

Annual Report 2021



ZAHIDJEE



ZAHIDJEE TEXTILE MILLS LIMITED

Mission, Vision, Values

- ▶▶ To add value to shareholders and the economy by engaging profitably in textile products.
- ▶▶ To be and remain quality leader and competitive in the international market.
- ▶▶ To conduct business as a socially responsible corporate citizen.

Company Information

Board of Directors

Mr. Ahmad Zahid	Chairman
Mr. Muhammad Zahid	Chief Executive
Mr. Muhammad Jamshaid	Directors
Mrs. Mehreen Fahad	Directors
Mr. Sajjad Hussain Shah	Independent Director
Mr. Faisal Masood Afzal	Independent Director
Mr. Shahbaz Haider Agha	Independent Director

Audit Committee

Mr. Sajjad Hussain Shah	Chairman
Mr. Faisal Masood Afzal	Member
Mrs. Mehreen Fahad	Member

HR & Remuneration Committee

Mr. Shahbaz Haider Agha	Chairman
Mrs. Mehreen Fahad	Member
Mr. Ahmad Zahid	Member
Mr. Muhammad Zahid	Member

Chief Financial Officer

Mr. Anwar-ul-Haq

Company Secretary

Mr. Nasir Hameed

Auditors

RSM Avais Hyder Liaquat Nauman
Chartered Accountants

Bankers of the Company

Allied Bank Limited
Askari Bank Limited
Bank Al Habib Ltd
Bank Al-Falah Limited
BankIslami Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Ltd
JS Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Samba Bank Limited
Soneri Bank Limited
The Bank of Khyber
The Bank of Punjab
United Bank Limited

Registered Office

2-H, Gulberg-II, Jail Road, Lahore
Tel: 042-35777291-5

Plant site

- 28-KM, Sheikhpura Road, Faisalabad
- 32-KM, Tandlian wala Road, Faisalabad
- M-3 Industrial City, Sahianwala, Faisalabad

Export Office

2-H, Gulberg-II, Jail Road, Lahore
Tel: 042-35777291-5

Share Registrar

Corptec Associates (Private) Limited
503-E, Johar Town, Lahore
Tel: 042-35170335-6 Fax 042-35170338
E-mail: info@corptec.com.pk

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 32nd Annual General Meeting (AGM) of the shareholders of **Zahidjee Textile Mills Limited** (the "Company") will be held at 10:00 A.M on Thursday, the October 28, 2021, at registered office 2H, Gulberg II, Jail Road, Lahore to transact the following business:

ORDINARY BUSINESS:

- 1.To confirm the minutes of the last Extraordinary General Meeting held on March 31, 2021.
- 2.To consider, approve and adopt the annual audited financial statements of the Company for the year ended June 30, 2021, together with the Directors' and Auditors' reports thereon.
- 3.To appoint auditors for the year ending June 30, 2022, and to fix their remuneration. The present auditors RSM Avais Hyder Liaquat Nauman, Chartered Accountants, retire and being eligible, have offered themselves for re-appointment.
- 4.To approve and declare the final cash dividend @ Rs. 1.30 per share i.e. (13%) for the financial year ended June 30, 2021, as recommended by the Board of Directors. This is in addition to interim cash dividend @ 10% i.e., Rs.1.00 per share, already paid.
- 5.To transact any other business with the permission of the chair.

By order of the Board
Nasir Hameed
Company Secretary

Lahore: October 07, 2021.

NOTES:

CLOSURE OF SHARE TRANSFER BOOKS: The share transfer books of the Company shall remain closed from October 22, 2021, to October 28, 2021 (both days inclusive). Transfers received in order at Company's registrar, M/S CorpTec Associates (Private) Limited, 503-E, Johar Town, Lahore up to close of business on October 21, 2021, will be considered in time for the purpose of determining above entitlement to the transferees for payment of final dividend and to attend the AGM.

PARTICIPATION IN MEETING: A member eligible 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 duly signed, filled and witnessed must be deposited at the Registered Office of the Company, along with the attested copies of valid CNIC or Passport, not less than 48 hours before the time of the meeting during working hours. Attendance in the meeting shall be on production of original CNIC or passport. CDC account holders will further have to follow the guidelines as laid down in Circular No. 1 on dated: January 26, 2000, issued by the SECP. Form of Proxy may be downloaded from the Company's website: <https://www.zahidjee.com.pk>

NOTIFY CHANGES IN ADDRESSES: The shareholders of the Company are requested to promptly notify changes in their mailing addresses (if any), to our share registrar, M/S CorpTec Associates (Private) Limited, 503-E, Johar Town, Lahore.

MANDATORY SUBMISSION OF CNIC COPIES: Individual Shareholders are once again reminded to submit a copy of their valid CNIC, if not provided earlier to the Company's Share Registrar. In case of non-availability of a valid CNIC in the records of the Company, the Company shall withhold the Dividend under the provisions of Section 243 of the Companies Act, 2017 (the Act) which will be released by the Share Registrar only upon submission of a valid copy of the CNIC.

PLACEMENT OF FINANCIAL STATEMENTS ON WEBSITE: The audited financial statements of the Company for the year ended June 30, 2021, have been placed on the website of the Company.

DEPOSIT OF PHYSICAL SHARES INTO CDC ACCOUNTS: In accordance with the requirement of section 72 of the Act, every existing Company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the SECP, within a period not exceeding four years from the commencement of this Act. The shareholders having physical shares are encouraged to convert their physical shares into book entry form by depositing shares into Central Depository Company Pakistan Limited by opening CDC sub account with any broker or investor accounts directly with CDC.

CONSENT FOR VIDEO CONFERENCE FACILITY: In view of the prevailing pandemic Covid-19 situation shareholders can also avail video conference facility. Video link details and login credentials will be shared with those who have shown their intent to attend the meeting at email: cszahidjee@gmail.com

Also Pursuant to Section 134(1)(b) of the Act, if Company receives consent from shareholders holding aggregate 10% or more shareholding residing at a geographical location to participate in the meeting through video conference at least seven days prior to the date of the meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility, please provide the following information and submit to the registered office of the Company:

I / We _____ of _____ being member of Zahidjee Textile Mills Ltd, holder of _____ Ordinary shares as per Register Folio # / CDC Account # / Participant ID #, hereby opt for Video conference facility at _____

زاہلجی ٹیکسٹائل ملز لمیٹڈ (اطلاع سالانہ اجلاس عام)

بذریعہ ہذا مطلع کیا جاتا ہے کہ زاہلجی ٹیکسٹائل ملز لمیٹڈ (کمپنی) کا 32 واں سالانہ اجلاس عام درج ذیل امور کی انجام دہی کے لئے بروز جمعرات مورخہ 28 اکتوبر 2021 بوقت صبح 10:00 بجے کمپنی کے ہیڈ آفس واقع H-2 جیل روڈ گلبرگ II لاہور میں منعقد ہوگا۔

عمومی امور:

- (1) 31 مارچ 2021 کو ہونے والے غیر معمولی اجلاس عام کی کارروائی کی توثیق۔
- (2) مورخہ 30 جون، 2021 کو ختم ہونے والے مالی سال کے لئے کمپنی کے مالیاتی گوشواروں کی بعد از ایکٹریز اور آڈیٹریز کی رپورٹ کے ساتھ وصولی، ان پر غور و خوض اور منظوری۔
- (3) بورڈ آف ڈائریکٹرز کی سفارش پر 30 جون 2021 کو ختم شدہ مالیاتی سال کے لئے حتمی نقد منافع منقسمہ بشرح 1.30 روپے فی شیئر 13% کی منظوری، یہ عبوری نقد منافع 10% کے حساب سے یعنی 1 روپے فی حصص کے علاوہ ہے جو پہلے ہی ادا کیا جا چکا ہے۔
- (4) 30 جون 2022 کو ختم ہونے والے سال کے لیے آڈیٹریز کی تقرری اور ان کے مشاہروں کا تعین۔ سبکدوش ہونے والے آڈیٹریز آرمس ایم او ایس حیدر لیاقت نعمان چارٹرڈ اکاؤنٹنٹس نے اہل ہونے کی بنیاد پر خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔
- (5) صدر اجلاس کی اجازت سے دیگر کسی گاروباری امور کی انجام دہی۔

لاہور: مورخہ 7 اکتوبر 2021ء،
بحکم پورڈ: ناصر حمید (کمپنی سیکرٹری)

گزارشات:-

شیئرز ٹرانسفر بکس کی بندش:

کمپنی کے شیئرز ٹرانسفر بکس مورخہ 22 اکتوبر 2021ء سے مورخہ 28 اکتوبر 2021ء (بشمول ہر دو ایام) بند رہیں گی۔ کمپنی رجسٹر اراکاربیک ایسوسی ایشن (پرائیویٹ) لمیٹڈ، E-503 جوہر ٹاؤن لاہور میں مورخہ 21 اکتوبر 2021ء کو کاروباری ایام کے اختتام تک موصول ہونے والی ٹرانسفرز، نقد منافع منقسمہ کے استحقاق اور اجلاس میں شرکت کے لئے بروقت تصور ہوگی۔

