Other receivables	<b>46,902,050</b>	26,719,292
Long term deposits	<b>6,991,200</b>	6,991,200
Bank balances	<b>96,226,154</b>	120,534,692
	<b>915,544,863</b>	1,340,522,237

The Company's credit risk exposures are categorized under the following headings:

**Counterparties**

The Company conducts transactions with the following major counterparties:

Trade debts

Public sectors

Banks and other financial institutions

Mutual funds

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

### 35.2.1 Credit risk related to trade debtors

Trade debts are essentially due from local and foreign customers against sale of yarn and waste material and the Company does not expect these counterparties to fail to meet their obligations. The majority of sales to the Company's customers are made on specific terms. Customer credit risk is managed subject to established policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and any shipments to foreign customers are generally covered by letters of credit.

Trade debts are generally on 60 to 90 days credit terms.

#### Impairment losses

The aging of trade debts at the reporting date was:

	2022		2021	
	Gross	Impairment	Gross	Impairment
	----- Rupees -----			
Not yet due	789,963,965	-	1,187,969,418	-
Past due for:				
- more than 3 months but less than 1 year	1,512,690	1,999,217	325,076	1,800,341
- more than 1 year but less than 2 years	49,676	117,506	247,321	105,817
- more than 2 years	9,445	399,812	1,436	360,040
	<b>791,535,776</b>	<b>2,516,535</b>	<b>1,188,543,251</b>	<b>2,266,198</b>

#### Concentration of credit risk

Trade debts consist of a large number of diversified customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable where appropriate. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

### 35.2.2 Credit risk related to banks and other financial institutions

Credit risk on balances with banks is managed by management in accordance with the Company's policy. Excess funds are placed in deposits with reputable banks and financial institutions.

<u>Bank Name</u>	<u>Rating</u>	<u>Long term</u>	<u>Short Term</u>
	<u>Agency</u>	<u>Loans</u>	<u>Loans</u>
The Bank of Punjab	PACRA	AA+	A1+
Askari Bank Limited	PACRA	AA+	A1+
Allied Bank Limited	PACRA	AAA	A1+
BankIslami Pakistan Limited	PACRA	A+	A1
Bank Alfalah Limited	PACRA	AA+	A1+
Bank Al Habib Limited	PACRA	AAA	A1+
Faysal Bank Limited	PACRA	AA	A1+
Habib Bank Limited	VIS	AAA	A-1+
Habib Metropolitan Bank Limited	PACRA	AA+	A1+
United Bank Limited	VIS	AAA	A-1+
National Bank of Pakistan	PACRA	AAA	A1+
MCB Bank Limited	PACRA	AAA	A1+

### 35.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of statement of financial position liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

### 35.3.1 Liquidity risk table

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

<i>Particulars</i>	<i>1 - 3 months</i>	<i>3 months - 1 years</i>	<i>1 - 5 years</i>	<i>More than 5 years</i>	<i>Total</i>
Long term financing	-	159,288,605	676,824,133	206,822,271	1,042,935,008
Short term borrowings	-	-	-	-	-
Trade and other payables	-	264,426,946	-	-	264,426,946
Accrued mark up	8,320,237	-	-	-	8,320,237
Unclaimed dividend	22,759,665	-	-	-	22,759,665
<b>2022</b>	<b>31,079,902</b>	<b>423,715,551</b>	<b>676,824,133</b>	<b>206,822,271</b>	<b>1,338,441,856</b>
Long term financing	-	133,102,824	614,350,836	243,183,971	990,637,631
Short term borrowings	-	29,537,798	-	-	29,537,798
Trade and other payables	-	236,792,077	-	-	236,792,077
Accrued mark up	10,266,875	-	-	-	10,266,875
Unclaimed dividend	22,183,456	-	-	-	22,183,456
<b>2021</b>	<b>32,450,331</b>	<b>399,432,699</b>	<b>614,350,836</b>	<b>243,183,971</b>	<b>1,289,417,837</b>

#### *Off Statement of financial position items*

	<i>2022</i>	<i>2021</i>
	<i>Rupees</i>	<i>Rupees</i>
Letters of credit	1,250,236,942	432,634,355
Bank guarantees	201,481,302	164,921,302
Foreign bills discounted	1,182,441,108	587,060,000
In land bills purchased	50,785,020	98,672,017
<b>Off Statement of financial position gap</b>	<b>2,684,944,372</b>	<b>1,283,287,674</b>

### 35.4 Market risk

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

#### 35.4.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates.

##### *Exposure to currency risk*

The Company is exposed to currency risk on trade debts which are denominated in currency other than the functional currency of the Company. The Company's exposure to foreign currency risk is as follows:

	<i>2022</i>		<i>2021</i>	
	<i>Rupees</i>	<i>US Dollar</i>	<i>Rupees</i>	<i>US Dollar</i>
Trade debts	254,322,451	1,242,090	795,989,799	5,053,903
	<b>254,322,451</b>	<b>1,242,090</b>	<b>795,989,799</b>	<b>5,053,903</b>

The following US Dollar exchange rates were applied during the year:

Average rate	179.13	160.24
Statement of financial position rate	204.75	157.50

##### *Sensitivity analysis - foreign currency*

At June 30, 2022, if the Rupee had weakened /strengthened by 10% (2021: 10%) against the US Dollar with all other variables held constant, profit for the year would have been lower /higher by Rs. 27.79 million (2021: Rs. 79.6 million), as a result of foreign exchange gains /losses on translation of foreign currency trade debts. Profit / (loss) is less sensitive to movement in Rupee /foreign currency exchange rates in 2022 than 2021 because of high recovery from export debtors.

### 35.4.2 Interest rate risk

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will effect the value of financial instruments. The Company has significant amount of interest based financial assets and financial liabilities which are largely based on variable interest / mark-up rates, therefore the Company has to manage the related finance cost which exposes it to the risk of 3 month and 6 month KIBOR. Since the impact on interest rate exposure is significant to the Company, management is considering the alternative arrangement to manage interest rate exposure in future.

	2022		2021	
	Effective Interest Rate	Rupees	Effective Interest Rate	Rupees
<b>Fixed rate instruments</b>				
<b>Financial assets:</b>				
- Deposit Accounts	6% - 12%	134,432	5.50% - 6.25%	142,643
- Term finance certificate	13.56%	100,000,000	-	-
<b>Variable rate instruments</b>				
<b>Financial liabilities:</b>				
- Long term financing	3% - 9.28%	1,042,935,008	1.25% - 8.21%	990,637,631
- Short term borrowings	7.86% - 15.06%	-	7.81% - 8.69%	29,537,798
		<b>1,143,069,440</b>		<b>1,020,318,072</b>

#### Sensitivity analysis - interest rate

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the Company's profit / loss for the year ended June 30, 2022 would decrease / increase by Rs. 10.42 million (2021: Rs. 10.20 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate financial instrument.

### 35.4.3 Other price risk

Other price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not materially exposed to other price risk on financial assets and liabilities.

### 35.4.4 Equity share price risk

The Company is also exposed to the equity price risk arising from the fluctuations due to change in fair value of those equity instruments.

#### Sensitivity analysis - Equity share price risk

A 1% increase / decrease in share prices at year end would have increased / decreased profit for the year as

	2022	2021
	Rupees	
Effect on profit or loss	18,803,301	8,350,139

### 35.5 Fair values

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale.

The carrying values of all financial assets and liabilities reflected in the unconsolidated financial statement approximate their fair values.

#### 35.5.1 Fair value hierarchy

Following are three levels in fair value hierarchy that reflects the significance of the inputs used in measurement of fair values of financial instruments and non financial assets:

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

The Company does not have any other financial instruments to be classified here other than "Other financial assets" as disclosed in note 14, that are classified in level 1 and level 2 as per hierarchy stated above.

The Company follows the revaluation model for its free hold land, building on free hold land, plant and machinery. The fair value measurement as at June 30, 2022 was performed by MYK Associates (Private) Limited & Joseph Lobo (Private) Limited. MYK Associates (Private) Limited & Joseph Lobo (Private) Limited both are on panel of Pakistan Banks Association as 'Any Amount' asset valuator. It is also on the panel of State Bank of Pakistan and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations. The fair value of the assets was determined using the comparable price method after performing detailed enquiries and verification from various estate agents, brokers and builders keeping in view the location of the property/project, condition, size, utilization, and other relevant factors. In estimating the fair value of free hold land, building on free hold land and plant and machinery, the highest and best use of these assets is their current use.

Since the date of last revaluation, there has been no material change in the market factors that derive fair value of these properties, therefore, management believes that the carrying value of these non financial assets approximate its fair market value.

Other financial assets include quoted equity shares, mutual funds and term finance certificate. The equity share and funds are valued at each reporting date at their fair value by using the prevailing quoted prices of shares on Pakistan Stock Exchange Limited. Term finance certificate are valued at amortised cost.

<b>June 30, 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>Rupees</b>			
Other financial assets	199,668,983	1,680,661,158	-	1,880,330,141
Free hold land	-	981,040,000	-	981,040,000
Building on free hold land	-	500,000,000	-	500,000,000
Investment property	-	2,342,055	-	2,342,055
Plant and machinery	-	2,000,000,000	-	2,000,000,000
<b>Total</b>	<b>199,668,983</b>	<b>5,164,043,213</b>	<b>-</b>	<b>5,363,712,196</b>
<b>June 30, 2021</b>				
Other financial assets	193,989,353	641,024,587	-	835,013,940
Free hold land	-	192,914,491	-	192,914,491
Building on free hold land	-	194,057,023	-	194,057,023
Investment property	-	2,342,055	-	2,342,055
Plant and machinery	-	1,190,577,905	-	1,190,577,905
<b>Total</b>	<b>193,989,353</b>	<b>2,220,916,061</b>	<b>-</b>	<b>2,414,905,414</b>

There were no transfers between levels of fair value hierarchy during the period.

### 35.6 **Financial instruments by category**

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an approximate mix between various sources of finance to minimize risk.

The accounting policies for financial instruments have been applied for line items as below:

#### **Assets carried at fair value**

Carrying value of other financial assets at fair value through profit or loss

<b>2022</b>	<b>2021</b>
<b>Rupees</b>	
<b>1,880,330,141</b>	835,013,940
<b>1,880,330,141</b>	<b>835,013,940</b>

#### **Assets categorized at amortized cost**

Trade debts  
Long term deposits  
Other financial assets  
Trade deposits and short term prepayments  
Loans and advances  
Cash and bank balances

<b>765,425,459</b>	1,186,277,053
<b>6,991,200</b>	6,991,200
<b>100,000,000</b>	-
<b>3,239,226</b>	3,239,226
<b>14,641,697</b>	921,117
<b>96,648,425</b>	120,759,269
<b>986,946,007</b>	<b>1,318,187,865</b>

#### **Liabilities carried at amortized cost**

Trade and other payables  
Long term financing  
Short term borrowings  
Unclaimed dividend  
Accrued mark up

<b>264,426,946</b>	236,792,077
<b>1,042,935,008</b>	990,637,631
-	29,537,798
<b>22,759,665</b>	22,183,456
<b>8,320,237</b>	10,266,875
<b>1,338,441,856</b>	<b>1,289,417,837</b>

### 36. **CAPITAL MANAGEMENT**

The Company 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 provide an adequate return to shareholders by pricing products and services commensurately with Capital comprises all components of equity (i.e. share capital, reserves and unappropriated profit). The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders or issue new shares. The debt-to-adjusted capital ratios at June 30, were as follows:

	<b>2022</b>	<b>2021</b>
	<b>Rupees</b>	
Total debt	<b>1,042,935,009</b>	987,994,572
Less: Cash and cash equivalents	<b>(96,648,425)</b>	(32,624,872)
Net debt	<b>946,286,584</b>	955,369,700
Total equity	<b>8,102,835,103</b>	4,407,739,343
Adjusted capital	<b>9,049,121,687</b>	5,363,109,043
Debt-to-adjusted capital ratio	<b>10.46%</b>	17.81%

**37. TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise associated undertakings, other related group companies, directors of the Company and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under trade debts (note 105, 10.6) and remuneration of Chief Executive, director and executives (note 34). The Indus Home Limited and Indus Dyeing & Manufacturing Co. Limited is associated undertaking based on common directorship. Other significant transactions with related parties are as follows:

**Transactions with associated undertakings (due to common directorship)**

	<b>2022</b>	<b>2021</b>
	<b>Rupees</b>	
<b>Indus Dyeing &amp; Manufacturing Company Limited</b>		
Purchase of goods and services:	<b>130,557,150</b>	445,813.00
<b>Indus Home Limited</b>		
Sale of goods and services	<b>98,982,530</b>	295,852,531
Purchase of goods and services	-	-
Purchase of term finance certificate	<b>100,000,000</b>	-

All transactions with related parties have been carried out on agreed terms and conditions.

**38. PLANT CAPACITY AND PRODUCTION**

Number of spindles installed	<b>34,896</b>	34,896
Number of spindles worked	<b>34,802</b>	34,792
Number of shifts / day	<b>3</b>	3
Installed capacity after conversion into 20/s count Kgs	<b>11,916,060</b>	11,948,706
Actual production of yarn after conversion into 20/s count Kgs	<b>11,430,039</b>	11,882,023

**Reasons for shortfall**

It is difficult to describe precisely the production capacity in spinning unit since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed and twist etc. It also varies according to the pattern of production adopted in a particular year.

**39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

	<b>2021</b>	<b>Cash flow</b>	<b>2022</b>
	<b>Rupees</b>		
Long term finances	990,637,631	52,296,981	1,042,730,570
Short term borrowings	29,537,798	(29,537,798)	-
Dividend	22,183,456	576,209	22,759,665
	<b>1,042,358,885</b>	<b>23,335,392</b>	<b>1,065,490,235</b>

**40. SEGMENT REPORTING**

The Company's core business is manufacturing and sale of yarn and it generates more than 90% of its revenue and profit from the production and sale of yarn. Decision making process is centralized at head office led by Chief Executive who is continuously involved in day to day operations and regularly reviews operating results and assesses its performance and makes necessary decisions about resources to be allocated to the segments. Currently it has one yarn manufacturing unit. Owing to the similarity in nature of the products and services, nature of the production processes, type or class of customers for the products and services, the methods used to distribute the products, the nature of the regulatory environment all the yarn producing units are aggregated into a single operating segment and the Company's performance is evaluated by the management on an overall basis, therefore these operational segments by location are not separately reportable segments.

**41. NUMBER OF EMPLOYEES**

The total number of employees at the year end and average number of employees during year are as follows:

	<b>2022</b>	<b>2021</b>
Total number of employees as at June 30	713	704
Average number of employees during the year	720	707

**42. CORRESPONDING FIGURES**

The preparation and presentation of these unconsolidated financial statement for the year ended June 30, 2022 is in accordance with the requirements of IFRSs. Following is the major reclassification made for better presentation:

<b>Reclassified from</b>	<b>Reclassified to</b>	<b>Rupees</b>
Loans and Advance	Advance income tax	113,363,625

**43. DATE OF AUTHORIZATION FOR ISSUE**

These unconsolidated financial statement were authorized for issue on October 04, 2022 by the Board of Directors of the Company.

**44. GENERAL**

Figures have been rounded off to the nearest Rupee, except where stated otherwise.