اجلاس میں شرکت:

اس اجلاس میں شرکت اور ووٹ ڈالنے کا اہل رکن کسی دوسرے رکن کو ووٹ دینے کے لئے اپنا پراکسی مقرر کر سکتا ہے۔ پراکسیز کو اپنا باضابطہ دستخط، پُر شدہ فارم اور گواہ کمپنی کے رجسٹرڈ آفس میں درست سی این آئی یا پاسپورٹ کی تصدیق شدہ کاپیوں کے ساتھ کام کے اوقات کے دوران مٹینگ کے وقت سے کم از کم 48 گھنٹے پہلے جمع کرانا ضروری ہے۔ اجلاس میں حاضری اصل سی این آئی یا پاسپورٹ کی بنیاد پر ہوگی۔ سی ڈی سی اکاؤنٹ ہولڈرز کو اس سی این آئی کی جانب سے جاری کردہ 26 جنوری 2000ء کو سرکلر نمبر 1 میں بیان کردہ رہنما خطوط پر عمل کرنا ہوگا۔ کمپنی کی ویب سائٹ سے پراکسی فارم ڈاؤن لوڈ کیا جا سکتا ہے۔

<https://www.zahidjee.com.pk>

ممبران کے پتہ میں کسی بھی تبدیلی:

ممبران کے پتہ میں کسی بھی تبدیلی کو فوری طور پر کمپنی کے شیئرز رجسٹر اریمرز کارپوریٹ ایسوسی ایشن (پرائیویٹ) لمیٹڈ، E-503 جوہر ٹاؤن لاہور کو مطلع کیا جائے۔

درست کمپیوٹرائزڈ شناختی کارڈ کی کاپی کمپنی لازمی جمع کروانا:

شیئرز ہولڈرز کو آگاہ کیا جاتا ہے کہ اپنے درست اور اصل کمپیوٹرائزڈ شناختی کارڈ کی کاپی کمپنی کے ریکارڈز میں جمع کروائیں، شناختی کارڈ کی عدم دستیابی کی صورت میں کمپنی کمپنیز ایکٹ 2017 کے سیکشن 243 کی دفعات کے تحت منافع کو روک دے گی جو درست شناختی کارڈ کی کاپی رجسٹر اراکاربیک جمع کرانے پر جاری کیا جائے گا۔

ویب سائٹ پر کمپنی کی فائصل رپورٹ:

30 جون، 2021 کو ختم ہونے والے سال کی فائصل اسٹیٹمنٹس کمپنی کی ویب سائٹ آویزاں کر دی ہے۔

سی ڈی سی اکاؤنٹ میں فزیکل شیئرز کا اندراج:

SECP کے کمپنی ایکٹ 2017 کی دفعہ 72 کی روشنی میں ہر موجودہ کمپنی کے لئے لازم ہے کہ وہ اپنے فزیکل شیئرز کو بک انٹری فارم کے ساتھ مخصوص انداز میں اور کمیشن کی بتائی گئی تاریخ کے حساب سے رکھے، اور یہ دورانیہ کمپنیز ایکٹ 2017 کے نفاذ کی تاریخ سے لے کر 4 سال سے زائد نہیں ہونا چاہئے۔ مذکورہ بالا شرح کی تعمیل کو یقینی بنانے اور بک انٹری فارم میں شیئرز رکھنے سے مستفید ہونے کے لئے فزیکل شیئرز ہولڈنگز کے حامل تمام شیئرز ہولڈرز اپنے فزیکل شیئرز رکھنے کے لیے سی ڈی سی میں براہ راست یا کسی بروکر یا انویسٹر اکاؤنٹ کے ساتھ ڈی سی ڈی سی اکاؤنٹ کھول سکتے ہیں۔

ویڈیو کانفرنس کے ذریعے شرکت:

موجودہ و باؤڈ 19 کی صورت حال کے پیش نظر شیئرز ہولڈرز ویڈیو کانفرنس کی سہولت سے بھی فائدہ اٹھا سکتے ہیں۔ ویڈیو لینک کی تفصیلات اور لاگ ان لین لوگوں کے ساتھ شیئرز کی جائیں گی جنہوں نے ایس ای میل پر اجلاس میں شرکت کا ارادہ ظاہر کیا ہے۔ (cszahidjee@gmail.com) کمپنی کے ممبران جن کے پاس مجموعی طور پر 10% یا اس سے زیادہ شیئرز ہوں اگر کسی کی جغرافیائی حدود (کسی خاص جگہ / شہر) میں موجود ہوں اور وہ سالانہ اجلاس میں شرکت کرنا چاہتے ہیں تو کمپنی کو 7 روز قبل آگاہ کریں، کمپنی اس شہر میں ویڈیو کانفرنس کی سہولت مہیا کرنے کا انتظام کرے گی بشرط یہ کہ اس شہر میں سہولت میسر ہوں اگر آپ مٹینگ میں ویڈیو کانفرنس کے ذریعے شرکت کرنا چاہتے ہیں تو 7 دن قبل ذیل میں دیا گیا فارم پر کر کے کمپنی کے رجسٹرڈ دفتر میں جمع کروائیں۔

میں ام ایم _____ آف زاہلجی ٹیکسٹائل ملز لمیٹڈ کے ممبر جس کے شیئرز _____ رجسٹرڈ فونو نمبر _____


ہی ڈی سی اکاؤنٹ نمبر _____ ویڈیو کانفرنس کی سہولت _____ میں چاہتا ہوں / چاہتے ہیں۔

Review Report by the Chairman

The Board of Directors is performing their duties in accordance with law and in the best interest of company and its shareholders. As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of Zahidjee Textile Mills Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended June 30, 2021, the Board's overall performance and effectiveness has been assessed as Satisfactory. This is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business.

Zahidjee Textile Mills Limited Complies with all the requirements set out in the Law with respect to the composition, procedures and meetings of the Board of Directors and its committees. Necessary Board agenda and related supporting documents were duly made available to the board in sufficient time prior to the board and its committee meetings. The Board has exercised all its powers in accordance with relevant laws and regulation and the non- executive and independent directors are equally involved in important decisions of the board.



Ahmad Zahid
Chairman

Lahore:
October 06, 2021

چیرمین کی طرف سے جائزہ رپورٹ

بورڈ آف ڈائریکٹرز قانون کے مطابق اور کمپنی اور اس کے حصص یافتگان کے بہترین مفاد میں اپنے فرائض انجام دے رہا ہے۔ کارپوریٹ گورننس کے ضابطے کے تحت ضرورت کے مطابق زاہد جی ٹیکسٹائل ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی سالانہ تشخیص کی گئی ہے۔ اس تشخیص کا مقصد یہ یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور نتائج کو کمپنی کے لئے طے کردہ مقاصد کے تناظر میں توقعات کے مقابلے میں ناپا اور پیچ مارک کیا جائے۔

30 جون 2021ء کو ختم ہونے والے مالی سال کے لئے بورڈ کی مجموعی کارکردگی اور نتائج کو اطمینان بخش قرار دیا گیا ہے۔ یہ نقطہ نظر، مشن اور اقدار سمیت لازمی اجراء کی تشخیص پر مبنی ہے؛ اسٹریٹجک منصوبہ بندی میں مشغولیت؛ پالیسیوں کی تشکیل؛ تنظیم کی کاروباری سرگرمیوں کی نگرانی؛ مالیاتی وسائل کے انتظام کی نگرانی؛ موثر مالی نگرانی؛ تمام ملازمین کے ساتھ مساوی سلوک اور بورڈ کے کاروبار کو انجام دینے میں کارکردگی پر مبنی ہے۔

زاہد جی ٹیکسٹائل ملز لمیٹڈ بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی تشکیل، طریقہ کار اور اجلاسوں کے حوالے سے قانون میں طے شدہ تمام تقاضوں کی تعمیل کرتی ہے۔ بورڈ اور اس کی کمیٹی کے اجلاسوں سے قبل بورڈ کو ضروری بورڈ ایجنڈا اور متعلقہ معاون دستاویزات مناسب طور پر وقت میں دستیاب کرائی گئیں۔ بورڈ نے متعلقہ قوانین اور ضابطے کے مطابق اپنے تمام اختیارات استعمال کیے ہیں اور غیر ایگزیکٹو اور آزاد ڈائریکٹرز بورڈ کے اہم فیصلوں میں یکساں طور پر شامل ہیں۔



احمد زاہد

چیرمین

لاہور:

06 اکتوبر 2021

DIRECTORS' REPORT TO THE MEMBERS

The Directors of your Company are pleased to present their Report along with the Audited Financial Statements for the year ended June 30, 2021.

Principal Activities of the Company

The Company is engaged in the business of manufacturing and sale of yarn and export of all kinds of value added fabrics and textile made-ups.