  
Shabbir Kausar  
Chief Financial Officer

  
Kashif Riaz  
Chief Executive Officer

  
Mian Imran Ahmed  
Chairman

**CONSOLIDATED  
ANNUAL REPORT  
2022**

<b>CONTENTS</b>	<b>Page</b>
Consolidated Statement of Financial Position	53
Consolidated Statement of Profit Or Loss	54
Consolidated Statement of Comprehensive Income	55
Consolidated Statement of Changes in Equity	56
Consolidated Statement of Cash Flows	57
Notes to the Financial Statement	59

# **INDEPENDENT AUDITOR'S REPORT**

## **To the Members of Sunrays Textile Mills Limited**

### **Opinion**

We have audited the annexed consolidated financial statements of **Sunrays Textile Mills Limited** (the holding Company) and its subsidiary (together 'the Group'), which comprise the consolidated statement of financial position as at June 30, 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### **Following is the key audit matter:**

<b>Key audit matter</b>	<b>How the matter was addressed in our audit</b>
<b>1. Revenue Recognition</b>	
<p>The Group's revenue from contracts comprise of revenue from local and export sale of yarn which has been disclosed in note 2.4 to the consolidated financial statements.</p> <p>Revenue from the sale is recognized, when control of goods is transferred to the customer and the performance obligation is satisfied i.e. on dispatch of goods (note 4.13).</p> <p>We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Group and because of the potential risk that revenue transactions may not have been recognized based on transfer of control to the customers in line with the accounting policy adopted and may not have been recognized in the appropriate period.</p>	<p>Our audit procedures to address the Key Audit Matter included the following:</p> <ul style="list-style-type: none"><li>· Obtained an understanding of and assessing the design and implementation and operating effectiveness of controls around recognition of revenue;</li><li>· Assessed the appropriateness of the Group's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards;</li><li>· Checked on a sample basis whether the recorded sales transactions are based on transfer of goods to the customer, satisfying the performance obligation and were recorded in the appropriate accounting period.</li><li>· Assessed the adequacy of disclosure in the consolidated financial statements.</li></ul>

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

Management is responsible for the other information. The other information includes the directors report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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:

- a) Identify and assess the risks of material misstatement of the consolidated 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.
- b) 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 Group's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated 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.

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

#### **Chartered Accountant**

Place: Multan

Date: October 07, 2022

UDIN: AR202210180PaD6e5tHu

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022

<u>ASSETS</u>	<u>Note</u>	<u>2022</u>	<u>2021</u>
		<u>----- Rupees -----</u>	
<b><u>Non-current assets</u></b>			
Property, plant and equipment	5	4,420,544,944	1,661,109,666
Investment property	6	2,342,055	2,342,055
Long term deposits		7,011,240	6,991,200
		<b>4,429,898,239</b>	<b>1,670,442,921</b>
<b><u>Current assets</u></b>			
Stores and spares	7	95,727,359	104,108,416
Stock in trade	8	2,188,607,098	1,649,540,605
Trade debts	9	765,425,459	1,186,277,053
Loans and advances	10	113,472,576	55,674,069
Advance Income Tax		113,363,625	88,725,852
Trade deposits	11	3,239,226	3,239,226
Other receivables	12	46,922,498	26,719,292
Short term investments	13	1,980,330,141	835,013,940
Sales tax refundable		72,537,332	119,270,292
Income tax refundable		20,366,823	107,472,573
Cash and bank balances	14	97,675,556	120,759,269
		<b>5,497,667,692</b>	<b>4,296,800,587</b>
		<b>9,927,565,931</b>	<b>5,967,243,508</b>
<b><u>Total assets</u></b>			
<b><u>EQUITY AND LIABILITIES</u></b>			
<b><u>Share capital and reserves</u></b>			
Issued, subscribed and paid-up capital	15	207,000,000	207,000,000
Share premium		3,600,000	3,600,000
Surplus on revaluation of property, plant and equipment	16	2,131,048,389	269,214,931
General reserves		612,000,000	612,000,000
Unappropriated profit		5,155,596,805	3,315,924,412
		<b>8,109,245,194</b>	<b>4,407,739,343</b>
<b><u>Non-current liabilities</u></b>			
Long term financing	17	883,441,966	854,634,313
Deferred liabilities	18	76,464,325	156,936,701
		<b>959,906,291</b>	<b>1,011,571,014</b>
<b><u>Current liabilities</u></b>			
Trade and other payables	19	515,037,944	261,784,169
Accrued markup	20	8,320,237	10,266,875
Short term borrowings	21	-	29,537,798
Current portion of long term financing	17	159,288,605	133,102,824
Current portion of deferred grant	17	204,437	2,696,056
Unclaimed dividend		22,759,665	22,183,456
Provision for taxation	22	152,803,558	88,361,973
		<b>858,414,446</b>	<b>547,933,151</b>
<b><u>Contingencies and commitments</u></b>			
	23		
<b><u>Total equity and liabilities</u></b>		<b>9,927,565,931</b>	<b>5,967,243,508</b>

The annexed notes from 1 to 43 form an integral part of these consolidated financial statements.

  
Shabbir Kausar  
Chief Financial Officer

  
Kashif Riaz  
Chief Executive Officer

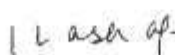
  
Mian Imran Ahmed  
Chairman

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<i>Note</i>	<u>2022</u> ----- Rupees -----	<u>2021</u>
Revenue from Contracts - net	24	9,757,681,828	8,640,883,390
Cost of sales	25	(7,157,317,960)	(7,059,086,333)
Gross profit		<b>2,600,363,868</b>	1,581,797,057
Distribution cost	26	(185,305,345)	(140,826,188)
Administrative expenses	27	(197,959,549)	(168,520,186)
Other expenses	28	(150,360,109)	(65,713,449)
Finance cost	29	(65,914,806)	(64,116,279)
Other income	30	69,101,147	96,422,462
		<b>(530,438,663)</b>	(342,753,640)
Profit before taxation		<b>2,069,925,206</b>	1,239,043,417
Taxation	31	(152,947,047)	(88,879,156)
Profit for the year		<b>1,916,978,158</b>	1,150,164,261
Attributable to:			
Owners of the parent		<b>1,916,978,158</b>	-
Non-controlling interest		-	-
		<b>1,916,978,158</b>	1,150,164,261
<b><i>Earnings per share - basic and diluted (Rupees)</i></b>	32	<b>92.61</b>	55.56

The annexed notes from 1 to 43 form an integral part of these consolidated financial statements.

  
Shabbir Kausar  
Chief Financial Officer

  
Kashif Riaz  
Chief Executive Officer

  
Mian Imran Ahmed  
Chairman

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<i>Note</i>	<u>2022</u>	<u>2021</u>
		<u>----- Rupees -----</u>	
Profit for the year		1,916,978,158	1,150,164,261
<b>Other comprehensive income - net of tax</b>			
<b>Items that will not be reclassified to consolidated statement of profit or loss</b>			
Remeasurement of defined benefit obligation - gratuity	18.2	(7,848,937)	3,747,996
Revaluation surplus on property, plant and equipment	16.1	1,895,876,630	-
<b>Total comprehensive income for the year</b>		<u>3,805,005,851</u>	<u>1,153,912,257</u>
Attributable to:			
Owners of the parent		3,805,005,851	-
Non-controlling interest		-	-
		<u>3,805,005,851</u>	<u>1,153,912,257</u>

The annexed notes from 1 to 43 form an integral part of these consolidated financial statements.

  
Shabbir Kausar  
Chief Financial Officer

  
Kashif Riaz  
Chief Executive Officer

  
Mian Imran Ahmed  
Chairman

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022

	Attributable to owners of the parent				Total
	Share capital	Capital reserves	Revenue reserves		
	Share premium	Surplus on revaluation of fixed assets	General reserve	Unappropriated profit	
Balance as at June 30, 2020	69,000,000	3,600,000	289,188,794	750,000,000	2,264,945,574
Impact of change in accounting policy IFRS-9 (Note 9.3)	0				
Profit for the year	-	-	-	-	1,150,164,261
Other comprehensive income	-	-	-	-	3,747,996
<b>Total Comprehensive income for the year</b>	-	-	-	-	1,153,912,257
<b>Transaction with Owners</b>					
1st interim dividend for the period ended September 30, 2020 @ Rs. 20 per share	-	-	-	-	(138,000,000)
Bonus shares issue in proportion of 2 shares for every 1 shares held	138,000,000				
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	(19,073,555)			(138,000,000)
Transfer of revaluation surplus due to disposal of revalued assets	-	(15,993,026)			19,073,555
Reversal of deferred tax liability	-	15,092,718			15,993,026
Balance as at June 30, 2021	207,000,000	3,600,000	269,214,931	612,000,000	3,315,924,412
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	-	1,916,978,158
Other comprehensive income	-	1,896,638,494			(7,848,937)
<b>Total comprehensive income for the year</b>	-	1,896,638,494			1,909,129,221
<b>Transactions with owners</b>					
1st interim dividend for the period ended December 31, 2021 @ Rs. 5 per share	-	-			(103,500,000)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-			-
Transfer of revaluation surplus due to disposal of revalued assets	-	-			15,566,897
<b>Balance as at June 30, 2022</b>	207,000,000	3,600,000	2,131,048,389	612,000,000	5,155,596,805
					8,109,245,194

The annexed notes from 1 to 43 form an integral part of these consolidated financial statements.

  
Shabbir Kausar  
Chief Financial Officer

I L Ashraf  
Kashif Riaz  
Chief Executive Officer

  
Milan Imran Ahmed  
Chairman

**CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>2022</b>	<b>2021</b>
	<b>----- Rupees -----</b>	
<b>A. <u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Profit before taxation	2,069,925,206	1,239,043,417
Adjustments for:		
Depreciation on property, plant and equipment	159,944,818	168,554,893
Unrealized loss on re-measurement of other financial assets-net	26,556,585	(50,483,705)
Realized loss on disposal of other financial assets-net	15,258,117	(5,746,619)
Provision for staff retirement benefits - gratuity	35,074,628	19,194,484
Reversal of deferred tax liability	-	15,092,718
Gain on sale of property, plant and equipment- net	(914,089)	(343,434)
Bargain purchase gain on acquisition of subsidiary	-	
Dividend income	(58,639,990)	(27,831,814)
Gain on remeasurement of (GIDC)	-	(7,524,837)
Interest income	(2,375,506)	(617,125)
Finance cost	65,914,806	64,116,279
<b>Operating cash flows before changes in working capital</b>	<b>2,310,744,575</b>	<b>1,413,454,257</b>
<b><u>Changes in working capital</u></b>		
<b><u>(Increase) / decrease in current assets</u></b>		
Stores and spares	8,381,057	(7,434,900)
Stock in trade	(539,066,493)	174,148,506
Trade debts	420,851,594	(843,615,730)
Loans and advances (excluding advance income tax )	(57,798,507)	(18,168,419)
Trade deposits and short term prepayments	-	482,496
Sales tax refundable	46,732,960	(12,149,164)
Income tax refundable	87,105,750	9,334,435
Other receivables	(20,203,206)	10,427,114
<b><u>Increase in current liabilities</u></b>	<b>-</b>	<b>-</b>
Trade and other payables	182,788,864	905,948
	<b>128,792,019</b>	<b>(686,069,714)</b>
<b>Cash generated from operations</b>	<b>2,439,536,594</b>	<b>727,384,543</b>
Finance cost paid	(67,861,444)	(73,479,515)
Staff retirement benefits - gratuity paid	(52,726,593)	(11,353,020)
Income taxes paid	(113,143,235)	(90,636,140)
<b><u>Net cash generated from operating activities</u></b>	<b>2,205,805,321</b>	<b>551,915,868</b>
<b>B. <u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Additions to property, plant and equipment	(372,072,742)	(20,705,045)
Additions to capital work in progress	(655,349,208)	-
Proceeds from disposal of property, plant and equipment	4,428,752	2,412,974
Acquisition of subsidiary	383,784	-
Payment for purchase of short term investments	(6,153,345,498)	(3,570,681,594)
Proceeds from disposal of short term investments	4,966,214,991	3,201,125,025
Dividend income	58,639,990	27,831,814
Interest income	2,375,506	617,125
<b><u>Net cash used in investing activities</u></b>	<b>(2,148,724,426)</b>	<b>(359,399,701)</b>

**CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>2022</u>	<u>2021</u>
	<u>----- Rupees -----</u>	
<b><u>C. CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Long term finances obtained	<b>189,094,037</b>	70,162,290
Repayment of long term finances	<b>(136,797,056)</b>	(48,666,526)
Short term borrowings - net	<b>(29,537,798)</b>	10,685,093
Dividends paid	<b>(102,923,791)</b>	(136,562,627)
<b><i>Net cash used in financing activities</i></b>	<b>(80,164,608)</b>	(104,381,770)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	<b>(23,083,713)</b>	88,134,397
Cash and cash equivalents at beginning of the year	<b>120,759,269</b>	32,624,872
<b>Cash and cash equivalents at end of the year</b>	<b><u>97,675,556</u></b>	<b><u>120,759,269</u></b>

The annexed notes from 1 to 43 form an integral part of these consolidated financial statements.

  
Shabbir Kausar  
Chief Financial Officer

  
Kashif Riaz  
Chief Executive Officer

  
Mian Imran Ahmed  
Chairman

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT**

### **FOR THE YEAR ENDED JUNE 30, 2022**

#### **1. THE GROUP AND ITS OPERATIONS**

The Group consists of Sunrays Textile Mills Limited (the Holding Company) and its subsidiary namely Embee Industries (Private) Limited. Brief profile of the Holding Company and Subsidiary are as follows:

##### **1.1 Sunrays Textile Mills Limited**

Sunrays Textile Mills Limited "the Company" was incorporated in Pakistan on August 27, 1987 as a public limited company under the repealed Companies Ordinance, 1984 (Now Companies Act 2017) and its shares are quoted on the Pakistan Stock Exchange. The Company is principally engaged in trade, manufacture and sale of yarn. The registered office of the Company is situated at Office no. 508, 5th floor, Beaumont Plaza, Beaumont Road, Civil Lines Quarters, Karachi. The mill site is located at Khanpur Shumali khewat no. 359, District Muzaffargarh, Dera Ghazi Khan Division, in the province of Punjab.

##### **1.2 Embee Industries (Private) Limited**

Embee Industries (Private) Limited (the company) was incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) as a private limited company on 16th April, 1985. The principal business of the Company is manufacturing and sale of ice. The registered office and works of the company are located at Riaz Cotton Factory, Factory Area, Faisalabad in the province of the Punjab.

##### **1.3 Basis of Consolidation**

The consolidated financial statements include the financial statements of the Holding Company and its subsidiary.

Subsidiary company is fully consolidated from the date on which more than 50% of voting rights are transferred to the Group or power to control them is established and excluded from consolidation from the date of disposal or when the control is lost.

The financial statements of the subsidiary are prepared for the same reporting year as of the Holding Company for the purpose of consolidation, using consistent accounting policies. The accounting policies of the subsidiaries have been changed to conform with accounting policies of the Group, where required.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the subsidiary companies' shareholders' equity in these consolidated financial statements. All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

##### **1.4 Business combination**

Acquisition of business is accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as a sum of the acquisition-date fair values of the assets transferred by the Holding Company, liabilities incurred by the Holding Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for the control of the acquiree. Acquisition-related costs are recognized in the statement of profit or loss as incurred.

At the acquisition date, the identified assets acquired and the liabilities assumed are recognized at their fair value.

Goodwill is initially measured at acquisition date as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, net amounts at the acquisition-date of the identifiable assets acquired and the liabilities assumed exceeds the sum of the consideration transferred and the fair value of the acquirer's previously held interest in the acquiree (if any), excess is recognized immediately in the statement of profit or loss as a bargain purchase gain.

### 1.5 **Acquisition of Subsidiary**

On July 26, 2021, the Group acquired 100% shareholding of EIL (17.35 Million Shares) against cash consideration of Rs. 190.85 Million.

For 339 days period ended June 30, 2022 EIL contributed profit of Rs. 300,393 to the Group. Management estimates if the acquisition had occurred on Jul 01, 2021 then consolidated profit would have been Rs. 1,915.67 Million.

Comparative of these consolidated financial statements are the same as per Sunrays Textile Mills Limited unconsolidated financial statements for the year ended June 30, 2021.