Overview

Current financial year has been a challenging year for Pakistan's economy. The COVID-19 pandemic has been a source of stress and adversity, the world over. Pakistan's economy showed its resilience and braced the negative impacts of the global pandemic far better than expected. The efficient response by the Government and SBP to tackle the pandemic resulted in increased business in the country as compared to the neighboring countries.

Despite challenging business environment, the current financial year was the most successful year of your company by the grace of Allah. Sales revenue of your company increased by 19.5 % to the highest ever sales figure of Rs. 16,615 million, as compared to Rs. 13,902 million during the corresponding period.

The gross margins increased to 14.3% in this Financial Year (FY) as compared to 12.1% Same Period Last Year SPLY, primarily because of increased quantities and better sales price due to the boost in global economic activity post-pandemic, resulting in an increase in demand, in the value-added sector of the textile industry. Your company earned profit after tax of Rs 1,557 million for the year under review as compared to Rs 717.3 million during the previous year, the net profits of the Company have increase by Rs. 840 million in this FY compared to SPLY, resulted in strengthening the Company's profitability and protecting the Company from industry risk exposure.

The net profit translated into Earnings per Share (EPS) of Rs. 8.13 as against Rs. 3.75 of last year.

The operating results of the company are summarized as follows:

	2021	2020
	Rupees '000'	
Sales	16,614,520	13,902,387
Gross profit	2,381,227	1,676,825
Profit before taxation	1,718,983	993,637
Taxation	161,876	276,355
Profit after taxation	1,557,107	717,282
Unappropriated profit brought forward	2,729,377	2,105,447
Transfers from revaluation surplus	72,568	69,357
Profit available for Appropriations	4,359,052	2,892,085
Appropriations:		
Final cash dividend for 2018-2019, @ Rs. 0.85 per share		(162,708)
Interim dividend for 2020-2021, @ Rs. 1 per share	(191,421)	-
Unappropriated profit carried forward	<u>4,167,631</u>	<u>2,729,377</u>
Earnings per share – Basic and Diluted (Rs.)	8.13	3.75

Dividend

In view of the company's earnings, the Board of Directors has recommended a Final Cash Dividend in respect of the financial year ended June 30, 2021, at the rate of Rs 1.30 per share (i.e. 13%), is subject to approval of the members at the Annual General Meeting to be held on October 28, 2021, including the interim dividend of Rs.1.00 per share (i.e. 10%) already paid, which make a total cash distribution of Rs. 2.30 (i.e. 23%) for the year ended Jun 30, 2021. These financial statements do not include the effect of the proposed final dividend.

Credit Rating of Company

The Pakistan Credit Rating has assigned rating of long term 'A-' and short term 'A2'. Outlook on the assigned rating is 'Positive'. Short Term Rating of 'A2' indicates satisfactory capacity for timely payment. Risk may vary slightly from time to time because of economic conditions and Long Term Rating of 'A-' signified the high credit quality with strong capacity for timely payments.

Composition of the Board

The Board composition consists of:

Total number of directors:

- a) Male 06
- b) Female 01

Composition

- a) Independent Directors 03
- b) Other Non-Executive Directors 01
- c) Executive Director 02
- d) Female Non-Executive Director 01

Attendance of Board Meetings and its Committees

Name of Directors	Board of Directors	Audit Committee	HR and Remuneration Committee
1 Mr. Muhammad Sharif***	5/5	N/M	1/1
2 Mr. Muhammad Zahid	4/5	N/M	1/1
3 Mr. Ahmad Zahid	2/5	N/M	N/M
4 Ms. Mehreen Fahad	1/5	3/4	0/1
5 Mr. Sajjad Hussain Shah	4/5	4/4	N/M
6 Mr. Faisal Masood Afzal	5/5	4/4	N/M
7 Brig. (R) Wali Muhammad*	1/5	N/M	0/1
8 Mr. Shahbaz Haider Agha**	2/5	N/M	1/1

N/M: Not a member

* Retired on date of election 31/3/21

** Newly elected Director on 31/3/21 in place of Mr. Wali Muhammad

*** Resigned on 25/6/21, and casual vacancy filled on 06/07/21

Leave of absence was granted to directors who could not attend the Board and its Committee's meetings.

Board Committees

Following are the details of the members of each committee:

Audit committee

Sr#	Name of Directors	
1	Mr. Sajjad Hussain Shah	Chairman
2	Mr. Faisal Masood Afzal	Member
3	Ms. Mehreen Fahad	Member

HR & Remuneration Committee

Sr#	Name of Directors	
1	Mr. Shahbaz Haider Agha	Chairman
2	Ms. Mehreen Fahad	Member
3	Mr. Ahmad Zahid *	Member
4	Mr. Muhammad Zahid	Member

* Appointed on 06/07/21, in place of Muhammad Sharif

Board of Directors

Election of Director was held on March 31, 2021 and Seven (7) Directors were elected to serve for a term of Three (3) years. A casual vacancy was created by resignation of Mr. Muhammad Sharif on June 25, 2021 and was filled by Board of Directors on July 06, 2021 through the appointment of Mr. Muhammad Jamshaid as Executive Director for remainder of term, and Mr. Ahmad Zahid was appointed as Chairman of Board and member of HR & R committee in place of Mr. Muhammad Sharif on July 06, 2021.

The composition of Board of Directors is as follows:

1	Mr. Ahmad Zahid	Chairman/ Non-executive Director
2	Mr. Muhammad Zahid	Chief Executive/ Executive Director
3	Mr. Muhammad Jamshaid	Executive Director
4	Ms. Mehreen Fahad	Non-executive Director
5	Mr. Sajjad Hussain Shah	Independent Director
6	Mr. Faisal Masood Afzal	Independent Director
7	Mr. Shahbaz Haider Agha	Independent Director

Board Evaluation

During the year, the Board and its sub committees have undertaken a formal process of evaluation of their performance. The overall performance of the Board and its sub-committees measured on the defined parameters for the year was satisfactory

Remuneration of Directors:

The remuneration of the Board members is approved by the Board itself. However, in accordance with the Code of Corporate Governance, it is ensured that no director takes part in deciding his or her own remuneration. Remuneration package of Chief Executive and other executive directors is disclosed in Note No. 36 to the financial statements.

Related Party Transactions

All transactions with related parties were approved by the Board, and details of all such transactions were placed before Audit committee. During the year, the company carried out transactions with its related parties. Details of these transactions are disclosed in note 37 to financial statements.

Material Changes During the Current Year

The company had the following material events during the FY 2020-21:

In order to concentrate on the core business of the company, the Board of directors and subsequently, the shareholders of the company in their meeting held on March 31, 2021 had approved the divestment of 35,920,000 shares in its subsidiary company, representing the 54.39% of issued and paid up ordinary shares capital of Zahidjee Towers (Pvt) Limited.

Corporate and Financial Reporting Framework

The Company's Management is fully cognizant of its responsibility as recognized by the Companies Act, 2017, the Listed Companies (Code of Corporate Governance) Regulations, 2019 issued by the Securities and Exchange Commission of Pakistan (SECP) and the Rule Book of Pakistan Stock Exchange (PSX). The following comments are acknowledgement of company's commitment to high standards of Corporate Governance and Continuous Improvement:

- 1 The financial statements prepared by the management of the company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- 2 Proper books of accounts of the company have been maintained.
- 3 Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- 4 International Accounting/Financial Reporting Standards, as applicable in Pakistan have been followed in preparation of financial statements and any departure from there have been adequately disclosed.
- 5 The system of internal control is sound and has been effectively implemented and monitored.

- 6 There is no significant doubt upon the company's ability to continue as a going concern.
- 7 There has been no material departure from the best practices of Code of Corporate Governance, as detailed in Listing Regulations.
- 8 Outstanding taxes and levies are given in the Notes to the Financial Statements.
- 9 Statement of compliance with Code of Corporate Governance and Financial Highlights for the last six years are annexed.

Health, Safety, & Environment

The Company maintains working conditions which are safe and without risk to the health of all employees and public at large. Our focus remains on improving all aspects of safety specially, with regards to the safety, production, delivery, storage and handling of materials. Your Company always ensures environment preservation and adopts all possible means for environment protection. The company strictly complies with the standards of the safety rules and regulations. It also follows environmental friendly policies.

We are pleased to announce that the company has been able to maintain strict SOPs for combating the COVID-19 pandemic and to keep the team and the workplace safe under these challenging circumstances.

Corporate Social Responsibility

Your company understands its corporate responsibility towards the society and fulfils its obligations by providing support to under privileged members of the society. However company did not carry out any CSR activity during the year.

Pattern of share holding

Pattern of Shareholding as at June 30, 2021, which are required to be disclosed under the reporting framework, is annexed to this report.