<b>A</b>	<b>Rs.</b>
<b>Identifiable assets acquired and liabilities assumed:</b>	
Property, plant and equipment	197,492,977
Long term deposits	20,040
Other receivables	58,671
Cash and bank balances	383,784
Trade and other payables	66,091
	<b>198,021,562</b>
<b>B</b>	
<b>Goodwill:</b>	
Goodwill arising from the acquisition has been recognised as follows:	
Consideration transferred	190,850,000
Net assets at the date of acquisition	198,021,562
	<b>(7,171,562)</b>

## **2 BASIS OF PRESENTATION**

### 2.1 **Statement of compliance**

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

- International Financial Reporting Standards (IFRS'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 **Basis of measurement**

These consolidated financial statements have been prepared under historical cost convention except indicated in note 4.1, 4.4 and 4.11.

### 2.3 **Functional and presentation currency**

The consolidated financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

### 2.4 **Significant accounting estimates and judgments**

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

The estimates and underlying assumptions are reviewed on the ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised.

In preparing these consolidated financial statements, the significant judgement made by the management in applying accounting policies include:

- useful life and residual values of depreciable assets (note 4.5 and 5.1)
- allowance for expected credit losses;
- provision for current tax and deferred tax (note 4.2 and 31)
- revaluation of assets pertaining to freehold land, building on freehold land, plant and machinery and cost value of investment property;
- staff retirement benefits (note 4.1 and 18.1)
- net realizable value of stock-in-trade (note 4.8 and 8)

### 3. **STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED DURING THE YEAR**

The following amendments to existing standards have been published that are applicable to the Group's consolidated financial statements covering annual periods, beginning on or after the following dates:

#### 3.1 **New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2022**

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

<b>Standards or Interpretations with no significant impact</b>	<b>Effective from accounting period beginning on or after:</b>
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021

#### 3.2 **New accounting standards / amendments and IFRS interpretations that are not yet**

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

	<b>Effective from accounting period beginning on or after:</b>
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred Indefinitely

Certain annual improvements have also been made to a number of IFRSs.

3.3 Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the SECP:

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

#### **4. SIGNIFICANT ACCOUNTING POLICIES**

##### **4.1 Staff retirement benefits**

The Company operates an unfunded gratuity scheme covering all its employees. The cost of providing benefit is determined using the projected unit credit method, with actuarial valuation. Actuarial gains and losses are recognized immediately as they arise in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested. Otherwise it is amortized on a straight line basis over the average period until the amended benefits become vested.

Details of the scheme are given in the note 18.1 to these consolidated financial statements.

##### **4.2 Taxation**

###### **Current**

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemption available, if any. For income covered under final tax regime, taxation is based on applicable tax rates under such regime.

###### **Deferred**

Deferred tax is calculated using the liability method for all temporary differences at the statement of financial position date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of "Technical Release – 27" of Institute of Chartered Accountants of Pakistan. Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses and credits, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses and credits can be utilized. Deferred tax liabilities are generally recognised for all taxable temporary differences.

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

##### **4.3 Dividend distribution**

Dividend distribution to the Company's shareholders is recognized as a liability in the consolidated financial statement in the period in which the dividends are approved by the Company's shareholders.

##### **4.4 Foreign currencies**

Transactions in currencies other than Pakistani Rupees are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted. Gains and losses arising on retranslation are included in profit or loss for the period.

##### **4.5 Property, plant and equipment**

Property, plant and equipment except free hold land, building on freehold land, plant and machinery and capital work in progress are stated at cost less accumulated depreciation and accumulated impairment losses.

###### **Revaluation**

Free hold land, building on free hold land and plant and machinery are stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity so that the fair value and carrying value do not differ materially at the statement of financial position date. Any revaluation increase arising on the revaluation of such assets is credited in 'Surplus on revaluation of property, plant and equipment'. A decrease in the carrying amount arising surplus on revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation account relating to previously revalued assets. To the extent of incremental depreciation charged on revalued assets, on disposal of revalued assets and the related surplus on revaluation (net of deferred tax) is transferred directly to unappropriated profit.

Depreciation is charged to income applying reducing balance method to write-off the cost over the estimated remaining useful life of assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Rates of depreciation are stated in note 5. In respect of additions and disposals during the year, depreciation is charged from the month of acquisition up to the month preceding the disposal Respectively .

Gains / losses on disposal of operating assets, if any, are recognized in consolidated statement of profit and loss account, as and when incurred. Assets are derecognized when disposed or when no future economic benefits are expected from its use or disposal.

Normal repairs and maintenance are charged to consolidated statement of profit and loss account as and when incurred. Major renewals and improvements are capitalized and assets replaced, if any, other than those kept as stand-by are retired.

**Capital work-in-progress**

Capital work-in-progress (CWIP) is stated at cost less any recognized impairment loss. All expenditures connected to the specific assets incurred during installation and construction period are carried under CWIP. These are transferred to specific assets as and when assets are available for use.

**4.6 Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation, is valued using the cost method i.e. at cost less any accumulated depreciation and any identified impairment loss.

Any gain or loss on disposal of investment property, calculated as difference between the proceeds from disposal and the carrying amount is recognised in the consolidated statement of profit and loss.

**4.7 Stores and spares**

These are valued at lower of cost or net realizable value, cost is determined on the basis of moving average cost less allowance for obsolete and slow moving items, except for items in transit which are valued at cost incurred to the statement of financial position.

**4.8 Stock in trade**

These are valued at lower of cost and net realizable value. Cost is determined by applying the

Raw material

- At mills

Weighted average cost

- In transit

At cost incurred to the statement of financial position

Work in process

Average manufacturing cost

Finished goods

Average manufacturing cost

Waste

Net realizable value

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

**4.9 Trade debts**

Trade debts and other receivables are initially recognised at fair value, which is usually the original invoiced amount and subsequently carried at amortised cost using the effective interest method less allowance for expected credit losses.

#### **4.10 Impairment of non-financial assets**

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

Where impairment loss subsequently reverses, the carrying amount of the assets is increased to the revised recoverable amount but limited to the extent of carrying amount that would have been determined had no impairment loss been recognized in prior periods. Reversal of impairment loss is recognized as income.

#### **4.11 Financial Instruments**

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

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

##### **4.11.1 Financial assets**

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

##### **Classification of financial assets**

###### **a) Debt instruments measured at amortised cost**

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

###### **Amortised cost and effective interest method**

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. As at reporting date, the Company carries cash and cash equivalents, trade receivables and sales tax refund bonds at amortized cost.

**b) Debt instruments measured at fair value through other comprehensive income (FVTOCI)**

Debt instruments that meet specified conditions and are measured subsequently at fair value through other comprehensive income (FVTOCI).

As at reporting date, the Company does not hold any debt instrument classified as at FVTOCI.

**c) Equity instruments designated as at FVTOCI**

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

As at reporting date, the Company does not hold any equity instrument classified as at

**d) Financial assets measured subsequently at fair value through profit or loss (FVTPL)**

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

As at reporting date, the Company carries investments in shares of listed companies and units of mutual funds classified as at FVTPL.

**Impairment of financial assets**

The Company recognises a loss allowance for expected credit losses (ECL) on financial assets that are measured at amortised cost or at FVTPL, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

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

**Definition of default:**

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

#### ***Write - off policy***

The Company writes off financial assets when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made against financial assets written-off are recognised in profit or loss.

#### ***Derecognition of financial assets***

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

#### ***4.11.2 Financial liabilities***

##### ***Subsequent measurement of financial liabilities***

Financial liabilities that are not

- contingent consideration of an acquirer in a business combination,
- held for trading, or
- designated as at FVTPL, are measured subsequently at amortised cost using the effective

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

#### ***4.11.3 Derecognition of financial liabilities***

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

#### ***4.11.4 Off setting of financial assets and financial liabilities***

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

#### ***4.12 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 the future for goods and services received, whether or not billed to the company.

#### ***4.13 Revenue recognition***

The Company is in the business of sale of goods. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer and the performance obligation is satisfied under the contract at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

- Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

- Export rebate is recognized on accrual basis at the time of making the Export sales.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., right of returns, volume rebates). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non cash consideration, and consideration payable to the customer (if any).

#### **4.14 Cash and cash equivalents**

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash and cheques in hand, balances with banks on current, saving and deposit accounts.

#### **4.15 Borrowing cost**

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

All other borrowing costs are charged to income in the period in which these are incurred.

#### **4.16 Borrowings**

Loans and borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Finance cost is accounted for on an accrual basis and are included in mark-up accrued on loans to the extent of amount remaining unpaid, if any.

#### **4.17 Earning Per share**

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

5. PROPERTY, PLANT AND EQUIPMENT

	2022	2021
	Rupees	
Operating assets	3,765,195,736	1,661,109,666
Capital work-in-progress	655,349,208	-
	4,420,544,944	-

5.1 Operating assets

Particulars	Cost / revalued amount			Depreciation			Written down value as of June 30	Rate
	Opening	Additions / (disposal)	Revaluation Adjustment	Closing	Opening	For the year / (on disposal)		
Rupees								
<b>Owned</b>								
Freehold land	192,914,491	221,162,200	744,963,309	1,159,040,000	-	-	-	1,159,040,000
Building on freehold land	357,052,783	19,501,421	142,947,216	519,501,420	162,995,760	(182,401,462)	975,071	518,526,350
Plant and machinery	2,378,734,973	108,667,294	-	2,466,789,240	1,188,157,068	(826,326,507)	466,789,240	2,000,000,000
		(20,613,027)			(18,596,273)			
Electric installations	69,644,240	-	-	69,644,240	42,398,636	-	45,123,196	24,521,044
Factory equipments	4,255,496	-	-	4,255,496	2,709,616	-	2,864,204	1,391,292
Office equipments	4,883,546	183,000	-	5,066,546	3,982,723	-	4,075,855	990,691
Electric appliances	4,617,405	-	-	4,617,405	3,322,580	-	3,452,063	1,165,342
Furniture and fittings	9,377,319	244,445	-	9,621,764	6,702,551	-	6,982,250	2,639,514
Vehicles	127,793,914	22,314,382	-	136,996,599	77,895,567	-	80,075,096	56,921,503
		(13,111,697)			(11,279,431)			
	<b>3,149,274,167</b>	<b>352,571,321</b>	<b>887,910,525</b>	<b>4,375,532,710</b>	<b>1,488,164,501</b>	<b>160,776,148</b>	<b>610,336,975</b>	<b>3,765,195,736</b>
		<b>(33,724,774)</b>				<b>(29,875,704)</b>		
Rupees								
<b>Owned</b>								
Freehold land	191,940,053	974,438	-	192,914,491	-	-	-	192,914,491
Building on freehold land	357,052,783	-	-	357,052,783	141,433,868	21,561,892	162,995,760	194,057,023
Plant and machinery	2,353,749,823	43,184,159	(18,199,009)	2,378,734,973	1,073,082,947	(16,237,686)	1,188,157,068	1,190,577,905
					39,371,347	3,027,289	42,398,636	27,245,604
Electric installations	69,644,240	-	-	69,644,240	4,255,496	171,765	2,709,616	1,545,880
Factory equipments	4,255,496	-	-	4,255,496	3,885,873	96,850	3,982,723	900,823
Office equipments	4,708,546	175,000	-	4,883,546	3,178,710	-	3,322,580	1,294,825
Electric appliances	4,617,405	-	-	4,617,405	6,405,355	297,196	6,702,551	2,674,768
Furniture and fittings	9,377,319	5,122,648	-	9,377,319	66,844,025	(892,682)	77,895,567	49,898,347
Vehicles	123,672,166	(1,000,900)	-	127,793,914	1,336,739,976	168,554,893	1,488,164,501	1,661,109,666
		49,456,245				(17,130,368)		
	<b>3,119,017,831</b>	<b>49,456,245</b>	<b>(19,199,909)</b>	<b>3,149,274,167</b>	<b>1,336,739,976</b>	<b>168,554,893</b>	<b>1,488,164,501</b>	<b>1,661,109,666</b>
		<b>(19,199,909)</b>				<b>(17,130,368)</b>		

5.2 Disposal of property, plant and equipment of book value exceeding Rs. 500,000

<u>Particulars</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying value</u>	<u>Sale proceeds</u>	<u>Gain</u>	<u>Mode of Disposal</u>	<u>Relationship</u>	<u>Particulars of buyers</u>
----- Rupees -----								
<b>For the year ended 2022</b>								
<b>Plant and machinery</b>								
China Card	20,613,027	<u>18,596,273</u>	2,016,754	2,136,752	119,998	Negotiation	Third party	Lyalpur Textiles
<b>Vehicles</b>								
Perado	3,556,697	<u>3,469,933</u>	86,764	250,000	163,236	Negotiation	Third party	Haris Javed
Honda City	1,519,000	<u>1,166,596</u>	352,404	425,000	72,596	Negotiation	Third party	Muhammad Akram
Suzuki Cultus	1,039,000	<u>852,943</u>	186,057	250,000	63,943	Negotiation	Third party	Muhammad Arslan
Toyota Fortuner	5,772,000	<u>4,864,143</u>	907,857	1,000,000	92,143	Negotiation	Third party	Shahid Latif Ather
Suzuki Cultus	1,059,000	<u>795,116</u>	263,884	325,000	61,116	Negotiation	Third party	Manzoor Tariq
	<b>33,558,724</b>	<b>29,745,003</b>	<b>3,813,721</b>	<b>4,386,752</b>	<b>573,031</b>			
----- Rupees -----								
<b>For the year ended 2021</b>								
<b>Plant and machinery</b>								
China Card	12,500,917	<u>10,924,417</u>	1,576,500	1,705,983	129,483	Negotiation	Third party	Combine Spinning Pvt Ltd
Murata Auto Coner	5,304,119	<u>4,948,635</u>	355,484	416,667	61,183	Negotiation	Third party	Muhammad Umer Farooq
	<b>17,805,036</b>	<b>15,873,052</b>	<b>1,931,984</b>	<b>2,122,650</b>	<b>190,666</b>			

		<u>2022</u>	<u>2021</u>
		<u>----- Rupees -----</u>	
<b>5.3</b>	Depreciation for the year has been allocated as under:		
	Cost of goods sold	145,983,553	156,070,442
	Administrative expenses	13,961,265	12,484,451
		<b>159,944,818</b>	<b>168,554,893</b>
<b>5.4</b>	<b><u>Capital Work in Progress</u></b>		
	Machinery in transit	456,936,184	-
	Building	198,413,024	-
		<b>655,349,208</b>	<b>-</b>
<b>5.4.1</b>	<b><u>Movement in capital work in progress</u></b>		
	Opening balance	-	28,751,200
	Additions during the year	655,349,208	-
	Transferred to operating assets	-	(28,751,200)
		<b>655,349,208</b>	<b>-</b>

**5.5** The Company has its freehold land, building on freehold land and plant and machinery revalued on June 30, 2022 by Joseph Lobo (Private) Limited & M.Y.K Associate (Private) Limited, independent valuers. The basis used for the revaluation of these assets were as follows:

**Freehold land**

Fair market value of the land was assessed through inquiries in the vicinity of land, recent market deals and information obtained through estate agents and property dealers of the area.

**Building on freehold land**

Fair market value of the building was assessed mainly through new construction value, depreciation cost factors, state of infrastructure, current trends in prices of real estate in the vicinity and information obtained through estate agents, builders and developers.

**Plant and machinery**

Fair market value of the plant and machinery was assessed through inquiries of local authorized dealers who deal in old and new similar type of plant and machineries. Replacement value was then ascertained from competitive rates of the plant and machinery and thereafter, an average depreciation factor was applied on the replacement value of the plant and machinery.