Appointment of Statutory Auditors

The present auditors M/s RSM Avais Hyder Liaquat Nauman, Chartered Accountants have completed their tenure for the year (FY 2020-21) and will be retiring at the conclusion of the forthcoming Annual General Meeting (AGM). Being eligible, they have offered themselves for re-appointment. The Audit Committee has recommended their re-appointment as auditors of the company for the year (FY 2021-22).

Adequacy of Internal Financial Control

The Board of Directors is aware of its responsibility with respect to internal controls environment and accordingly has established an efficient system of internal controls for ensuring effective and efficient conduct of operations, safeguarding company assets, compliance with applicable laws and regulations and reliable financial reporting. Such systems are monitored effectively by the Management while the Board Audit Committee reviews the internal control systems based on assessment of risks and reports to the Board of Directors.

Principal Risks & Uncertainty

Risk management process undertaken by Board of Directors and management at strategic and multiple levels across the company. This is designed to identify potential events that may affect the company and manage the risks to be within risk appetite, to provide reasonable assurance regarding the achievement of Company's objectives.

Key areas that can impact the Company are: Declining export sales due to increased competition at global as well as regional levels coupled with the impact of the COVID-19 pandemic, Currency volatility, abrupt Rupee devaluation, resulting in an increased cost of imported raw material, Increased energy cost due to rising fuel and power prices, Overall inflationary increase in operating expenses and Increasing discount rate resulting in increased financing costs.

The Company is closely monitoring the impact of these risks and will endeavor to take measures to mitigate these risks.

Future Outlook

It is hoped that the financial results of the Company will continue to improve in the coming year, as the global economy recovers from the effects of the delta variant of COVID-19 emerging across the country.

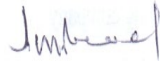
The certainty in the government policies / decisions is essential for the sustainable growth of any business. Accordingly, the Company believes that the Government would continue to supply the required utilities and services in a consistent and economical manner in order to ensure the long-term growth of the industry as well as the overall economy.

Acknowledgments

The Directors are grateful to the Company's members, financial institutions and customers for their co-operation and support. They also appreciate hard work and dedication of all the employees working at the various divisions.

For and on behalf of the Board

Dated: October 06, 2021
Lahore



MUHAMMAD JAMSHAI
Director



MUHAMMAD ZAHID
Chief Executive Officer

ڈائریکٹر رپورٹ برائے ممبران

کمپنی کی اہم سرگرمیاں

کمپنی دھاگے کی تیاری اور فروخت اور ہر قسم کے ویلیو ایڈڈ فیبرکس اور ٹیکسٹائل میڈیاپ کی برآمد کے کاروبار میں مصروف ہے۔

چاٹزہ

موجودہ مالی سال پاکستان کی معیشت کے لئے ایک چیلنجنگ سال رہا ہے۔ کوویڈ-19 وادینیا بھر میں تناؤ اور مصیبتوں کا باعث رہی ہے۔ پاکستان کی معیشت نے اپنی لچک کا مظاہرہ کیا اور عالمی وبا کے منفی اثرات کو تو قی سے کہیں بہتر انداز میں تیار کیا۔ اس وبا سے نمٹنے کے لئے حکومت اور اسٹیٹ بینک کے موثر رد عمل کے نتیجے میں پڑوسی ممالک کے مقابلے میں ملک میں کاروبار میں اضافہ ہوا۔

کاروباری ماحول کو چیلنج کرنے کے باوجود موجودہ مالی سال اللہ کے فضل سے آپ کی کمپنی کا سب سے کامیاب سال تھا۔ آپ کی کمپنی کی سیلز ریویو 19.5 فیصد بڑھ کر اب تک کا سب سے زیادہ فروخت کا اعداد و شمار 16615 ملین روپے ہو گیا جبکہ اسی عرصے کے دوران یہ تعداد 13902 ملین روپے تھی۔

گزشتہ سال کی اسی مدت کے مقابلے میں اس مالی سال میں مجموعی مارجن 12.1 فیصد سے بڑھ کر 14.3 فیصد ہو گیا جس کی بنیادی وجہ وبا کے بعد عالمی اقتصادی سرگرمی میں اضافے کی وجہ سے مقدار میں اضافہ اور فروخت کی بہتر قیمت ہے جس کے نتیجے میں ٹیکسٹائل صنعت کے ویلیو ایڈڈ سیکٹرز میں طلب میں اضافہ ہوا ہے۔ آپ کی کمپنی نے گزشتہ سال کے دوران 717.3 ملین روپے کے مقابلے میں زیر نظر سال کے لئے 1557 ملین روپے کے ٹیکس کے بعد منافع کمایا، گزشتہ سال کے مقابلے میں اس مالی سال میں کمپنی کے خالص منافع میں 840 ملین روپے کا اضافہ ہوا ہے جس کے نتیجے میں کمپنی کے منافع میں استحکام آیا ہے اور کمپنی کو انڈسٹری رسک انکسپوزر سے بچایا گیا ہے۔

فی حصص آمدنی (ای پی ایس) 8.13 روپے ہو گی جبکہ گزشتہ سال یہ 3.75 روپے تھی۔

کمپنی کے آپریٹنگ نتائج کا خلاصہ درج ذیل ہے

2021	2020	
روپے '000		
16,614,520	13,902,387	فروخت
2,381,227	1,676,825	مجموعی منافع
1,718,983	993,637	ٹیکس سے پہلے منافع
161,876	276,355	ٹیکس
1,557,107	717,282	ٹیکس کے بعد منافع
2,729,377	2,105,447	غیر مختص منافع
72,568	69,357	ری ویلیو ایشن سرپلس سے منتقلی
4,359,052	2,892,085	تخصیص کے لئے دستیاب منافع
		تخصیص
	(162,708)	2018-2019 کے لئے عبوری منافع، @0.85 روپے فی حصص
(191,421)		2020-2021 کے لئے عبوری منافع، @1 روپے فی حصص
		فی حصص آمدنی۔ بنیادی اور ڈائلمیٹڈ (روپے)
4,167,631	2,729,377	غیر مختص منافع
8.13	3.75	فی حصص آمدنی (بنیادی اور ڈائلمیٹڈ)

منافع مقدمہ

کمپنی کی آمدنی کے پیش نظر بورڈ آف ڈائریکٹرز نے 30 جون 2021ء کو ختم ہونے والے مالی سال کے سلسلے میں 1.30 روپے فی حصص (یعنی 13 فیصد) کی شرح سے حتمی نقد منافع کی سفارش کی ہے جو 28 اکتوبر 2021ء کو ہونے والے سالانہ جنرل میٹنگ میں اراکین کی منظوری سے مشروط ہے جس میں 1.00 روپے فی حصص کا عبوری منافع (یعنی 10 فیصد) پہلے سے ادا کیا جا چکا ہے۔ جس سے 30 جون 2021ء کو ختم ہونے والے سال کے لئے مجموعی طور پر 2.30 روپے (یعنی 23 فیصد) کی نقد تقسیم کی گئی ہے۔

ان مالیاتی گوشواروں میں مجوزہ حتمی منافع کا اثر شامل نہیں ہے۔

کمپنی کی کریڈٹ ریٹنگ

پاکستان کریڈٹ ریٹنگ نے طویل مدتی 'اے' اور قلیل مدتی 'اے 2' کی ریٹنگ تفویض کی ہے۔ تفویض کردہ درجہ بندی پر آؤٹ لک 'مثبت' ہے۔ 'اے 2' کی قلیل مدتی درجہ بندی بروقت ادائیگی کی صلاحیت کی نشاندہی کرتی ہے۔ معاشی حالات کی وجہ سے خطرہ وقتاً فوقتاً تھوڑا سا مختلف ہو سکتا ہے اور 'اے' کی طویل مدتی درجہ بندی بروقت ادائیگیوں کی مضبوط صلاحیت کے ساتھ اعلیٰ کریڈٹ معیار کی علامت ہے۔

بورڈ کی تشکیل

بورڈ کی تشکیل ان پر مشتمل ہے

ڈائریکٹرز کی کل تعداد

(a) مرد.....06

(b) خواتین.....01

تشکیل

(a) آزاد ڈائریکٹرز.....03

(b) دیگر نان ایگزیکٹو ڈائریکٹرز.....01

(c) ایگزیکٹو ڈائریکٹرز.....02

(d) خاتون نان ایگزیکٹو ڈائریکٹرز.....01

بورڈ اجلاسوں اور اس کی کمیٹیوں کی حاضری

حاضری			
نمبر شمار	ڈائریکٹر کا نام	بورڈ آف ڈائریکٹرز	اؤٹ کمیٹی
	جناب محمد شریف **	5/5	رکن نہیں ہے
2	جناب محمد زاہد	4/5	رکن نہیں ہے
3	جناب احمد زاہد	2/5	رکن نہیں ہے
4	محترمہ مہرین فہد	1/5	3/4
5	جناب سجاد حسین شاہ	4/5	4/4
6	جناب فیصل مسعود افضل	5/5	4/4
7	بریگیڈیئر (ر) ولی محمد *	1/5	رکن نہیں ہے
8	جناب شہباز حیدر آغا **	2/5	رکن نہیں ہے

* استقامت کی تاریخ 31/3/2021 کو ریٹائر ہو گئے۔

** جناب ولی محمد کی جگہ 31/3/2021 کو نو منتخب ڈائریکٹر۔

*** 25/6/2021 کو مستعفی ہو گئے، اور اتفاقی آسامی کو 6/7/2021 کو پر کر دیا گیا۔

ان ڈائریکٹروں کو غیر حاضری کی چھٹی دی گئی جو بورڈ اور اس کی کمیٹی کے اجلاسوں میں شرکت نہیں کر سکتے تھے۔

بورڈ کی کمیٹیاں

ہر کمیٹی کے ارکان کی تفصیلات درج ذیل ہیں

اؤٹ کمیٹی:

نمبر شمار	ڈائریکٹر کا نام
1	جناب شہباز حیدر آغا
2	جناب احمد زاہد *
3	محترمہ مہرین فہد
4	جناب محمد زاہد

نمبر شمار	ڈائریکٹر کا نام
1	جناب سجاد حسین شاہ
2	جناب فیصل مسعود افضل
3	محترمہ مہرین فہد

* محمد شریف کی جگہ 06/07/2021 کو مقرر کیا گیا۔

بورڈ آف ڈائریکٹر

ڈائریکٹر 31 مارچ 2021 کو منتخب ہوئے اور سات (7) ڈائریکٹرز کو تین (3) سال کی مدت کے لئے خدمات انجام دینے کے لئے منتخب کیا گیا۔ جناب محمد شریف کے 25 جون 2021 کو استعفٰی سے ایک اتفاق آسامی خالی ہوئی اور بورڈ آف ڈائریکٹرز نے جناب محمد جمشید کو ہٹایا مدت کے لئے 06 جولائی 2021 کو ایگزیکٹو ڈائریکٹر مقرر کر کے پر کی اور جناب احمد زاہد کو بورڈ کا چیئر مین اور 06 جولائی 2021 کو جناب محمد شریف کی جگہ ایچ آر آر کینی کارکن مقرر کیا گیا۔ بورڈ آف ڈائریکٹرز کی تشکیل درج ذیل ہے۔

نمبر شمار	ڈائریکٹر کا نام
1	جناب احمد زاہد
2	جناب محمد زاہد
3	جناب محمد جمشید
4	محترمہ مہرین فہد
5	جناب سجاد حسین شاہ
6	جناب فیصل مسعود افضل
7	جناب شہباز حیدر آغا

بورڈ کی تفصیلات

سال کے دوران بورڈ اور اس کی ذیلی کمیٹیوں نے اپنی کارکردگی کی تفصیلات کا باضابطہ عمل شروع کیا ہے۔ بورڈ اور اس کی ذیلی کمیٹیوں کی سال کے لئے متعین پیرامیٹرز پر پیمائش کی گئی مجموعی کارکردگی اطمینان بخش تھی۔

ڈائریکٹرز کا معاوضہ

بورڈ کے اراکین کا معاوضہ بورڈ خود منظور کرتا ہے۔ تاہم کارپوریٹ گورننس کے ضابطہ کے مطابق اس بات کو یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے معاوضے کا فیصلہ کرنے میں حصہ نہ لے۔ چیف ایگزیکٹو اور دیگر ایگزیکٹو ڈائریکٹرز کے معاوضہ کیلئے کوٹ نمبر 36 میں مالیاتی گوشواروں میں ظاہر کیا گیا ہے۔

متعلقہ پارٹی لین دین

متعلقہ فریقوں کے ساتھ تمام لین دین کو بورڈ نے منظوری دے دی اور اس طرح کے تمام تر ٹرانزیکشنز کی تفصیلات آڈٹ کمیٹی کے سامنے رکھی گئیں۔ سال کے دوران کمیٹی نے اپنے متعلقہ فریقوں کے ساتھ لین دین کیا۔ ان لین دین کی تفصیلات نوٹ 37 میں مالی گوشواروں میں ظاہر کی جاتی ہیں۔

موجودہ سال کے دوران مادی تہذیبیاں

مالی سال 2020-2021 کے دوران کمیٹی کے مندرجہ ذیل مادی واقعات تھے۔

کمیٹی کے بنیادی کاروبار پر توجہ مرکوز کرنے کے لئے بورڈ آف ڈائریکٹرز اور اس کے بعد کمیٹی کے شیئر ہولڈرز نے 31 مارچ 2021 کو منصفانہ اپنی میٹنگ میں اپنی ذیلی کمیٹی میں 35,920,000 حصص کی فروخت کی منظوری دی تھی جو زاہد جی ٹاورز (پرائیویٹ) لمیٹڈ کے جاری کردہ اور اد کردہ عام حصص کے سرمائے کے 54.39 فیصد کی نمائندگی کرتی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

کمیٹی کی انتظامیہ کمیٹی ایگٹ 2017، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) اور پاکستان اسٹاک ایکسچینج (پی ایس ایکس) کی جانب سے جاری کردہ سٹینڈرڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے ذریعے تسلیم شدہ اپنی ذمہ داری سے پوری طرح واقف ہے۔ مندرجہ ذیل تہذیبیہ کارپوریٹ گورننس اور مسلسل بہتری کے اعلیٰ معیارات کے لئے کمیٹی کے عدم اعتراف ہیں۔

1. کمیٹی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے کافی حد تک اس کی صورت حال، اس کے کاموں کے نتائج، نقد بہاؤ اور ایکویٹی میں تبدیلیوں کو پیش کرتے ہیں۔

2. کمیٹی کے اکاؤنٹس کی مناسب کتابیں برقرار رکھی گئی ہیں۔

3. مالی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مستقل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔

4. بین الاقوامی اکاؤنٹنگ / فنانشل رپورٹنگ اسٹینڈرڈز، جیسا کہ پاکستان میں لاگو ہوتا ہے، مالیاتی گوشواروں کی تیاری میں عمل کیا گیا ہے اور اس سے انحراف کو مناسب طور پر ظاہر کیا گیا ہے۔

5. اندرونی کنٹرول کا نظام درست ہے اور اس پر موثر عمل درآمد اور نگرانی کی گئی ہے۔

6. کمیٹی کے جاری رکھنے کی صلاحیت پر کوئی خاص شک نہیں ہے۔

7. کارپوریٹ گورننس کے ضابطہ اخلاق کے بہترین طریقوں سے قطعی انحراف نہیں کیا گیا ہے، جیسا کہ سٹینڈرڈ ریگولیشنز میں تفصیل سے بیان کیا گیا ہے۔

8. ہٹا یا ٹیکس اور لیویز کی تفصیلات مالیاتی گوشواروں کو نوٹس میں دی گئی ہے۔

9. کارپوریٹ گورننس کے حوالے سے بیان اور پچھلے چھ سالوں کی مالیاتی جھلکیوں کو شامل کیا گیا ہے۔

صحت، تحفظ، اور ماحولیات

کمپنی کام کے حالات کو برقرار رکھتی ہے جو محفوظ ہیں اور بڑے پیمانے پر تمام ملازمین اور عوام کی صحت کے لئے خطرے کے بغیر ہیں۔ ہماری توجہ حفاظت کے تمام پہلوؤں کو بہتر بنانے پر مرکوز ہے، خاص طور پر مواد کی حفاظت، پیداوار، ترسیل، ذخیرہ اندوزی اور پیٹرنلنگ کے حوالے سے۔ آپ کی کمپنی ہمیشہ ماحولیات کے تحفظ کو یقینی بناتی ہے اور ماحولیات کے تحفظ کے لئے ہر ممکن ذرائع اپناتی ہے۔ کمپنی حفاظتی قواعد و ضوابط کے معیارات کی سختی سے تعمیل کرتی ہے۔ یہ ماحول دوست پالیسیوں پر بھی عمل پیرا ہے۔

ہمیں یہ اعلان کرتے ہوئے خوشی ہو رہی ہے کہ کمپنی کو ویڈیو-19 وبا سے نمٹنے اور ان چیلنجنگ حالات میں ٹیم اور کام کی جگہ کو محفوظ رکھنے کے لئے سخت ایس او بیز برقرار رکھنے میں کامیاب رہی ہے۔

سماجی ذمہ داری

آپ کی کمپنی معاشرے کے تئیں اپنی کارپوریٹ ذمہ داری کو سمجھتی ہے اور معاشرے کے پسماندہ افراد کو مدد فراہم کر کے اپنی ذمہ داریاں پوری کرتی ہے۔ تاہم کمپنی نے سال کے دوران کوئی سی ایس آر سرگرمی نہیں کی۔

شیرز ہولڈنگ کا نمونہ

30 جون 2021 تک شیرز ہولڈنگ کا پیٹرن، جسے رپورٹنگ فریم ورک کے تحت ظاہر کرنا ضروری ہے، اس رپورٹ کے ساتھ منسلک ہے۔