Forced sale value of the above items of property, plant and equipment is as follows:

	<b>Rupees</b>
Freehold land	743,082,000
Building on freehold land	375,000,000
Plant and machinery	1,500,000,000
	<b>2,618,082,000</b>

**5.6** Had there been no revaluation the related figures of freehold land, building on freehold land and plant and machinery as at the statement of financial position date would have been as follows;

	<u>2022</u>	<u>2021</u>
	<u>----- Rupees -----</u>	
Freehold land	300,530,730	79,368,530
Building on freehold land	366,214,505	41,745,178
Plant and machinery	1,996,642,875	1,187,220,780
	<b>2,663,388,110</b>	<b>1,308,334,488</b>

**6. INVESTMENT PROPERTY**

Investment property comprises of agricultural land held by the Company for capital appreciation purposes, and is not currently in use by the Company for business purposes. The fair value as at June 30, 2019 is Rs. 46.49 million. The forced sale value has been assessed as at June 30, 2019 is Rs. 37.19 million. The investment property is located at Shujabad, District Multan.

	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>----- Rupees -----</b>	
<b>7. STORES AND SPARES</b>			
Stores		49,392,812	67,182,421
Spares		46,334,547	36,925,995
		<b>95,727,359</b>	<b>104,108,416</b>
<b>8. STOCK-IN-TRADE</b>			
Raw material		1,422,495,562	1,235,098,282
Raw material in-transit		511,929,544	249,398,825
Work in process		49,121,588	40,247,255
Finished goods		105,250,471	33,632,473
Waste		99,809,933	91,163,770
		<b>2,188,607,098</b>	<b>1,649,540,605</b>
<b>9. TRADE DEBTS</b>			
Foreign - secured and considered good		254,322,451	795,989,799
Local - unsecured	9.1	513,619,543	393,054,090
		<b>767,941,994</b>	<b>1,189,043,889</b>
Bad debts written off	28	-	(500,638)
Allowance for expected credit losses	9.2	(2,516,535)	(2,266,198)
		<b>765,425,459</b>	<b>1,186,277,053</b>

**9.1** It includes due from associated undertakings relating to sale of yarn in normal course of business. Detail of balances due is as follows:

		<b>2022</b>	<b>2021</b>
		<b>----- Rupees -----</b>	
Indus Dyeing & Manufacturing Co.	9.5 & 37	541,354	-
Indus Home Limited	9.6 & 37	13,771,486	14,222,881

**9.2 Allowance for expected credit losses**

Opening balance as at July 1	2,266,198	2,266,198
Expected credit losses	250,337	-
Closing balance as at June 30	<b>2,516,535</b>	<b>2,266,198</b>

**9.3** Trade debts are generally on 60 to 90 days credit terms.

**9.4** As at year end, trade receivables of Rs. 1,030,457 (2021: Rs. 573,833) were past due.

**9.5** The maximum outstanding balance during the year due from Indus Dyeing & Manufacturing Co. Limited (associated undertaking) is Rs. 0.54 million (2021 Rs. Nil).

**9.6** The maximum outstanding balance during the year due from Indus Home Limited is Rs. 71.82 million (2021: Rs. 14.22 million).

	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>----- Rupees -----</b>	
<b>10. LOANS AND ADVANCES</b>			
<b>Considered good</b>			
Due from employees	10.1	13,533,659	25,405,492
Advances :			
To suppliers / services		85,267,713	29,287,904
To contractors		29,507	59,556
Letter of credit margin		14,641,697	921,117
		<b>113,472,576</b>	<b>55,674,069</b>

**10.1** This are interest free loans, secured against gratuity not more than Rs. 1,000,000 (2021: Rs. 1,000,000) to a person.

<b>11. TRADE DEPOSITS</b>	<b>Note</b>	<b>2022</b>	<b>Rupees</b>	<b>2021</b>
Bank guarantee margin		<b>3,239,226</b>		3,239,226
<b>12. OTHER RECEIVABLES</b>				
Cotton claims - considered good		<b>44,522,812</b>		24,314,962
Rebate claims		<b>2,122,182</b>		2,122,182
Other		<b>277,504</b>		282,148
		<b>46,922,498</b>		26,719,292
<b>13. SHORT TERM INVESTMENTS</b>				
Measured at fair value through profit & loss		<b>1,880,330,141</b>		835,013,940
Measured at amortised cost		<b>100,000,000</b>		
	13.1	<b>1,980,330,141</b>		835,013,940
<b>13.1 Market value of other financial assets</b>				
		<b>2022</b>	<b>2021</b>	
		<b>Number of units</b>	<b>Investments in units of mutual funds</b>	
		<b>215,675</b>	215,675 NAFA Stock Fund	2,975,581
		<b>294,101</b>	294,101 ABL Stock Fund	3,812,015
		<b>4,364,720</b>	1,096,443 MCB Cash Management Optimizer	442,145,300
		<b>107,284</b>	107,284 UBL Stock Advantage Fund	7,456,205
		<b>111,061,590</b>	30,104,702 National Investment Trust	1,072,155,275
		<b>134</b>	430,416 Alfalah GHP Money Market Fund	13,155
		<b>210,934</b>	1,797,784 First Habib Cash Fund	21,368,813
		<b>115</b>	- ABL Cash Fund	1,177
		<b>1,332</b>	- HBL Money Market Fund	136,918
		<b>1,291,841</b>	- UBL Liquidity Plus Fund	130,589,764
		<b>27</b>	- NBP Mahana Amadni Fund	271
		<b>-</b>	34,298 NAFA Money Market	-
		<b>758</b>	758 Nafa Islamic Energy Fund	6,684
		<b>Number of shares</b>	<b>Investment in ordinary shares of listed companies</b>	
		<b>-</b>	138,000 Engro Fertilizer Limited	-
		<b>275,000</b>	275,000 Fatima Fertilizer Company Limited	10,395,000
		<b>-</b>	16,500 Nishat Mills Limited	-
		<b>-</b>	190,353 United Bank Limited	-
		<b>-</b>	164,000 Bank Al Habib Limited	-
		<b>-</b>	Pak International Bulk	
		<b>-</b>	18,262 Terminal Limited	-
		<b>69,962</b>	- Systems Limited	23,077,665
		<b>4,150</b>	- Highnoon Laboratories Limited	2,198,961
		<b>64,500</b>	- Pakistan Aluminium Beverages	2,033,685
		<b>91,914</b>	91,914 Oil and Gas Development	
		<b>43,500</b>	- Company Limited	7,230,874
		<b>90,000</b>	- Tariq Glass Industries Limited	4,515,735
		<b>-</b>	44,225 Lucky Cement Limited	41,313,600
		<b>-</b>	25,000 Sui Southern Gas Company Limited	-
		<b>374,897</b>	87,300 Habib Bank Limited	34,243,092
		<b>-</b>	32,300 MCB Bank Limited	-
		<b>-</b>	13,000 Kot Addu Power Company Limited	-
		<b>-</b>	82,500 Nishat Chunian Power Limited	-
		<b>32,920</b>	32,920 Engro Corporation Limited	8,463,403
		<b>-</b>	26,400 Amreli Steels Limited	-
				1,146,816

2022	2021		2022	2021
			----- Rupees -----	
-	24,200	Crescent Steel and Allied products Limited	-	2,032,316
-	16,700	Engro Foods Limited	-	1,921,836
1,200	2,200	GlaxoSmithKline Pakistan Limited	285,996	364,474
-	205,500	Fauji Cement Company Limited	-	4,726,500
-	7,540	Kohinoor Textile Limited	-	567,008
-	69,000	D.G Khan Cement Company Limited	-	8,136,480
-	65,600	Maple Leaf Cement Factory Limited	-	3,081,888
104,004	29,000	Mughal Iron & Steel Industries Limited	5,994,791	3,027,600
15,300	20,000	Bestway Cement Limited	1,942,794	3,230,400
-	3,200	EFU General Insurance Limited	-	371,168
177,140	152,140	Hub Power Company Limited	12,075,634	12,120,994
2,568	2,120	Mari Petroleum Company Limited	4,467,652	3,231,707
-	70,400	Pak Elektron Limited	-	2,468,224
239,528	38,397	Meezan Bank Limited	27,061,873	4,431,398
-	9,545	Searl Pakistan Limited	-	2,315,808
21,000	21,000	Interloop Limited	9,138,227	1,470,630
42,099	11,100	International Steels Limited	2,498,997	1,036,851
-	1,400	GlaxoSmithKline Consumer Health Care Pakistan Limited	-	350,126
-	69,500	Bank Al Falah Limited	-	2,236,510
-	4,000	Archroma Pakistan Limited	-	2,290,000
19,050	11,950	Pakistan Oilfields Limited	7,730,681	4,706,627
<b>Number of certificates</b>	<b>Investment in term finance certificate</b>			
1,000	-	Habib Bank Limited	100,000,000	-
<b>119,218,243</b>	<b>36,153,627</b>		<b>1,980,330,141</b>	<b>835,013,940</b>

**14. CASH AND BANK BALANCES**

**Note**

Cash in hand		444,372	224,577
Cash at bank			
- Current accounts		87,115,273	115,392,049
- Deposit accounts	14.1	1,026	979
- Saving accounts	14.1	133,406	141,664
- Term deposit receipts	14.1	9,981,479	5,000,000
		97,231,184	120,534,692
		97,675,556	120,759,269

**14.1** Effective markup rate in respect of saving, deposit accounts and term deposits receipts ranges from 6% to 12% (2021: 5.50% to 6.25%) per annum.

**15. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL**

2022	2021	2022	2021
----- Number of shares -----		----- Rupees -----	
<b>Authorized capital</b>			
50,000,000	50,000,000	500,000,000	500,000,000
<b>Issued, subscribed and paid up capital</b>			
20,700,000	20,700,000	207,000,000	207,000,000

**15.1.** The Company has only one class of ordinary shares which carry no right to fixed income.

**15.2.** Shareholders are entitled to cast vote proportionate to the paid up value of shares carrying voting rights. All shares rank equally with regard to the Company's residual assets.

	<i>Note</i>	<u>2022</u>	<u>2021</u>
		<i>Rupees</i>	
<b>16. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>	16.1	<b>2,131,810,253</b>	269,214,931
<b>16.1 Surplus on revaluation of property, plant and equipment</b>			
Opening balance		269,214,931	304,281,512
Surplus arising on revaluation			
- Land		744,963,309	-
- Building		325,348,678	-
- Plant & Machinery		826,326,507	-
		<b>1,896,638,494</b>	-
Transferred to unappropriated profit on account of:			
Incremental depreciation		(16,328,761)	(19,073,555)
Revaluation surplus due to disposal of revalued assets		(18,476,275)	(15,993,026)
		<b>(34,805,036)</b>	<b>(35,066,581)</b>
Closing balance		<b>2,131,048,389</b>	269,214,931
<b>Related deferred tax liability</b>			
Opening balance		-	(15,092,718)
Reversal of deferred tax liability		-	15,092,718
		-	-
Closing balance		<b>2,131,048,389</b>	<b>269,214,931</b>
<b>17. LONG TERM FINANCING</b>			
<b>From banking companies - secured</b>			
<b>Term finance:</b>			
Allied Bank Limited	17.1	3,600,000	-
Allied Bank Limited	17.2	115,304,000	-
		<b>118,904,000</b>	-
<b>LTF:</b>			
United Bank Limited	17.3	36,933,825	51,707,355
Bank Alfalah Limited	17.4	363,281,250	375,000,000
MCB Bank Limited	17.5	352,405,247	405,907,786
Allied Bank Limited	17.6	104,914,486	79,662,010
Allied Bank Limited	17.7	66,496,200	78,360,480
Deferred grant	18	-	(204,438)
		<b>924,031,008</b>	<b>990,433,193</b>
		<b>1,042,935,008</b>	<b>990,433,193</b>
Less: Current portion		(159,288,605)	(133,102,824)
Less: Current portion of deferred grant		(204,437)	(2,696,056)
		<b>883,441,966</b>	<b>854,634,313</b>

**17.1 Allied Bank Limited - Term Finance**

This finance has been obtained from Allied Bank Limited for BMR. The loan was repayable in 16 equal half yearly installments commencing from May 25, 2022 with 3 months grace period from the date of 1st disbursement. It carried mark up at the rate of 6 Months KIBOR + 0.50%. The finance was secured against first pari passu charge over all present and future fixed assets of the company for Rs. 134 Million inclusive of 25% Margin.

**17.2 Allied Bank Limited - Term Finance (Rooters)**

This finance has been obtained from Allied Bank Limited for BMR. The loan was repayable in 16 equal half yearly installments commencing from June 14, 2024 with 2 years grace period. It carried mark up at the rate of 6 Months KIBOR + 0.75%. The finance was secured against first pari passu charge over present and future fixed assets of the company for Rs.800 Million inclusive of 25% margin.

**17.3 United Bank Limited - LTFF**

This finance has been obtained from United bank Limited for BMR. The loan is repayable in 10 equal half yearly installments commencing from February 18, 2019 with 11 months grace period. It carries markup at flat rate of 3%. The finance is secured against first pari passu charge amounting to Rs. 125 million over all present and future fixed assets of the Company with 25% margin.

**17.4 Bank Alfalah Limited- LTFF**

This finance has been obtained from Bank Alfalah Limited for BMR. The loan is repayable in 32 equal quarterly installments commencing from June 18, 2021 with 2 years grace period. It carries markup at flat rate of 3%. The finance is secured against first pari passu charge amounting to Rs. 500 million over all present and future fixed assets of the Company with 25% margin.

**17.5 MCB Bank Limited - LTFF**

This finance has been obtained from MCB Bank Limited for BMR. The loan is repayable in 16 equal half yearly installments commencing from April 18, 2020 with 2 years grace period. It carries markup at rate of 2.5%. The finance is secured against first pari passu charge amounting to Rs. 600 million over all present and future fixed assets of the Company with 25% margin.

**17.6 Allied Bank Limited - LTFF (salaries and wages)**

This finance has been obtained from Allied Bank to pay salaries and wages under SBP's Refinance Scheme for payment of wages and salaries. The loan is repayable in 8 equal quarterly installments commencing from Jan 31, 2021. It carries mark up at flat rate of 1.25%. The finance is secured against first pari passu charge amounting to Rs. 152 million over all present and future fixed assets of the

**17.7 Allied Bank Limited - LTFF**

This finance had been obtained from Allied Bank for BMR. The loan is repayable in 16 equal half yearly installments commencing from May 25, 2022 with 3 months grace period. It carries mark up at the rate of SBP + 0.50%. The finance is secured against first pari passu charge over all present and future fixed assets of the company for Rs. 134 Million inclusive of 25% Margin.

	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>----- Rupees -----</b>	
<b>18. DEFERRED LIABILITIES</b>			
Staff retirement benefits - gratuity	18.1	76,464,325	86,267,353
Provision for Gas Infrastructure Development Cess (GIDC)	18.4	-	70,464,910
Deferred Grant	18.5	-	204,438
		<b>76,464,325</b>	<b>156,936,701</b>
<b>18.1 Staff retirement benefits - gratuity</b>			
<b><i>Liability recognized in the statement of financial position</i></b>			
Present value of defined benefit obligation		<b>76,464,325</b>	<b>86,267,353</b>
		<b>76,464,325</b>	<b>86,267,353</b>
<b><i>Movement in the net liability</i></b>			
Opening balance		<b>86,267,353</b>	82,173,885
Charge for the year		<b>35,074,628</b>	19,194,484
Payment made during the year		<b>(52,726,593)</b>	(11,353,020)
Actuarial (gain) / loss from changes in experience adjustments		<b>7,226,427</b>	(4,089,344)
Actuarial loss / (gain) from changes in financial assumptions		<b>622,510</b>	341,348
		<b>76,464,325</b>	<b>86,267,353</b>

	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>Rupees</b>	
<b><u>Changes in present value of defined benefit obligation</u></b>			
Opening defined benefit obligation		86,267,353	82,173,885
Current service cost		16,229,063	12,692,207
Past service cost		12,855,159	-
Interest cost		5,990,406	6,502,277
Benefits paid		(52,726,593)	(11,353,020)
Actuarial (gain) / loss from changes in experience adjustments		7,226,427	(4,089,344)
Actuarial loss / (gain) from changes in financial assumptions		622,510	341,348
		<b>76,464,325</b>	<b>86,267,353</b>
<b><u>Charge for the year</u></b>			
Current service cost		16,229,063	12,692,207
Past service cost		12,855,159	-
Interest cost		5,990,406	6,502,277
		<b>35,074,628</b>	<b>19,194,484</b>
<b><u>Allocation of charge for the year</u></b>			
Cost of sales	25.2	31,707,631	14,394,484
Administrative expenses	27.1	3,366,997	4,800,000
		<b>35,074,628</b>	<b>19,194,484</b>

**18.2 Remeasurement gain/loss recognised in other comprehensive income**

Actuarial (gain) / loss from changes in experience adjustments		7,226,427	(4,089,344)
Actuarial loss from changes in financial assumptions		622,510	341,348
Remeasurement gain/loss		<b>7,848,937</b>	<b>(3,747,996)</b>

As per actuarial valuation carried out as at June 30, 2022 by Nauman Associates using Projected Unit Credit Method, the following significant assumptions have been used for valuation of defined benefit obligation of the Company:

	<b>2022</b>	<b>2021</b>
Discount rate	13.25%	10.00%
Expected rate of salary increase in future years	12.25%	9.00%
Average expected remaining working life time of employees	6 years	6 years
Mortality rate was based on the State Life Corporation (SLIC) 2001-2005 ultimate mortality rates with 1 year setback as per recommendation of Pakistan Society of Actuaries ("PSOA").		

**18.3 Staff retirement benefits sensitivity analysis**

	<b>Increase/(decrease) in defined benefit obligation</b>	
	<b>2022</b>	<b>2021</b>
	<b>Rupees</b>	
Year end sensitivity analysis (+/- 100 bps) on defined benefit obligation:		
Discount rate + 100 bps	72,491,013	81,090,114
Discount rate - 100 bps	81,003,071	92,188,553
Salary Increase + 100 bps	81,160,899	92,371,633
Salary Increase - 100 bps	72,277,986	80,831,626

**Maturity Profile**

Average duration of liability	6 years	6 years
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**Expected contribution for the next year**

The expected contribution to the gratuity scheme for the next year works out to Rs. 25.549 million.

**18.4 Provision for Gas Infrastructure Development Cess(GIDC)**

Provision for GIDC	70,464,910	84,999,849
Less: Current portion	(70,464,910)	(14,534,939)
	<b>-</b>	<b>70,464,910</b>

On August 13, 2020 the Supreme Court of Pakistan (SCP) through its order declared GIDC Act an *intra vires* to the constitution and directed all the industrial and commercial entities to pay the Cess that have become due up to July 31, 2020. However, as a concession, the same was allowed to be recovered in twenty four equal monthly installments starting from August 01, 2020.

In light of the above stated order of SCP, the Company opted to recognize the Cess as payable in twenty four equal monthly installments in accordance with the provision of IAS 37.

### 18.5 DEFERRED GRANT

As mentioned in note 17.7, the State Bank of Pakistan (SBP) through circular no. 6 dated April 10, 2020 introduced a 'Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concern (the Refinance Scheme). The purpose of the Refinance Scheme is to provide relief to dampen the effects of COVID- 19 by providing loans at concessional interest rates. The Company obtained financing of Rs. 106.22 million under the Refinance Scheme. The benefit of below market interest rates, measured as the difference between the fair value of loan and loan proceeds on the date of disbursement has been recognised as deferred grant. The deferred grant is amortized over the term of the loan i.e., 2.5 years. In line with the recognition of interest expense, the grant is compensatory.

The movement during the year is as follows:

	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>Rupees</b>	
As at July 01		<b>2,900,494</b>	-
Recognized during the year			7,604,320
Amortized during the year		<b>(2,696,057)</b>	(4,703,826)
As at June 30		<b>204,437</b>	2,900,494
Less: Current portion		<b>(204,437)</b>	(2,696,056)
Non current portion		-	204,438

### 19. TRADE AND OTHER PAYABLES

Creditors		<b>175,610,057</b>	47,314,986
Provision for infrastructure cess	19.1	<b>134,662,322</b>	118,362,773
Accrued liabilities		<b>86,887,985</b>	47,504,446
Current portion of provision for GIDC	18.4	<b>70,464,910</b>	14,534,939
Sales tax payable		<b>41,243,810</b>	617,573
Advances from customers		<b>3,338,076</b>	2,331,951
Workers' Profit Participation Fund	19.2	<b>545,407</b>	7,212,811
Commission on export sale		<b>1,356,508</b>	22,934,177
Due to employees		<b>908,726</b>	675,695
Income tax deducted at source		<b>20,143</b>	294,818
		<b>515,037,944</b>	261,784,169

19.1 The provision has been recognized against disputed infrastructure fee levied by the Government of Sindh through Sindh Finance (Amendment) Ordinance 2001. The Company has contested this issue in Sindh High Court. The Company filed an appeal in the Supreme Court against the judgement of the High Court dated September 15, 2008 partly accepting the appeal by declaring the levy and collection of infrastructure fee prior to December 26, 2006 as illegal and ultra vires. Additionally, the Government of Sindh also filed appeal against the part of judgement decided against them. The above appeals were disposed off in May 2011 with a joint statement of the parties that, during the pendency of the appeals, another law came into existence which was not subject matter in the appeal, therefore, the decision thereon be first obtained from High Court before approaching the Supreme Court with the right to appeal. Accordingly, the petition was filed in High Court in respect of the above view. During the pendency of this appeal an interim arrangement was agreed whereby bank guarantees furnished for the consignments cleared upto December 27, 2006 were returned. For consignment released after December 27, 2006, 50% of the value of infrastructure cess is paid in cash and bank guarantees for the remaining balance was furnished until the final order is passed. Similar arrangements continued for the consignment released during the current year.

### 19.2 Workers' Profit Participation Fund

		<b>2022</b>	<b>2021</b>
		<b>Rupees</b>	
Opening balance		<b>7,212,811</b>	498,884
Payment to the fund		<b>(7,212,811)</b>	(498,884)
		-	-
Charge for the year	28	<b>108,545,407</b>	65,212,811
Payment of the fund from current year liability		<b>(108,000,000)</b>	(58,000,000)
Closing balance		<b>545,407</b>	7,212,811

**20. ACCRUED MARKUP**

Accrued markup on:

- Short term borrowings	896,258	3,572,225
- Long term borrowings	7,423,979	6,694,650
	<b>8,320,237</b>	<b>10,266,875</b>

**21. SHORT TERM BORROWINGS****Secured - under markup arrangements from banking Companies**

Running finances (RF)	-	29,537,798
	<b>21.1</b>	<b>-</b>
		<b>29,537,798</b>

**21.1** Short term facilities available from commercial banks under mark up arrangements amount to Rs. 6,475 Million (2021: Rs. 6,475 million) of which facilities aggregating to Rs. 6,475 million ( 2021: Rs. 6,446 million) remained unutilized at the year end. The rate of mark up ranges from 7.86% to 15.06% per annum (2021: 7.81% to 8.69% per annum) payable on quarterly basis. These finances are secured against pledge of raw material and finished goods and charge on current assets of the Company.

**22. PROVISION FOR TAXATION***Note*

	<u>2022</u>	<u>2021</u>
	<u>Rupees</u>	<u>Rupees</u>
Opening balance	88,361,973	85,329,951
Provision made during the year	152,803,558	88,361,973
	<b>241,165,531</b>	<b>173,691,924</b>
Prior year adjustment	247,019	14,575,535
Adjustments against completed assessments	(88,608,992)	(99,905,486)
	<b>152,803,558</b>	<b>88,361,973</b>

**23. CONTINGENCIES AND COMMITMENTS****Contingencies**

Bank guarantees	23:1	201,481,302	164,921,302
Foreign bills purchased		1,182,441,108	587,060,000
In land bills purchased		50,785,020	98,672,017
		<b>1,434,707,430</b>	<b>850,653,319</b>

**23.1 Bank guarantees****In favor of****Bank**

Sui Northern Gas Pipelines Limited	MCB Bank Limited	57,061,261	57,061,261
Ministry of Textile	MCB Bank Limited	599,574	599,574
Excise and taxation	Soneri Bank Limited	23,985,915	23,985,915
Excise and taxation	United Bank Limited	110,560,000	83,000,000
Import Licence Fee	Habib Bank Limited	274,552	274,552
Excise and taxation	MCB Bank Limited	9,000,000	-
		<b>201,481,302</b>	<b>164,921,302</b>

**Commitments**

Under letters of credit for:

	<u>2022</u>	<u>2021</u>
	<u>Rupees</u>	<u>Rupees</u>
- Stores and spares	21,388,308	-
- Raw material	239,520,128	351,482,855
- Plant and machinery	989,328,506	81,151,500
	<b>1,250,236,942</b>	<b>432,634,355</b>

**24. Revenue from Contracts - net****Exports**

	<i>Note</i>	<u>2022</u> <u>----- Rupees -----</u>	<u>2021</u> <u>----- Rupees -----</u>
Yarn	24.1	8,741,485,561	7,382,482,618
Waste		-	10,104,732
Rebate Claim		75,578,193	-
		<b>8,817,063,754</b>	<b>7,392,587,350</b>

**Local**

Yarn		1,148,034,887	1,587,307,098
Doubling		9,569,456	10,408,623
Waste		397,438,600	240,033,136
		<b>1,555,042,943</b>	<b>1,837,748,857</b>
Sales tax on local sales		(554,455,787)	(544,643,942)
Commission		(59,969,082)	(44,808,875)
		<b>9,757,681,828</b>	<b>8,640,883,390</b>

**24.1** It includes indirect export of Rs. 2,964.31 million (2020: Rs. 2,126.67 million).

**25. COST OF SALES**

Raw material consumed	25.1	5,729,938,658	5,045,139,882
Power and fuel		543,186,453	411,637,918
Salaries, wages and benefits	25.2	314,173,887	273,323,915
Depreciation	5.3	145,983,553	156,070,442
Packing material consumed		102,403,524	91,216,576
Stores and spares consumed		118,152,968	67,597,426
Repairs and maintenance		8,247,945	3,446,278
Insurance		7,340,737	5,291,888
Allowance for expected credit losses		250,337	-
Others		2,060,892	1,284,547
		<b>6,971,738,954</b>	<b>6,055,008,872</b>

**Work in process**

Opening stock		40,247,255	35,073,406
Closing stock		(49,121,588)	(40,247,255)
		<b>(8,874,333)</b>	<b>(5,173,849)</b>

Cost of goods manufactured		<b>6,962,864,621</b>	<b>6,049,835,023</b>
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**Finished goods**

Opening stock		124,796,243	129,549,303
Purchase of finished goods		274,717,500	1,004,498,250
Closing stock		(205,060,404)	(124,796,243)
		<b>194,453,339</b>	<b>1,009,251,310</b>
		<b>7,157,317,960</b>	<b>7,059,086,333</b>

**25.1 Raw material consumed**

Opening stock		1,235,098,282	1,235,098,282
Purchases including purchase expenses		5,917,335,938	4,621,171,762
		<b>7,152,434,220</b>	<b>5,856,270,044</b>
Closing stock		(1,422,495,562)	(1,235,098,282)
		<b>5,729,938,658</b>	<b>4,621,171,762</b>

**25.2** It includes Rs.39.56 million (2021: Rs. 14.4 million) in respect of staff retirement benefits - gratuity.

**26. DISTRIBUTION COST**

	<i>Note</i>	<u>2022</u> <u>----- Rupees -----</u>	<u>2021</u> <u>----- Rupees -----</u>
Export development surcharge		15,229,651	11,612,681
Ocean freight		115,197,724	63,527,051
Forwarding expenses		25,491,686	29,053,007
Local freight		11,861,766	15,106,888
Fuel expense		16,961,878	20,789,997
Others		562,640	736,564
		<b>185,305,345</b>	<b>140,826,188</b>

		<u>2022</u>	<u>2021</u>
		----- Rupees -----	
<b>27. ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and benefits	27.1	62,581,886	57,409,664
Directors' remuneration	33	67,264,830	52,563,589
Depreciation	5.3	13,961,265	12,484,451
Vehicle running and maintenance		15,857,882	11,833,231
Travelling and conveyance		4,449,572	2,699,423
Postage, telephone and fax		3,320,500	3,003,368
Electricity, gas and fuel		3,012,484	2,690,451
Printing and stationery		2,767,552	1,790,678
Auditors' remuneration	27.2	1,982,507	1,650,000
Rent, rates and taxes		3,635,275	3,802,738
Donations	27.3	2,619,440	2,349,100
Insurance		1,952,358	1,589,101
Fees, subscription and periodicals		5,415,133	6,335,847
Entertainment		3,419,513	1,833,026
Repairs and maintenance		681,955	584,898
Legal and professional charges		1,286,000	2,226,260
Others		3,751,398	3,674,361
		<u>197,959,549</u>	<u>168,520,186</u>

27.1 It includes Rs. 3.68 million (2021: Rs. 4.8 million) in respect of staff retirement benefits - gratuity.

		<u>2022</u>	<u>2021</u>
		----- Rupees -----	
<b>27.2 Auditors' remuneration</b>			
Statutory audit fee		1,100,000	1,100,000
Consolidation fee		300,000	-
Review report on compliance with COCG		100,000	100,000
Half year review		250,000	250,000
Certificate for CDC and free float shares		200,000	200,000
		<u>1,950,000</u>	<u>1,650,000</u>

27.3 It includes no amount above Rs. 500,000 given to any donee and none of the directors or their spouses has any interest in the donee's fund.

		<u>2022</u>	<u>2021</u>
		----- Rupees -----	
<b>28. OTHER EXPENSES</b>	<b>Note</b>		
Workers' Profit Participation Fund	19.2	108,545,407	65,212,811
Unrealized loss on remeasurement of short term investments		26,556,585	-
Realized loss on disposal of short term investments		15,258,117	-
Bad debts written off	9	-	500,638
		<u>150,360,109</u>	<u>65,713,449</u>

		<u>2022</u>	<u>2021</u>
<b>29. FINANCE COST</b>			
Interest / mark up on:			
Long term financing		28,120,192	28,617,320
Short term borrowings		30,882,008	29,095,151
Bank charges and commission		6,912,606	6,403,808
		<u>65,914,806</u>	<u>64,116,279</u>

**30. OTHER INCOME**

	<u>2022</u>	<u>2021</u>
	<u>Rupees</u>	
<b><i>Income from financial assets</i></b>		
Unrealized gain on remeasurement of short term investments	-	50,483,705
Realized gain on disposal of short term investments	-	5,746,619
Interest / profit on bank deposits	<b>2,375,506</b>	617,125
Dividend income	<b>58,639,990</b>	27,831,814
<b><i>Income from non financial assets</i></b>		
Gain on sale of property, plant and equipment	<b>914,089</b>	343,434
Profit / (Loss) on trading	-	3,874,928
Bargain purchase gain on acquisition of subsidiary	<b>7,171,562</b>	-
Remeasurement of Gas Infrastructure Development Cess (GIDC)	-	7,524,837
	<b>69,101,147</b>	96,422,462

**31. TAXATION**

Current year:			
Current	31.1	<b>153,194,066</b>	88,361,973
Deferred		-	15,092,718
Prior year adjustment		<b>(247,019)</b>	(14,575,535)
		<b>152,947,047</b>	88,879,156

**31.1** The Company falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001 for the current year.

**31.2** Provision for deferred income tax is not required as the Company is chargeable to tax under section 169 of the Income Tax Ordinance, 2001 and no temporary differences are expected to arise in the

**31.3** Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not required in view of presumptive taxation.

**32. EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)**

		<u>2022</u>	<u>2021</u>
Profit after tax	<b>Rupees</b>	<b>1,916,978,158</b>	1,150,164,261
Weighted average number of ordinary			
	<b>Numbers</b>	<b>20,700,000</b>	20,700,000
Earnings per share - basic and diluted (Rupees)	<b>Rupees</b>	<b>92.61</b>	55.56

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

**33. REMUNERATION TO CHIEF EXECUTIVE AND DIRECTOR**

	<u>Chief executive</u>	<u>Director</u>	<u>Executives</u>
<b>2022</b>			
	<u>Rupees</u>		
Remuneration	22,363,636	10,254,545	19,791,273
House rent	2,236,364	1,025,455	1,979,127
Conveyance - cars	1,586,196	292,695	4,443,925
Other benefits	19,117,244	10,388,695	6,422,946
	<b>45,303,440</b>	<b>21,961,390</b>	<b>32,637,271</b>
Number of persons	<b>1</b>	<b>1</b>	<b>14</b>
<b>2021</b>			
	<u>Rupees</u>		
Remuneration	19,636,364	10,506,000	16,862,182
House rent and other benefits	1,963,636	1,050,600	1,686,218
Conveyance - cars	1,152,644	257,535	2,945,526
Other benefits	10,350,888	7,645,922	6,028,753
	<b>33,103,532</b>	<b>19,460,057</b>	<b>27,522,679</b>
Number of persons	<b>1</b>	<b>1</b>	<b>14</b>

**33.1** Chief Executive and a director are also entitled to free use of the Company maintained cars.

### 34. **FINANCIAL INSTRUMENTS**

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

- Credit risk
- Liquidity risk
- Market risk

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

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

#### 34.2 **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations and arises principally from deposits, trade debts, loans and advances, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	<u>2022</u>	<u>2021</u>
	<u>----- Rupees -----</u>	
Trade debts	765,425,459	1,186,277,053
Other receivables	46,922,498	26,719,292
Long term deposits	7,011,240	6,991,200
Bank balances	97,231,184	120,534,692
	<u>916,590,380</u>	<u>1,340,522,237</u>

The Company's credit risk exposures are categorized under the following headings:

#### **Counterparties**

The Company conducts transactions with the following major counterparties:

- Trade debts
- Public sectors
- Banks and other financial institutions
- Mutual Funds

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

### 35. **CAPITAL MANAGEMENT**

The Company 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 provide an adequate return to shareholders by pricing products and services commensurately with

Capital comprises all components of equity (i.e. share capital, reserves and unappropriated profit). The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders or issue new shares.