قانونی آڈیٹرز کی تقرری

موجودہ آڈیٹرز ڈیمیرز آئی ایس ایم او ایس حیدرلیات نعمان، چارٹرڈ اکاؤنٹنٹس نے سال (مالی سال 2021-2020) کے لئے اپنی مدت ملازمت مکمل کر لی ہے اور وہ آئندہ سالانہ جنرل میٹنگ (اے جی ایم) کے اختتام پر ریٹائر ہو جائیں گے۔ اہل ہونے کی وجہ سے انہوں نے دوبارہ تقرری کے لئے خود کو پیش کش کی ہے۔ آڈٹ کمیٹی نے سال (مالی سال 2021-2020) کے لئے کمپنی کے آڈیٹر کے طور پر ان کی دوبارہ تقرری کی سفارش کی ہے۔

اندرونی مالیاتی کنٹرول کی مناسبت

بورڈ آف ڈائریکٹرز اندرونی کنٹرول ماحول کے حوالے سے اپنی ذمہ داری سے آگاہ ہے اور اس کے مطابق آپریشنز کے موثر اور موثر انعقاد، کمپنی کے اثاثوں کی حفاظت، قابل اطلاق قوانین اور ضوابط کی تعمیل اور قابل اعتماد مالی رپورٹنگ کو یقینی بنانے کے لئے اندرونی کنٹرول کا ایک موثر نظام قائم کیا ہے۔ اس طرح کے نظام کی انتظامیہ موثر نگرانی کرتی ہے جبکہ بورڈ آڈٹ کمیٹی خطرات کی تشخیص اور بورڈ آف ڈائریکٹرز کو رپورٹوں کی بنیاد پر اندرونی کنٹرول سسٹم کا جائزہ لے رہی ہے۔

بنیادی خطرات اور غیر یقینی صورتحال

بورڈ آف ڈائریکٹرز اور انتظامیہ کی طرف سے کمپنی بھر میں اسٹریٹجک اور متعدد سطحوں پر رسک مینجمنٹ کا عمل شروع کیا گیا ہے۔ یہ ممکنہ واقعات کی شناخت کرنے کے لئے ڈیزائن کیا گیا ہے جو کمپنی کو متاثر کر سکتے ہیں اور ظہور پزیر ہونے سے پہلے ہی خطرات کا انتظام کر سکتے ہیں، جس سے کمپنی کے مقاصد کا حصول یقینی ہو جاتا ہے۔

کمپنی پر اثر انداز ہونے والے اہم شعبے یہ ہیں: عالمی سطح پر بڑھتے ہوئے مسابقت کے ساتھ ساتھ علاقائی سطح پر درآمدات کی فروخت میں کمی اور اس کے ساتھ ساتھ کوویڈ-19 وبا کے اثرات، کرنسی میں اتار چڑھاؤ، اپنا تک روپے کی قدر میں کمی، جس کے نتیجے میں درآمدی خام مال کی لاگت میں اضافہ ہوا، ایندھن اور بجلی کی قیمتوں میں اضافے کی وجہ سے توانائی کی لاگت میں اضافہ، آپریٹنگ اخراجات میں مجموعی افراط زر میں اضافہ اور ڈسکانٹ کی شرح میں اضافہ جس کے نتیجے میں فنانسنگ لاگت میں اضافہ ہوا۔

کمپنی ان خطرات کے اثرات کی کڑی نگرانی کر رہی ہے اور ان خطرات کو کم کرنے کے لئے اقدامات کرنے کی کوشش کرے گی۔

مستقبل کا نقطہ نظر

امید کی جاتی ہے کہ آنے والے سال میں کمپنی کے مالی نتائج میں بہتری کا سلسلہ جاری رہے گا کیونکہ عالمی معیشت ملک بھر میں ابھرنے والے کوویڈ-19 کے ڈیلٹا ویرینٹ کے اثرات سے سنبھل رہی ہے۔

کسی بھی کاروبار کی پائیدار ترقی کے لئے حکومتی پالیسیوں / فیصلوں میں یقین ضروری ہے۔ اس کے مطابق کمپنی کا خیال ہے کہ حکومت صنعت کے ساتھ ساتھ مجموعی معیشت کی طویل مدتی ترقی کو یقینی بنانے کے لئے مطلوبہ پالیسیاں اور خدمات کی مستقل اور کفایت شعاری سے فراہمی جاری رکھے گی۔

اظہار تشکر

ڈائریکٹرز کمپنی کے ممبران، مالیاتی اداروں اور صارفین کے تعاون اور معاونت پر ان کے شکر گزار ہیں۔ وہ مختلف ڈویژنوں میں کام کرنے والے تمام ملازمین کی محنت اور لگن کو بھی سراہتے ہیں۔

برائے و منجانب بورڈ

امید

جناب محمد جمشید

ڈائریکٹر

السید

جناب محمد زاہد

چیف ایگزیکٹو

لاہور:

مورخہ 06 اکتوبر 2021

FINANCIAL HIGHLIGHTS

Particulars	2021	2020	2019	2018	2017	2016	
(Rupees in '000')							
Net Assets Employed							
Fixed assets	8,115,970	6,613,186	6,083,842	6,204,294	5,525,529	4,732,497	
Intangible assets	-	330	1,123	1,969	3,181	5,414	
Investment in subsidiary	-	359,200	359,200	359,200	359,200	359,200	
Long term deposits	35,976	4,476	4,476	4,450	4,450	4,450	
Current assets	6,298,233	5,443,587	4,696,860	4,810,746	3,256,897	2,309,844	
Non current assets- held for sale	359,200						
Current liabilities	(3,981,464)	(4,335,041)	(4,045,774)	(4,729,949)	(3,564,381)	(2,867,811)	
	2,675,969	1,108,546	651,085	80,797	(307,484)	(557,967)	
Long term liabilities	(2,983,193)	(1,618,623)	(1,185,062)	(1,479,684)	(743,227)	(601,918)	
Net Assets	7,844,722	6,467,116	5,914,664	5,171,025	4,841,649	3,941,677	
Represented By							
Paid up capital	1,914,211	1,914,211	1,914,211	1,914,211	1,823,058	1,657,326	
Reserves	4,833,889	3,395,636	2,771,705	1,935,360	1,646,077	1,578,251	
Revaluation surplus	1,096,622	1,157,269	1,228,748	1,321,454	1,372,514	706,100	
	7,844,722	6,467,116	5,914,664	5,171,025	4,841,649	3,941,677	
Operating Results							
Sales	16,614,520	13,902,387	13,444,689	10,329,177	7,968,112	6,699,200	
Gross profit	2,381,227	1,676,825	1,461,704	1,034,163	808,574	658,976	
Operating profit	2,434,054	1,690,596	1,466,586	1,075,465	834,489	692,134	
Profit before taxation	1,718,983	993,637	744,404	574,964	414,417	321,161	
Financial Ratios							
Gross profit	%	14.33	12.06	10.87	10.01	10.15	9.84
Operating profit	%	14.65	12.16	10.91	10.41	10.47	10.33
Profit/(loss) before taxation	%	10.35	7.15	5.54	5.57	5.20	4.79
Earning / (Loss) per share	Rs.	8.13	3.75	4.08	1.70	1.19	1.86
Current ratio	Times	1.58	1.26	1.16	1.02	0.91	0.81
Fixed assets turnover	Times	2.05	2.10	2.21	1.66	1.44	1.42
Total Debt to Capital	%	89	92	88	120	89	88
Book value per share	Rs.	35.25	27.74	24.48	20.11	19.03	19.52
Plant capacity and production							
Spinning							
Spindles installed/worked	Nos.	93,024	93,024	93,024	93,024	75,552	67,104
Actual production converted into							
20/s count	Kgs	41,050,604	38,376,019	34,290,567	33,847,535	31,446,125	27,263,890
Weaving							
Number of looms installed/worked	Nos.	280	280	280	280	280	280
Actual production converted into							
60 picks	Sq. mtr.	35,252,938	34,500,950	34,031,554	36,352,135	35,698,954	37,811,480

**Independent Auditor's Review Report
to the members of Zahidjee 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 Zahidjee Textile Mills Limited (the Company) for the year ended June 30, 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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

Further, we highlight below instance of non compliance with the requirement of Regulations as reflected in the paragraph referred below where it is stated in the Statement of compliance:

Paragraph	Section 19 of Regulation state that it is encouraged that by June 30, 2021 atleast 75% of the directors on the Board have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the commission and approved by it.
18	

However, during the course of review it was observed that no director has attended the training program due to Covid-19 Pandemic .