The debt-to-adjusted capital ratios at June 30, were as follows:

	<u>2021</u>	<u>2020</u>
	<u>----- Rupees -----</u>	
Total debt	1,042,935,008	987,994,572
Less: Cash and cash equivalents	(97,675,556)	(32,624,872)
Net debt	945,259,452	955,369,700
Total equity	8,109,245,194	4,407,739,343
Adjusted capital	<u>9,054,504,646</u>	<u>5,363,109,043</u>
Debt-to-adjusted capital ratio	<u>10.44%</u>	<u>17.81%</u>

### 35.2.1 Liquidity risk table

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

<i>Particulars</i>	<i>1 - 3 months</i>	<i>3 months - 1 years</i>	<i>1 - 5 years</i>	<i>More than 5 years</i>	<i>Total</i>
Long term financing	-	159,288,605	676,824,133	206,822,271	1,042,935,008
Short term borrowings	-	-	-	-	-
Trade and other payables	-	264,763,276	-	-	264,763,276
Accrued mark up	8,320,237	-	-	-	8,320,237
Unclaimed dividend	22,759,665	-	-	-	22,759,665
<b>2022</b>	<b>31,079,902</b>	<b>424,051,881</b>	<b>676,824,133</b>	<b>206,822,271</b>	<b>1,338,778,186</b>
Long term financing	-	133,102,824	614,350,836	243,183,971	990,637,631
Short term borrowings	-	29,537,798	-	-	29,537,798
Trade and other payables	-	236,792,077	-	-	236,792,077
Accrued mark up	10,266,875	-	-	-	10,266,875
Unclaimed dividend	22,183,456	-	-	-	22,183,456
<b>2021</b>	<b>32,450,331</b>	<b>399,432,699</b>	<b>614,350,836</b>	<b>243,183,971</b>	<b>1,289,417,837</b>
<b>Off Statement of financial position items</b>					
Letters of credit				<b>2022</b>	<b>2021</b>
				----- Rupees -----	
Bank guarantees				1,250,236,942	432,634,355
Foreign bills discounted				201,481,302	164,921,302
In land bills purchased				1,182,441,108	587,060,000
				50,785,020	98,672,017
<b>Off Statement of financial position gap</b>				<b>2,684,944,372</b>	<b>1,283,287,674</b>

### 35.2 Credit risk related to trade debtors

Trade debts are essentially due from local and foreign customers against sale of yarn and waste material and the Company does not expect these counterparties to fail to meet their obligations. The majority of sales to the Company's customers are made on specific terms. Customer credit risk is managed subject to established policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and any shipments to foreign customers are generally covered by letters of credit.

Trade debts are generally on 60 to 90 days credit terms.

#### Impairment losses

The aging of trade debts at the reporting date was:

	2022		2021	
	<u>Gross</u>	<u>Impairment</u>	<u>Gross</u>	<u>Impairment</u>
	----- Rupees -----			
Not yet due	789,963,965	-	1,187,969,418	-
Past due for:				
- more than 3 months but less than 1 year	1,512,690	1,800,341	325,076	1,800,341
- more than 1 year but less than 2 years	49,676	105,817	247,321	105,817
- more than 2 years	9,445	360,040	1,436	360,040
	<b>791,535,776</b>	<b>2,266,198</b>	<b>1,188,543,251</b>	<b>2,266,198</b>

#### Concentration of credit risk

Trade debts consist of a large number of diversified customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable where appropriate. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

### 35.2.1 Credit risk related to banks and other financial institutions

Credit risk on balances with banks is managed by management in accordance with the Company's policy. Excess funds are placed in deposits with reputable banks and financial institutions.

<u>Bank Name</u>	<u>Rating Agency</u>	<u>Long term</u>	<u>Short Term</u>
		<u>Loans</u>	<u>Loans</u>
The Bank of Punjab	PACRA	AA+	A1+
Askari Bank Limited	PACRA	AA+	A1+
Allied Bank Limited	PACRA	AAA	A1+
BankIslami Pakistan Limited	PACRA	A+	A1
Bank Alfalah Limited	PACRA	AA+	A1+
Bank Al Habib Limited	PACRA	AAA	A1+
Faysal Bank Limited	PACRA	AA	A1+
Habib Bank Limited	PACRA	AAA	A1+
Habib Metropolitan Bank Limited	PACRA	AA+	A1+
United Bank Limited	PACRA	AAA	A-1+
National Bank of Pakistan	PACRA	AAA	A1+
MCB Bank Limited	PACRA	AAA	A1+

### 35.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of statement of financial position liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

### 35.4 Market risk

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

#### 35.4.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates.

##### **Exposure to currency risk**

The Company is exposed to currency risk on trade debts which are denominated in currency other than the functional currency of the Company. The Company's exposure to foreign currency risk is as follows:

	2022		2021	
	Rupees	US Dollar	Rupees	US Dollar
Trade debts	254,322,451	1,242,090	795,989,799	5,053,903
	<b>254,322,451</b>	<b>1,242,090</b>	<b>795,989,799</b>	<b>5,053,903</b>

The following US Dollar exchange rates were applied during the year:

	2022	2021
	Rupees	Rupees
Average rate	179.13	160.24
Statement of financial position rate	204.75	157.50

##### **Sensitivity analysis - foreign currency**

At June 30, 2022, if the Rupee had weakened /strengthened by 10% (2021: 10%) against the US Dollar with all other variables held constant, profit for the year would have been lower / higher by Rs. 27.79 million (2021: Rs. 79.6 million), as a result of foreign exchange gains /losses on translation of foreign currency trade debts. Profit / (loss) is less sensitive to movement in Rupee /foreign currency exchange rates in 2022 than 2021 because of high recovery from export debtors.

#### 35.4.2 Interest rate risk

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will effect the value of financial instruments. The Company has significant amount of interest based financial assets and financial liabilities which are largely based on variable interest / mark-up rates, therefore the Company has to manage the related finance cost which exposes it to the risk of 3 month and 6 month KIBOR. Since the impact on interest rate exposure is significant to the Company, management is considering the alternative arrangement to manage interest rate exposure in future.

	2022		2021	
	Effective Interest Rate	Rupees	Effective Interest Rate	Rupees
<b>Fixed rate instruments</b>				
<b>Financial assets:</b>				
- Deposit Accounts	6% - 12%	134,432	5.50% - 6.25%	142,643
<b>Variable rate instruments</b>				
<b>Financial liabilities:</b>				
- Long term financing	3% - 9.28%	1,042,935,008	1.25% - 8.21%	990,637,631
- Short term borrowings	7.86% - 15.06%	-	7.81% - 8.69%	29,537,798
		<b>1,043,069,440</b>		<b>1,020,318,072</b>

##### **Sensitivity analysis - interest rate**

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the Company's profit / loss for the year ended June 30, 2022 would decrease / increase by Rs. 10.42 million (2021: Rs. 10.20 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate financial instruments.

#### 35.4.3 Other price risk

Other price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not materially exposed to other price risk on financial assets and liabilities.

#### 35.4.4 Equity share price risk

The Company is also exposed to the equity price risk arising from the fluctuations due to change in fair value of those equity instruments.

#### Sensitivity analysis - Equity share price risk

A 1% increase / decrease in share prices at year end would have increased / decreased profit for the year as follows

	<u>2022</u>	<u>2021</u>
	----- Rupees -----	
Effect on profit or loss	<u>19,803,301</u>	<u>8,350,139</u>

#### 35.5 Fair values

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale.

The carrying values of all financial assets and liabilities reflected in the consolidated financial statement approximate their fair values.

#### 35.5.1 Fair value hierarchy

Following are three levels in fair value hierarchy that reflects the significance of the inputs used in measurement of fair values of financial instruments and non financial assets:

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

The Company does not have any other financial instruments to be classified here other than "Short term investments" as disclosed in note 12, that are classified in level 1 and level 2 as per hierarchy stated above.

The Company follows the revaluation model for its free hold land, building on free hold land, plant and machinery. The fair value measurement as at June 30, 2022 was performed by MYK Associates (Private) Limited & Joseph Lobo (Private) Limited. MYK Associates (Private) Limited & Joseph Lobo (Private) Limited both are on panel of Pakistan Banks Association as 'Any Amount' asset valuator. It is also on the panel of State Bank of Pakistan and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations. The fair value of the assets was determined using the comparable price method after performing detailed enquiries and verification from various estate agents, brokers and builders keeping in view the location of the property/project, condition, size, utilization, and other relevant factors. In estimating the fair value of free hold land, building on free hold land and plant and machinery, the highest and best use of these assets is their current use.

Since the date of last revaluation, there has been no material change in the market factors that derive fair value of these properties, therefore, management believes that the carrying value of these non financial assets approximate its fair market value.

Short term investments include quoted equity shares. The investment are valued at each reporting date at their fair value by using the prevailing quoted prices of shares on Pakistan Stock Exchange Limited.

#### June 30, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	----- Rupees -----			
Short term investments	299,668,983	1,680,661,158	-	1,980,330,141
Free hold land	-	1,159,040,000	-	1,159,040,000
Building on free hold land	-	518,526,350	-	518,526,350
Investment property	-	2,342,055	-	2,342,055
Plant and machinery	-	2,000,000,000	-	2,000,000,000
Total	<u>299,668,983</u>	<u>5,360,569,563</u>	<u>-</u>	<u>5,660,238,546</u>

<b>June 30, 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<i>Rupees</i>			
Short term investments	193,989,353	641,024,587	-	835,013,940
Free hold land	-	192,914,491	-	192,914,491
Building on free hold land	-	194,057,023	-	194,057,023
Investment property	-	2,342,055	-	2,342,055
Plant and machinery	-	1,190,577,905	-	1,190,577,905
<b>Total</b>	<b>193,989,353</b>	<b>2,220,916,061</b>	<b>-</b>	<b>2,414,905,414</b>

There were no transfers between levels of fair value hierarchy during the period.

### 35.6 Financial instruments by category

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an approximate mix between various sources of finance to minimize risk.

The accounting policies for financial instruments have been applied for line items as below:

#### Assets carried at fair value

Carrying value of investments at fair value through profit or loss

<b>2022</b>	<b>2021</b>
<i>Rupees</i>	
<b>1,880,330,141</b>	835,013,940
<b>1,880,330,141</b>	<b>835,013,940</b>

#### Assets categorized at amortized cost

Trade debts  
Long term deposits  
Trade deposits and short term prepayments  
Loans and advances  
Cash and bank balances

<b>765,425,459</b>	1,186,277,053
<b>7,011,240</b>	6,991,200
<b>3,239,226</b>	3,239,226
<b>14,641,697</b>	921,117
<b>97,675,556</b>	120,759,269
<b>887,993,178</b>	<b>1,318,187,865</b>

#### Liabilities carried at amortized cost

Trade and other payables  
Long term financing  
Short term borrowings  
Unclaimed dividend  
Accrued mark up

<b>264,763,276</b>	236,792,077
<b>1,042,935,008</b>	990,637,631
<b>-</b>	29,537,798
<b>22,759,665</b>	22,183,456
<b>8,320,237</b>	10,266,875
<b>1,338,778,186</b>	<b>1,289,417,837</b>

### 36. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, other related group companies, directors of the Company and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under trade debts (note 9.1), trade and other payables (note 19.3) and remuneration of Chief Executive and director (note 34). The Indus Home Limited and Indus Dyeing & Manufacturing Co. Limited is associated undertaking based on common directorship. Other significant transactions with related parties are as follows:

#### Transactions with associated undertakings (due to common directorship)

##### Indus Dyeing & Manufacturing Company Limited

Purchase of goods and services

<b>2022</b>	<b>2021</b>
<i>Rupees</i>	
<b>130,557,150</b>	445,813.00

##### Indus Home Limited

Sale of goods and services  
Purchase of goods and services  
Purchase of TFC's  
Sale of land

<b>98,982,530</b>	295,852,531
<b>-</b>	-
<b>100,000,000</b>	-
<b>-</b>	-

All transactions with related parties have been carried out on agreed terms and conditions.

### 37. PLANT CAPACITY AND PRODUCTION

Number of spindles installed  
Number of spindles worked  
Number of shifts / day  
Installed capacity after conversion into 20/s count Kgs  
Actual production of yarn after conversion into 20/s count Kgs

<b>2022</b>	<b>2021</b>
<i>Rupees</i>	
<b>34,896</b>	34,896
<b>34,802</b>	34,792
<b>3</b>	3
<b>11,916,060</b>	11,948,706
<b>11,430,039</b>	11,882,023

#### Reasons for shortfall

It is difficult to describe precisely the production capacity in spinning unit since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed and twist etc. It also varies according to the pattern of production adopted in a particular year.

38. **RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

	<b><u>2021</u></b>	<b><u>Cash flow</u></b>	<b><u>2022</u></b>
	<b><u>Rupees</u></b>	<b><u>Rupees</u></b>	<b><u>Rupees</u></b>
Long term finances	990,637,631	189,094,037	1,179,527,626
Short term borrowings	29,537,798	(29,537,798)	-
Dividend	22,183,456	576,209	22,759,665
	<b><u>1,042,358,885</u></b>	<b><u>160,132,448</u></b>	<b><u>1,202,287,291</u></b>

39. **SEGMENT REPORTING**

The Company's core business is manufacturing and sale of yarn and it generates more than 90% of its revenue and profit from the production and sale of yarn. Decision making process is centralized at head office led by Chief Executive who is continuously involved in day to day operations and regularly reviews operating results and assesses its performance and makes necessary decisions about resources to be allocated to the segments. Currently it has one yarn manufacturing unit. Owing to the similarity in nature of the products and services, nature of the production processes, type or class of customers for the products and services, the methods used to distribute the products, the nature of the regulatory environment all the yarn producing units are aggregated into a single operating segment and the Company's performance is evaluated by the management on an overall basis, therefore these operational segments by location are not separately reportable segments.

40. **NUMBER OF EMPLOYEES**

The total number of employees at the year end and average number of employees during year are as follows:

	<b><u>2022</u></b>	<b><u>2021</u></b>
Total number of employees as at June 30	713	704
Average number of employees during the year	720	707

41. **CORRESPONDING FIGURES**

The preparation and presentation of these consolidated financial statement for the year ended June 30, 2022 is in accordance with the requirements of IFRSs. Following is the major reclassification made for better presentation:

<b><u>Reclassified from</u></b>	<b><u>Reclassified to</u></b>	<b><u>Rupees</u></b>
Loans and Advance	Advance Income Tax	113,363,625

42. **DATE OF AUTHORIZATION FOR ISSUE**

These consolidated financial statement were authorized for issue on **October 04,2022** by the Board of Directors of the Company.

43. **GENERAL**

Figures have been rounded off to the nearest Rupee, except where stated otherwise.

  
Shabbir Kausar  
Chief Financial Officer

  
Kashif Riaz  
Chief Executive Officer

  
Mian Imran Ahmed  
Chairman

\*میاں نوید احمد 16 مارچ 2021 کو آڈٹ کمیٹی کے رکن مقرر ہوئے اور مسز فادیہ کاشف انسانی وسائل کمیٹی کی رکن مقرر ہوئی ہیں۔

ڈائریکٹران کے مشاہرے:

کمیٹی ڈائریکٹران (فعال اور غیر فعال) کے مشاہروں کے بارے میں کمیٹی کے بورڈ آف ڈائریکٹرز کی جانب سے منظور شدہ پالیسی پر عمل درآمد کیا جاتا ہے۔ اس پالیسی کو اس طرح سے تیار کیا گیا ہے کہ جو انسانی وسائل اور کاروباری ضروریات دونوں کی حکمت عملی کو ساتھ لے کر چلے۔ بورڈ اس بات پر یقین رکھتا ہے کہ پالیسی اس قدر پراثر ہونی چاہیے کہ جو ڈائریکٹران کو اپنی جانب راغب کرے اور ان کو اس بات پر آمادہ کرے کہ وہ کمیٹی کے معاملات کو اپنی بہترین صلاحیتوں کے مطابق سرانجام دے سکیں۔

آڈیٹرز کا تقرر:-

آڈیٹرز میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹ فرم ہے۔ اس معروف چارٹرڈ اکاؤنٹنٹ فرم نے کمیٹی کے ساتھ اپنی تقرری کی معیادگی کی اور اہل ہونے کے ناطے اپنی خدمات کو ایک اور مدت کے لیے پیش کیا۔ بورڈ آف ڈائریکٹرز نے بورڈ کی آڈٹ کمیٹی کی سفارش پر اپنی اس فرم کو اگلے سال کے لیے کمیٹی کے آڈیٹرز کی حیثیت سے دوبارہ تقرری کے لیے تجویز کیا ہے۔

آڈٹ کمیٹی:-

بورڈ آف ڈائریکٹرز نے ایک مکمل باضابطہ آڈٹ کمیٹی تشکیل دی جس میں تین ممبران شامل ہیں، ایک آزاد ڈائریکٹر اور دو غیر فعال ڈائریکٹرز ہیں۔ کمیٹی کے حوالے سے شرائط شفاف داخلی آڈٹ و کاؤنٹنگ اور کنٹرول سسٹم، رپورٹنگ کے مناسب ڈھانچے کے ساتھ ساتھ کمیٹی کے اہلکاروں کی حفاظت کے لیے مناسب اقدام کا تعین کرنے پر مشتمل ہیں۔

ممبران کی ترتیب:-

کمیٹی ایکٹ 2017 اور کوڈ آف کارپوریٹ گورننس کے مطابق 30 جون 2021 کے اختتام پر ممبران کی ترتیب کے خاکے سے متعلق معلومات اس رپورٹ کے ساتھ ملحدہ سے منسلک ہے۔

اندرونی آڈٹ کنٹرول:-

بورڈ کے پاس کمیٹی کے کاروبار کو چلانے کے لیے آپریشنل، مالی اور قسمل کنٹرول کے ساتھ مؤثر اور مضبوط اندرونی کنٹرول سسٹم موجود ہے۔ اندرونی آڈٹ کے نتائج کا آڈٹ کمیٹی کے ذریعے جائزہ لیا جاتا ہے اور جہاں ضروری ہو ان آڈٹ رپورٹس میں شامل سفارشات کی بنیاد پر کارروائی کی جاتی ہے۔

ویب پر موجودگی:

کمیٹی کے سالانہ اور مختلف مدت کے مالیاتی بیانات کو کمیٹی کی ویب سائٹ <http://indus-group.com> پر موجود ہیں جہاں سے شیئرز ہولڈر اور دوسرے لوگ معلومات حاصل کر سکتے ہیں۔

اظہار تشکر:-

اور اے کے ڈائریکٹرز تمام ملازمین کی کوششوں کا اعتراف کرتے ہیں۔ اور آنے والے سالوں میں اسی طرح کے تعلقات دیکھتے ہیں۔ اس کے ساتھ ساتھ کمیٹی اپنے صارفین، منیجرز، سپلائرز اور حصہ داروں کے مشکور ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

کاشف ریاض

چیف ایگزیکٹو آفیسر

14 اکتوبر 2022

- ہذا کمیٹی کے مالیاتی گوشوارے جو کہ کمیٹی کی انتظامیہ نے تیار کئے ہیں اس میں تمام لین دین کو شفافیت کے ساتھ درج کیا گیا ہے اس کے ساتھ ساتھ منج اور کیش کی آمد و رفت کا بھی واضح اظہار ہے۔
- ہذا کمیٹی کے حساب کتاب سے متعلق دستاویزات وضاحت و مہارت کے ساتھ تیار کی گئی ہیں۔
- ہذا حساب نویسی سے متعلق تمام پالیسیوں کو ملکی اور بین الاقوامی قوانین کے مطابق تیار کیا گیا ہے اور جہاں ضرورت محسوس کی گئی وہاں وضاحتیں بھی پیش کی گئی ہیں۔
- ہذا اندرونی کنٹرول کا نظام مضبوط بنیادوں پر استوار ہے جس پر عمل درآمد کیا جاتا ہے۔
- ہذا جو سٹاک قواعد وضوابط میں بیان کیا گیا ہے اس سے انحراف نہیں کیا جاتا۔
- ہذا پچھلے چھ سالوں کے متعلقہ اعداد و شمار بھی منسلک کیئے گئے ہیں۔
- ہذا ٹیکس ڈیوٹیوں اور اداء طلب ادائیگیوں کو 30 جون 2020 کے لئے نہیں روکا گیا سوائے ان کے جن کا اظہار Statement Financial براے 30 جون 2020 میں کیا گیا ہے۔
- ہذا جس مدت کا جائزہ لیا جا رہا ہے اس کے دوران کمیٹی کے کسی ای او ڈی اے ایکٹرز اور اہل خانہ شخص کے لین دین میں شامل نہیں۔
- بورڈ آف ڈائریکٹرز اور مینٹلز:-**
- سال کے دوران بورڈ کے اجلاس منعقد ہوئے تھے۔ ہر ڈائریکٹر کی حاضری مندرجہ ذیل ہے۔

بورڈ آف ڈائریکٹرز کی 6 مینٹلز	آڈٹ کمیٹی کی 5 مینٹلز	انسانی وسائل اور معاوضہ کمیٹی کی 1 مینٹلز
حاضری	حاضری	حاضری
4/4	-	-
4/4	-	-
4/4	-	1/1
4/4	-	-
4/4	-	-
4/4	-	-
4/4	-	-
4/4	4/4	1/1
4/4	4/4	-
4/4	-	-
4/4	4/4	1/1
4/4	-	-

\* زیر نظر مدت کے دوران چیف ایگزیکٹو۔ ڈائریکٹرز۔ میاں بیوی بچوں کی طرف سے کمیٹی کے تجزیے کے ذریعے شیئرز کی منتقلی حسب ذیل ہے۔

نمبر شمار	نام	شمیر ٹرانسفر
1	نوید احمد	579,139

15,993	18,476	چائیراوبیل کی وجہ سے سربیس کی منتقلی
3,315,924	5,155,596	آگے کیا گیا مجمع شدہ منافع
55.56 روپے	92.61 روپے	فی حصص آمدن

## ڈیویڈنڈ:

بورڈ آف ڈائریکٹرز نے 16 فروری 2022 کو منعقدہ اجلاس میں پیٹھ 50 فیصد انٹیرم ڈیویڈنڈ کا اعلان کیا ہے جو کہ 30 جون 2022 کو ختم ہونے والے سال کے لیے 5 روپے فی شیئر بنتا ہے۔ کاروباری تجزیہ:-

آج کی کہنی کا اس سال قبل از گیس منافع 2.070 ارب رہا جو کہ گزشتہ سال 1.239 ارب تھا۔ دوران سال فروخت 9.758 ارب روپے تھی (8.641 ارب روپے 2021)۔ مصنوعات کی کل لاگت 7.157 ارب روپے تھی (7.059 ارب روپے 2021)۔ جس کے نتیجے میں خام منافع 2.600 ارب رہا (1.582 ارب 2021)۔ اللہ تعالیٰ کے فضل سے کہنی کی کارکردگی فروخت اور منافع میں اضافے کے ساتھ شاندار رہی۔ کہنی کی فروخت میں 12.92 فیصد کا اضافہ ہوا اور خام مال کے ساتھ زیادہ سٹاکس نے ان پر کشش رکھیں اور بڑھتی ہوئی پیداواری صلاحیت میں حصہ ڈالا ہے۔ دوران سال 829.918 ملین روپے مقررہ اثاثوں میں سرمایہ کاری کی گئی جو کہنی کے مجموعی BMR پلان کا حصہ ہے اور روز مشین کے دس سیٹوں کی توسیع پلانٹ کا حصہ ہے۔ اس مقصد کی مالی اعانت کے لیے برقرار رکھی گئی آمدنی اور طویل مدتی قرضوں کا استعمال کیا گیا۔ اس سال کے دوران کہنی نے مستقبل کے کاروباری منصوبوں کے لیے ایم بی اینڈ سٹری کی سو فیصد شیئر ہولڈنگ حاصل کی ہے۔

## مستقبل کی صورت حال:-

دوسرے ممالک کے ساتھ پاکستان بھی مہنگائی، روپے کی کمی اور زرمبادلہ کے کم ہونے و خاڑ کے ساتھ شدید معاشی بحران کا شکار ہے۔ نیکنائیل انڈسٹری چنگی حالت میں ہے۔ پاکستان موسمیاتی تبدیلیوں کا شکار تھا اور پاکستان میں تازہ کی سیلاب نے ملک میں کپاس کی فصل کو شدید نقصان پہنچایا ہے۔ یہ ممکنہ طور پر کپاس کی پیداوار میں نمایاں کمی کا باعث بن سکتا ہے، عالمی منڈی پر سپلائی کا مزید دباؤ اور قیمتیں بڑھ سکتی ہیں۔ پاکستان دنیا کا پانچواں سب سے بڑا کپاس پیدا کرنے والا ملک ہے، ملک خالص درآمد کنندہ ہے۔ سیلاب سے ہونے والے نقصان سے پاکستان کو ایک ایسے وقت میں کپاس کی درآمد میں مجبوراً اضافہ کرنا پڑے گا۔ جب کپاس کی عالمی منڈی پیلیے ہی کم فصل کی وجہ سے رند میں کمی کا سامنا کر رہی ہے۔ یوکرین کے خلاف روسی جنگ میں شدت آنے کے ساتھ زیادہ تر ممالک کو جناس کی قلت اور بڑھتی ہوئی قیمتوں کی صورت میں محسوس ہونے لگی ہے۔ اس تنازعہ کا ممکنہ اثر بہت زیادہ ہے جس میں بجلی کی شرح میں اضافہ، مرکزی بینکوں کی جانب سے شرح سود میں اضافہ، اجرتوں میں اضافے کی مانگ، زندگی کے بڑھتے ہوئے اخراجات کو پورا کرنے کے لیے کاروباری اداروں کی جانب سے زیادہ واجرت کی تلافی کے لیے قیمتوں میں اضافہ، افرادی قوت میں کمی اور بے روزگاری ہے۔ لہذا آنے والے مہینوں میں پاکستان کو بجلی کی مسلسل اور طویل بندش، اضافی یوٹیلیٹی بلوں اور دیگر خدمات میں پریشانی کا سامنا کرنا پڑے گا۔ ان تمام رکاوٹوں کے باوجود ہم امید کرتے ہیں کہ اللہ کے فضل اور انتظامیہ کی سخت محنت اور اس کی کوششوں کو خصوصی اور ویڈیو ایڈوانسٹی معیار کی نیکنائیل مصنوعات پر مرکوز کرنے سے آپ کی کہنی بہتر نتائج حاصل کرنے میں کامیاب ہوگی۔

## کہنی کی سماجی ذمہ داریاں:-

کہنی نے ہمیشہ اپنے سماجی ذمہ داریوں کو تمام حصول اداروں اور مجموعی طور پر کاروباری ماحول پر ترجیح دی ہے یہ ایک مسلسل عمل ہے۔ کہنی قدرتی وسائل کے تحفظ، ضیاع میں کمی، بری سائیکھنگ کو بہتر بنانے، توانائی کی کارکردگی میں بہتری اور ماحولیاتی کارکردگی کو بہتر بنانے میں کوشاں ہے۔ پچھلے سال کی طرح اس سال بھی ہم نے قدرتی گیس کی کھپت اور پانی کے استعمال میں کمی کے اہداف مقرر کئے ہیں۔ ہماری طرف سے مندرجہ ذیل کوششیں کی جارہی ہیں۔

☆ گندے پانی کی صفائی

☆ قدرتی وسائل کے تحفظ

☆ مال کے ضائع ہونے میں کمی

☆ بری سائیکھنگ میں اضافہ، توانائی کی کارکردگی میں بہتری اور ماحولیاتی کارکردگی میں اضافہ

ہیلنس شیٹ بنانے کے بعد کے معاملات:-

ہیلنس شیٹ کے اختتامی مراحل میں اور ہیلنس شیٹ بنانے کے بعد کوئی ایسا مادی یا معاملاتی معاہدہ نہیں کیا گیا جس سے ہیلنس شیٹ کے اعداد و شمار میں کسی طرح کی کوئی تبدیلی واقع ہو اور وہ منطقی طور پر متاثر ہو۔ متعلقہ فریقین سے لین دین:-

کارپورٹ گورننس کی ضروریات کے مطابق کہنی نے تمام متعلقہ پارٹی ٹرانزیکشن آڈٹ کیے اور بورڈ کے سامنے جائزہ اور منظوری کے لیے پیش کیے۔

۳۰ جون ۲۰۲۲ کو ختم ہونے والے سال کے لیے ملحق شدہ مالی گوشوارے نوٹ 37 میں تمام متعلقہ لین دین کی تفصیلات فراہم کی گئی ہیں۔

☆ ڈائریکٹرز کی ذمہ داریوں کی تفصیل:-

☆ ڈائریکٹرز اسٹاک انٹیجی کی فہرست سازی کے مطابق کارپورٹ اور مالی رپورٹنگ کے فریم ورک کے مطابق عمل کرتے ہیں۔

## سن ریز ٹیکسٹائل ملز لمیٹڈ

ڈائریکٹرز رپورٹ جون ۲۰۲۲، ۲۰۲۱ -

سن ریز ٹیکسٹائل ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز 31 ویں سالانہ اجلاس ۳۰ جون ۲۰۲۲ کے مالی سال کے اختتام کی سالانہ رپورٹ مراہ آڈٹ شدہ مالیاتی گوشوارہ مسرت کے ساتھ پیش کرتے ہیں۔  
بورڈ کی تشکیل:-