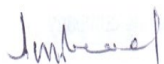
**RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS**


Place: Faisalabad
Date: October 06, 2021

12. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
13. The frequency of meetings of the committee were as per following:
 - a. Audit Committee: Four quarterly meetings during the financial year ended June 30, 2021.
 - b. HR and Remuneration Committee: One meeting during the financial year ended June 30, 2021.
14. The board has set up an effective internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
15. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (Spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
16. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
17. We confirm that all requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
18. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

As per regulation-19, Directors' Training: It is encouraged that: by June 30, 2021 at least 75% of the directors on the Boards have acquired the prescribed certification under any director training program. Presently, One of directors of the Company meet the exemption of requirement of the Director's Training Program, and one of Directors has obtained DTP certification. The remaining directors could not attend directors' training due to Covid-19 Pandmic prevailing in the country.

Dated: October 06, 2021
Lahore


MUHAMMAD JAMSHAI
Director

For and on behalf of the Board

MUHAMMAD ZAHID
Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

To the members of Zahidjee Textile Mills Limited

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matter:

Key Audit Matters	How our audit addresses the key audit matters
Investment in Subsidiary	
<p>The Company has made investment of Rs. 359.20 million in shares of Zahidjee Towers (Private) Limited (a subsidiary). The investment was made in the year 2015. The object of the subsidiary is to establish a Hotel. The purpose of the investment is to diversify the business as well as earn profits from hotel business. The decision to make investment was taken on the basis of judgment of the management that implementation time will be about three years by which the investment was projected to start paying return on investment. The Subsidiary has not started commercial activity since its incorporation in 2015.</p> <p>In order to concentrate on the core business of the company, the Board of directors in their meeting held on February 25, 2021, and subsequently, the shareholders of the company in their meeting held on March 31, 2021 approved the sale of shares of Zahidjee Towers (Pvt) Limited and thus classified the investment in subsidiary as non current assets held for sale.</p> <p>The company carries out impairment assessment of the value of investment and assessed the recoverable amounts approximately equal to the cost of investment.</p> <p>The estimation is inherently uncertain and requires management's significant judgment; therefore, we have identified this as a key audit matter.</p>	<p>In response to this matter, our audit procedures included:</p> <ul style="list-style-type: none"> • Inquiries of management, review of minutes of Board meeting and obtaining specific representations from Company's management regarding business rationale for investment in subsidiary. • Assessed the appropriateness of management's accounting for investment in subsidiary. • Considered management's process for identifying the existence of impairment indicators in respect of investment in subsidiary. • Assessed the adequacy and presentation of disclosures of investment in subsidiary in financial statements.

Capitalization of Property Plant and Equipment	
<p>Refer notes 3 to the annexed financial Statements</p> <p>During the year, the Company has incurred significant capital expenditure as part of expansion activities.</p> <p>There are number of areas where significant management judgement is involved in connection with the above activities.</p> <p>These include:</p> <ul style="list-style-type: none"> • Determining which costs meet the criteria for capitalisation as per International Accounting Standard - 16,'Property, Plant and Equipment'; • Determining the date on which assets under construction are transferred to operating fixed assets and the respective dates from which their depreciation should commence; and <p>We consider the above as a key audit matter being significant transactions and events for the Company during the year having significant impact on the financial position of the Company.</p>	<p>In response to this matter, our audit procedures included:</p> <ul style="list-style-type: none"> • Examination on a sample basis, costs capitalised during the year by comparing the costs capitalised with the relevant underlying documentation, which included purchase agreements and invoices. • Assessment whether the costs capitalised met the relevant criteria for capitalization as per the applicable accounting and reporting framework. • Verification of the copies of contracts of construction and letters of credit for determining amount of further commitment by the company for expansion project. • Verification of the date of transferring capital work in progress to operating fixed assets by examining the completion certificates. • Checked whether the disclosures are made in accordance with the financial reporting framework.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Boards of Director are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (**XIX** of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) 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 Hamid Masood.

RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

Place: Faisalabad


Date: October 06, 2021

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

	Note	2021 Rupees	2020 Rupees
NON - CURRENT ASSETS			
Property, plant and equipment	3	8,115,970,208	6,613,186,162
Intangible assets	4	-	330,203
Investment in subsidiary	5	-	359,200,000
Long term security deposits	6	35,976,224	4,476,224
		8,151,946,432	6,977,192,589
CURRENT ASSETS			
Stores, spares and loose tools	7	267,746,714	155,356,386
Stock in trade	8	2,949,653,106	2,926,873,525
Trade debts	9	2,000,829,869	1,729,035,469
Loans, advances and deposit	10	344,840,005	249,325,964
Prepayments	11	1,697,341	187,967
Other receivables	12	104,383,189	84,617,550
Short term investment	13	123,135,481	56,790,569
Tax refunds due from Government	14	120,956,103	177,558,960
Cash and bank balances	15	384,991,004	63,840,188
		6,298,232,812	5,443,586,578
Non-current assets held for sale	16	359,200,000	-
		6,657,432,812	5,443,586,578
CURRENT LIABILITIES			
Trade and other payables	17	1,194,787,575	887,327,709
Interest / mark up payable	18	73,144,504	59,198,537
Short term borrowings	19	2,288,112,041	2,980,917,815
Unclaimed dividend		1,204,621	1,204,621
Current portion of long term finance	20	203,142,898	210,628,546
Provision for taxation - income tax	34	221,072,310	195,763,444
		3,981,463,949	4,335,040,672
		10,827,915,295	8,085,738,495
NON - CURRENT LIABILITIES			
Long term finance	20	2,561,843,960	1,137,357,078
Deferred liability			
Deferred taxation	21	421,348,664	481,265,653
		2,983,192,624	1,618,622,731
CONTINGENCIES AND COMMITMENTS			
Net worth	22	-	-
		7,844,722,671	6,467,115,764
Represented by :			
Share capital	23	1,914,210,990	1,914,210,990
Capital reserves			
Merger reserve		366,258,513	366,258,513
Surplus on revaluation of property, plant and equipment	24	1,096,622,306	1,157,269,154
Revenue reserves	25	4,467,630,862	3,029,377,107
		7,844,722,671	6,467,115,764
		7,844,722,671	6,467,115,764

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

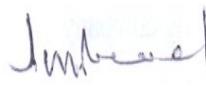
ZAHIDJEE TEXTILE MILLS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees Restated
Sales	26	16,614,519,972	13,902,386,903
Cost of sales	27	14,233,292,658	12,225,561,762
Gross profit		<u>2,381,227,314</u>	<u>1,676,825,141</u>
Trading profit / (loss)	28	8,194,545	(534,299)
Other income	29	44,632,535	14,305,494
		<u>2,434,054,394</u>	<u>1,690,596,336</u>
Distribution cost	30	156,576,188	155,953,266
Administrative expenses	31	123,509,463	121,443,275
Other operating expenses	32	152,314,266	90,233,728
Finance cost	33	282,671,387	329,328,924
		<u>715,071,304</u>	<u>696,959,193</u>
Profit before taxation		<u>1,718,983,090</u>	<u>993,637,143</u>
Provision for taxation	34	161,876,445	276,355,375
Profit for the year		<u><u>1,557,106,645</u></u>	<u><u>717,281,768</u></u>
Earnings per share - Basic and diluted	35	<u><u>8.13</u></u>	<u><u>3.75</u></u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

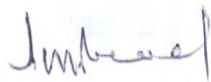
ZAHIDJEE TEXTILE MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	2021 Rupees	2020 Rupees Restated
Profit for the year	1,557,106,645	717,281,768
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,557,106,645</u>	<u>717,281,768</u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

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

	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	CAPITAL RESERVES			REVENUE RESERVES			Total
		Merger reserve	Surplus on revaluation of property, plant and equipment	Sub total	General reserve	Unappropriate d profit	Sub total	
R u p e e s								
Balance as at July 01, 2019	1,914,210,990	366,258,513	1,228,748,321	1,595,006,834	300,000,000	2,105,446,506	2,405,446,506	5,914,664,330
Transaction with owners								
Dividend paid (Rs. 0.35 per share of Rs. 10 each)	-	-	-	-	-	(162,707,933)	(162,707,933)	(162,707,933)
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	717,281,768	717,281,768	717,281,768
Other comprehensive income	-	-	-	-	-	-	-	-
Incremental depreciation on revalued assets for the year-net of deferred tax	-	-	(69,356,766)	(69,356,766)	-	69,356,766	69,356,766	-
Adjustment of deferred tax for the year	-	-	(2,122,401)	(2,122,401)	-	-	-	(2,122,401)
Balance as at June 30, 2020	1,914,210,990	366,258,513	1,157,269,154	1,523,527,667	300,000,000	2,729,377,107	3,029,377,107	6,467,115,764
Transaction with owners								
Dividend paid (Rs. 0.85 per share of Rs. 10 each)	-	-	-	-	-	(191,421,098)	(191,421,098)	(191,421,098)
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	1,557,106,645	1,557,106,645	1,557,106,645
Other comprehensive income	-	-	-	-	-	-	-	-
Incremental depreciation on revalued assets for the year - net of deferred tax	-	-	(64,618,072)	(64,618,072)	-	64,618,072	64,618,072	-
Surplus realised on disposal of property, plant and equipment - net of deferred tax	-	-	(7,950,136)	(7,950,136)	-	7,950,136	7,950,136	-
Adjustment of deferred tax for the year	-	-	11,921,360	11,921,360	-	-	-	11,921,360
Balance as at June 30, 2021	1,914,210,990	366,258,513	1,096,622,306	1,462,880,819	300,000,000	4,167,630,862	4,467,630,862	7,844,722,671