بورڈ کی تشکیل کا رپورٹ گورننس کے ضابطہ اخلاق، 2017 کے تقاضوں کے مطابق درج ذیل ہے۔

ڈائریکٹرز کی کل تعداد:-

الف - مرد 9  
ب - خاتون 2

تشکیل:-

i - آزاد ڈائریکٹر 3  
ii - فعال ڈائریکٹر 3  
iii - غیر فعال ڈائریکٹر 5

تسمیہ	نام
آزاد ڈائریکٹرز	فیصل حنیف مس عذرا بیگم قاروق حسن
فعال ڈائریکٹرز	کاشف ریاض شیخ شفقت مسعود نوید احمد
غیر فعال ڈائریکٹرز	میاں شہزاد احمد میاں عمران احمد مسز فاویہ کاشف عرفان احمد شاہد ویز احمد

مالی اور آپریشنل نتائج:-

آپ کی کمپنی کا قبل از ٹیکس منافع سال ۲۰۲۲ کے اختتام پر 2.070 ارب رہا۔

2021 رو 000	2022 رو 000	
1,239,043	2,069,925	قبل از ٹیکس منافع
(88,879)	(152,947)	ٹیکس
1,150,164	1,916,978	بعد از ٹیکس منافع
3,748	(7,849)	دیگر
2,264,945	3,315,924	ابتدائی جمع شدہ منافع
(138,000)	-	پہلا ممبری ڈیویڈنڈ سیر ۲۰۲۰، ۲۰۲۱
-	(103,500)	پہلا ممبری ڈیویڈنڈ سیر ۲۰۲۱، ۲۰۲۰
3,280,857	5,121,553	منافع برائے تصرفات
19,074	15,567	گنڈا اگلی حیات کے ریویویشن پرسنل سے منتقل

## سن ریز ٹیکسٹائل ملز لمیٹڈ

جون ۲۰۲۲ء - چیمبر مین رپورٹ

سن ریز ٹیکسٹائل ملز لمیٹڈ ۳۰ جون ۲۰۲۲ کو ختم ہونے والے مالی سال کے لیے کمپنی کی کارکردگی پر جائزہ ممبران کے سامنے پیش کرنا میرے لیے اعزاز اور خوشی بات ہے۔  
بورڈ کی کارکردگی کا جائزہ:-

وبائی امراض کے بعد بورڈ انتظامیہ کے ساتھ مصروف رہا جس نے اسے غیر معمولی اور غیر متوقع مشکلات سے مقابلہ کرنے میں مدد فراہم کی ہے۔ اس پورے عرصہ میں بورڈ کی مسلسل نگرانی اور انتظامی امور تمام اہداف کے حصول اور عالمی وبا پر قابو پانے میں اہم تھے۔ بورڈ نے شاندار کارکردگی کا مظاہرہ کیا ہے۔ بورڈ آف ڈائریکٹرز کی رہنمائی سے، صحت اور حفاظت پر زور دیتے ہوئے، کاروباری تسلسل کو یقینی بنانے کے ساتھ غیر یقینی حالات میں بھی کاروبار کو کامیابی سے آگے بڑھایا۔

سن ریز کے بورڈ آف ڈائریکٹرز کے گیارہ ممبران ہیں۔ جس میں مختلف پس منظر رکھنے والے افراد شامل ہیں، جو کمپنی کے کاروبار سے متعلق بنیادی مہارت، علم اور تجربہ رکھتے ہیں تمام بورڈ ممبران اور کمپنی کی ایڈر شپ ٹیم آپ کے ذریعہ دست درگوشی سے عاجز ہیں اور آپ کی توقعات کے مطابق ڈیلور کرنے کے لیے پرعزم ہیں۔ بورڈ انتظامیہ کو حکمت عملی فراہم کرتا ہے اور عزم کے احساس کے ساتھ اپنی وفاداری اور ذمہ داریوں کو پورا کرتا ہے۔ بورڈ نے آڈٹ کمیٹی، انسانی وسائل اور معاوضہ کمیٹی، نامزدگی کمیٹی اور ریسک مینجمنٹ کمیٹی تشکیل دی ہے۔ ان کمیٹیوں نے بورڈ کو یقینی آراء سے نوازا اور مدد فراہم کی۔ آڈٹ کمیٹی خاص طور پر مالی گوشوارے اور اندرونی اختیار کے تفصیلی جائزہ پر توجہ مرکوز کرتی ہے۔ ان ڈیلی کمیٹیوں نے میٹنگ کی اور لہجہ کمیٹیوں کے ضابطوں 2019 کے مطابق بورڈ کو رپورٹ کی۔ کارپوریٹ گورننس کے بہترین طریقوں کو کمپنی کے انتظامی معاملات میں شامل کیا گیا ہے تاکہ پیشہ وارانہ مہارت اور کاروباری طرز عمل کو برقرار رکھا جائے۔ بورڈ کے اراکین اور اس کی کمیٹیوں کی کارکردگی کا سالانہ جائزہ رسمی اور موثر طریقہ کار کی مدد سے لیا گیا۔ اس طریقہ کار کے ذریعے موصول ہونے والے تاثرات کی بنیاد پر بورڈ کا مجموعی کردار موثر پایا گیا ہے۔ بورڈ نے کمپنی کی تمام قانونی اور انتظامی ضروریات کی تعمیل کو یقینی بنانے سمیت اپنی تمام ضروری ذمہ داریاں پوری کی ہیں۔ میں یہ بتانا چاہتا ہوں کہ تمام ڈائریکٹرز بشمول آزاد ڈائریکٹرز نے بورڈ کے فیصلہ سازی کے عمل تکمیل طور پر حصہ لیا اور اپنا کردار ادا کیا۔ بورڈ نے اپنی تمام فرائض اور ذمہ داریاں احسن طریقے کے ساتھ انجام دیں۔ تفصیل:

\* اس بات کو یقینی بنانا کہ کمپنی کے مشن، ویژن اور اقدار پر عمل کیا جا رہا ہے۔

\* کمپنی کو انتظامی معاملات میں موثر طریقے سے رہنمائی کرنا

\* انتظامیہ کے لیے سالانہ اہداف اور مقصد کا تعین کرنا۔

\* مینجمنٹ کی کارکردگی کی نگرانی اور بڑے رسک والے ایریا پر توجہ مرکوز کرنا۔

\* اہم سرمایہ کاری کا اندازہ

\* اسٹیک ہولڈرز کی قدر کو محفوظ رکھنے کے لیے کارپوریٹ گورننس کے اعلیٰ معیار کو یقینی بنانا۔

مزید یہ کہ سال بھر میں تمام اہم مسائل بورڈ یا اس کی کمیٹیوں کے سامنے پیش کیے گئے، خاص طور پر کمپنی کے تمام متعلقہ پارٹی لین دین کو بورڈ نے آڈٹ کمیٹی کی سفارش پر منظور کیا۔ بورڈ کے افعال کو منظم بنانے کے لیے آڈٹ کمیٹی اور انسانی وسائل اور معاوضہ کمیٹی کا باقاعدہ اجلاس ہوا جس میں بورڈ کی کارکردگی کا جائزہ لیا گیا اور عالمی سطح کے بہترین طریقوں کے مطابق مزید بہتری کے لیے ممکنہ اقدامات کی نشاندہی کی۔

کمپنی کی کارکردگی کا جائزہ:-

کاروبار گزشتہ سال کے مقابلے میں 13 فیصد کے اضافے کے ساتھ آسانی سے چلا اور منافع کا مجموعی مارجن 18 فیصد سے بڑھ کر 27 فیصد ہو گیا۔ بعد از ٹیکس خالص منافع 1,150 ملین سے بڑھا کر 1,917 ملین ہو گیا ہے۔ بورڈ کی جانب سے میں اپنے تمام صارفین کی کمپنی پر مسلسل اعتماد کے لیے بہت شکر یہ ادا کرنا چاہتا ہوں۔ میں بورڈ کی شراکت، ہماری انتظامیہ اور ملازمین کی بہترین کاوشوں کے لیے تعریفی کلمات کا اظہار کرنا چاہتا ہوں اور آخر میں ان مالیاتی اداروں کا شکر یہ ادا کرنا چاہتا ہوں جو ہمارے ساتھ کھڑے ہوئے اور مشکل وقت میں ہمارا ساتھ دیا۔ میں امید کرتا ہوں اور دعا کرتا ہوں کہ کمپنی آئندہ سالوں میں ترقی کی رفتار کو برقرار رکھے۔

چیمبر مین

میال عمران احمد

104 اکتوبر 2022

**PROXY FORM  
ANNUAL GENERAL MEETING**

Shareholder's Folio No-----Number of shares held-----I /

We.-----Of (full address)-----

----- being a member of **SUNRAYS TEXTILE MILLS**

**LIMITED** hereby appoint

Mr. / Mrs. / Ms -----of (full address)-----

-----or failing him/her/ Mr. / Ms.-----of

(full address)-----

as my / our proxy in my/our absence to attend and vote for me/us on my/our behalf at the **Annual General**

**Meeting** of the Company to be held on 27<sup>th</sup> day of October, 2022 at 4:30 p.m. plot # 3 & 7, Sector-

25 Korangi industrial Area, Karachi and at any adjourned meeting thereof.

WITNESSES	
WITNESS # 1	WITNESS # 2
SIGNATURE	SIGNATURE
NAME CNIC #	NAME CNIC#

Signature on

Rs. 5/-

Revenue Stamp

1. Proxies in order to be effective, must be received at the Company's Registered Office/ Shares Registrar not less than 48 hours before the meeting and must be duly stamped, signed and witnessed.
2. CDC shareholders and their proxies are requested to attach an attested photocopy of their CNIC or passport with this proxy form before submission to the Company.

AFFIX  
CORRECT  
POSTAGE

The Company Secretary  
SUNRAYS TEXTILE MILLS LIMITED  
5<sup>th</sup> Floor 508 Beaumont Plaza Beaumont Road  
Civil Lines Qtrs Karachi

## PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS OF SUNRAYS TEXTILE MILLS LIMITED

June 30, 2022

No. of Shareholders	Shareholding		Total Shares Held	PERCENTAGE OF TOTAL CAPITAL
	From	To		
781	1	100	23,316	0.11
238	101	500	67,842	0.33
498	501	1,000	424,758	2.05
183	1,001	5,000	330,743	1.60
14	5,001	15,500	138,894	0.67
4	15,501	30,000	70,796	0.34
7	35,001	150,000	511,817	2.47
5	160,001	960,000	2,687,244	12.98
5	960,001	1,950,000	7,757,019	37.47
2	1,950,001	2,415,000	4,414,035	21.32
1	2,415,001	4,275,000	4,273,536	20.65
<b>1,738</b>			<b>20,700,000</b>	<b>100.00</b>

### CATEGORIES OF SHARE HOLDERS

As at June 30, 2022

Shareholders	No. of Share Holders	SHARES HELD	Percentage
Individuals	1,708	5,065,819	24.47
Associated Companies	1	205,962	0.99
Financial Institutions	1	72,729	0.35
Insurance Companies	1	120,582	0.58
Mutual Fund	1	956,526	4.62
Joint Stock Companies	11	11,586	0.06
Directors, CEO their Spouses & Minor Children	15	14,266,796	68.92
	<b>1,738</b>	<b>20,700,000</b>	<b>100</b>

### DETAIL OF CATEGORIES OF SHARE HOLDERS

As at June 30, 2022

Name	Number of Shareholders	Shares Held
<b>INDIVIDUALS</b>	<b>1,708</b>	<b>5,065,819</b>
<b>ASSOCIATED COMPANIES</b>	<b>1</b>	
M/s. Indus Dyeing & Manufacturing Company Limited		205,962
		<b>205,962</b>
<b>FINANCIAL INSTITUTIONS</b>	<b>1</b>	
National Bank of Pakistan		72,729
		<b>72,729</b>
<b>JOINT STOCK COMPANIES</b>	<b>11</b>	
TREET CORPORATION LIMITED		3,000
Y.S. SECURITIES & SERVICES (PVT) LTD		2,100
S.H. BUKHARI SECURITIES (PVT) LTD		1200
NH CAPITAL (PRIVATE) LIMITED		3
MAPLE LEAF CAPITAL LIMITED		3
MSMANIAR FINANCIALS (PVT) LTD		300
FIKREES (PRIVATE) LIMITED		4,500

BLACK STONE EQUITIES (PVT) LTD		30	
M/S AZEEM SERVICES (PVT) LTD		354	
HABIB & SONS LIMITED (SP)		24	
M/S FIRST CAPITAL EQUITIES LTD		72	
			<b>11,586</b>
<b>INSURANCE COMPANIES</b>	<b>1</b>		
State Life Insurance Corp. of Pakistan		120,582	
			<b>120,582</b>
<b>MUTUAL FUND</b>	<b>1</b>		
CDC-Trustee National Investmet (UNIT) Trust		956,526	
			<b>956,526</b>
<b>DIRECTORS, CEO, THEIR SPOUSES &amp; MINOR CHILDREN</b>	<b>15</b>		
Mr. Shahzad Ahmed		1,945,443	
Mr. Naveed Ahmed		1,155,140	
Mr. Kashif Riaz		4,273,536	
Mr. Imran Ahmed		1,740,483	
Mr. Irfan Ahmed		1,760,814	
Mr. Shafqat Masood		13,719	
Mr. Shahwaiz Ahmed		594	
Mr. Faisal Hanif		300	
Ms. Azra Yaqub Vawda		30	
Mr. Farooq Hassan		15	
Mrs. Fadia Kashif		2,413,356	
Mrs. Aisha Irfan		565,671	
Mrs. Lozina Shahzad		380,085	
Mrs. Shahzia Naveed		13,446	
Mrs. Tahia Imran		4,164	
<b>GRAND TOTAL</b>	<b>1,738</b>		<b>14,266,796</b>
			<b>20,700,000</b>

**Shareholders holding 10% or more voting interest in the company as at June 30, 2022**

DIRECTORS, CEO, THEIR SPOUSES AND MINOR CHILDREN	SHARES HELD	PERCENTAGE %
Mr. Kashif Riaz	4,273,536	20.65
Mrs. Fadia Kashif	2,413,356	11.66

Detail of purchase / sale of shares by Directors, Company Secretary, Head of Internal Audit Department, Chief Finance Officer, Chief Executive Office and their spouses, minor children during 2021-2022

NAME	Purchase	Sold	Gift
<b>Mr. Naveed Ahmed</b>			<b>579,139</b>

# DIVIDEND MANDATE FORM

The Company Secretary,

Subject Bank account details for payment of Dividend through electronic mode

Dear Sir,

I/we/Messrs., \_\_\_\_\_ being the shareholder(s) of Sunrays Textile Mills Limited [the "Company"], hereby, authorize the Company, to directly credit cash dividend declared by it, my bank account as detailed below:

(i) Shareholder's details:	
Name of the Shareholder	
CDC Participant ID & Sub-Account No. / CDC IAS	
CNIC/NICOP/Passport/NTN No. (Please attach copy)	
Contact Number (landline & Cell Nos.)	
Shareholder's Address	
(ii) Shareholder's Bank account details:	
Title of Bank Account	
IBAN (see Note 1 below)	
Bank's Name	
Branch Name & Code No.	
Branch Address	

It is stated that the above particulars given by me are correct and I shall keep the Company, informed in case of any changes in the said particulars in future.

Yours Sincerely

\_\_\_\_\_  
Signature of Shareholder  
(Please affix Company stamp in case of corporate entity)

Notes:






- (i) Please provide complete IBAN, after checking with your concerned branch to enable electronic credit directly into your bank account.
- (ii) **This letter must be sent to shareholder's participant/CDC Investor Account Services which maintains his/her CDC account for incorporation of banks account details for credit of cash dividend declared by the Company from time to time.**



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