Note - 21

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

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

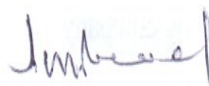
	2021 Rupees	2020 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,718,983,090	993,637,143
Adjustment for:		
Depreciation of property, plant and equipment	538,756,490	518,216,824
Amortisation of intangible assets	330,203	792,488
Profit on deposits	(1,819,103)	(1,279,386)
Dividend income	(15,750,471)	(8,154,612)
Loss / (gain) on disposal of operating assets - net	3,467,950	(4,498,944)
Balances written back - net	-	(372,552)
Balances written Off - net	19,510,334	-
Fair value gain on short term investments	(27,062,961)	16,591,448
Finance cost	282,671,387	329,328,924
Operating cash flows before working capital changes	2,519,086,919	1,844,261,333
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(112,390,328)	(1,349,492)
Stock in trade	(22,779,581)	(322,631,223)
Trade debts	(271,794,400)	(497,955,487)
Loans, advances and deposit	(58,552,340)	(22,669,469)
Prepayments	(1,509,374)	30,839,338
Other receivables	(19,765,639)	(13,306,214)
Tax refunds due from Government	268,304	83,122,879
Increase in current liabilities		
Trade and other payables	131,399,532	482,998,484
	(355,123,826)	(260,951,184)
Cash generated from operating activities	2,163,963,093	1,583,310,149
Finance cost paid	(268,725,420)	(352,348,795)
Income tax paid	(165,190,356)	(189,186,692)
Net cash generated from operating activities	1,730,047,317	1,041,774,662

	2021 Rupees	2020 Rupees
(b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in:		
Property, plant and equipment	(2,116,254,407)	(1,055,075,758)
Proceeds from disposal of operating assets	71,245,921	12,013,872
Addition in short term investment	(39,281,951)	(397,445)
Advance against sale of shares in subsidiary	156,550,000	-
Profit on deposits	1,819,103	1,279,386
Dividend received	15,750,471	8,154,612
Long term security deposits	(31,500,000)	-
	<u>(1,941,670,863)</u>	<u>(1,034,025,333)</u>
(c) CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finance obtained	1,609,778,868	708,370,932
Repayment of long term finance	(192,777,634)	(338,379,676)
(Decrease) in short term borrowings - net	(692,805,774)	(234,651,769)
Dividend paid	(191,421,098)	(162,707,933)
	<u>532,774,362</u>	<u>(27,368,446)</u>
Net cash generated from / (used in) financing activities		
Net increase / (decrease) in cash and cash equivalents (a+b+c)	321,150,816	(19,619,117)
Cash and cash equivalents at the beginning of the year	63,840,188	83,459,305
Cash and cash equivalents at the end of the year	<u><u>384,991,004</u></u>	<u><u>63,840,188</u></u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

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

1. GENERAL INFORMATION

- 1.1 Zahidjee Textile Mills Limited (the Company) is incorporated in Pakistan on July 17, 1990 as a public limited company under the repealed Companies Ordinance, 1984 (Repealed with the enactment of Companies Act 2017 on May 30, 2017). The registered office of the Company is situated at 2-H Jail Road, Gulberg II, Lahore in the province of Punjab. The Company is listed on Pakistan Stock Exchange Limited. The principal business of the Company is export of all kinds of value added fabrics and textile made-ups. The Company is also engaged in the business of manufacturing and sale of yarn. The weaving unit is located at 32-KM, Tandlianwala Road, Satyana, District Faisalabad and spinning units are located at 32-KM, Sheikhpura Road, Faisalabad , M-3 Industrial Estate, Faisalabad, in the province of Punjab.
- 1.2 The Company's spinning projects comprising 90,720 spindles are under implementation.
- 1.3 Pursuant to scheme of arrangement approved by the Honorable Lahore High Court, Lahore, assets, liabilities and reserves of Zahidjee Fabrics Limited were merged with the assets, liabilities and reserves of Zahidjee Textile Mills Limited with effect from July 01, 2006.
- 1.4 The financial statements are presented in Pakistani Rupee, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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

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

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

- **Amendments to IAS 1 and IAS 8 - Definition of Material**

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

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

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

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

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

- **Amendments to IFRS 3 - Definition of a Business**

The amendments relates to the definition of a “business” in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not.

The amendments clarify that to be considered a “business”, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and asset is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in single identifiable asset or group of similar assets.

The amendments are applicable to transactions that are either business combinations or asset acquisitions.

The application of amendments have no material impact on the financial statements of the company.

- **Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform**

The amendments include a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

The amendments are applicable to transactions that are either business combinations or asset acquisitions.

The application of amendments have no material impact on the financial statements of the company.

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

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

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

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

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

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

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

- IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a new accounting standard for insurance contracts. The standard covers recognition, measurement, presentation and disclosure of insurance contracts. Once effective, the standard will replace IFRS 4 Insurance Contracts.

The standard applies to all types of insurance contracts. Overall objective of the standard is to provide an accounting model for insurance contracts covering all relevant accounting aspects.

The standard is effective for reporting periods starting on or after January 01, 2023.

The application of the standard is not expected to have any material impact on the company's financial statements.

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

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate is replaced with an alternative nearly risk-free interest rate.

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.

Any other changes made at the same time, such as a change in the credit spread or maturity date, are assessed. If they are substantial, the instrument is derecognized. If they are not substantial, the updated effective interest rate is used to recalculate the carrying amount of the financial instrument, with any modification gain or loss recognized in profit or loss.

The amendments are effective for the annual periods beginning on or after January 01, 2021

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

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

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

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

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

Amendments to IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities - General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments.

The amendments are effective for accounting periods beginning on or after 1 January 2022.

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

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments deal with situation where there is a sale or contribution of assets between investor and its associate or joint venture.

The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

The effective date of the amendments has yet to be set by the Board, however earlier application of the amendments is permitted. The amendments are not expected to have any material impact on the company's financial statements.

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

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

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

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

Amendments to IAS 1 - Disclosure of Accounting Policies

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

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

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

Amendments to IAS 8 - Definition of Accounting Estimates

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

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

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

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

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

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

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

Annual improvements to IFRS – 2018 – 2020

- IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

- IFRS 9 Financial Instruments

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

- IAS 41 Agriculture

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

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

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

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

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

2.3 Basis of preparation

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

- Certain property, plant and equipment carried at valuation.
- Short term investments measured at fair value.

2.4 Property, plant and equipment

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

Depreciation is charged to income applying the reducing balance method at the rates specified in property, plant and equipment note 3.

Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date. In respect of additions and disposals during the year, depreciation is charged from the month of acquisition or capitalisation and upto the month preceding the disposal respectively.

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

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

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

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

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

2.5 Intangible assets

These are stated at cost less accumulated amortisation and impairment in value, if any. Intangible assets are amortised over a period of five years using straight line method.

Amortisation on additions during the year is charged from the month in which an asset is acquired or capitalised.

All costs / expenditure connected with software implementation are collected in computer softwares under implementation. These are carried at cost less impairment in value, if any and are transferred to specific assets as and when assets are available for intended use.

2.6 Investment in subsidiary

Investment in subsidiary company is measured at cost. Provision for diminution in value is made if considered permanent.

2.7 Investments

Investments are initially recognised / derecognised on trade date at cost being the fair value of consideration given including cash transaction. Trade date is the date that the Company commits to purchase or sell the investment. After initial recognition these are recognised and accounted for as follows:

Derecognition

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Gain / loss on sale of investments is taken to income in the period in which it arises.

Investments at fair value through profit or loss

These are the investments which are classified as held for trading and are acquired principally for the purpose of generating profit from short term fluctuation in price. Investments designated at fair value through profit or loss upon initial recognition also include those group of investments which are managed and their performance evaluated on fair value basis in accordance with the Company's documented investment strategy.

After initial recognition, such investments are remeasured at fair value determined with reference to the year end quoted rates (equity shares and investments in units of closed end funds at respective stock exchange rates, while the units of open end funds at their declared net asset value per unit). Gains or losses on remeasurments of these investments are recognised in the statement of profit or loss.

2.8 Impairment

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

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognised for the assets in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant assets are carried at revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.9 Borrowing costs

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

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

2.10 Stores, spares and loose tools

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

2.11 Stock in trade

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

Raw material	Weighted average cost except items in transit which are valued at cost accumulated upto the statement of financial position date.
Work in process	Average manufacturing cost.
Finished goods	Average manufacturing cost.

Wastes are valued at net realisable value.

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

2.12 Trade debts and other receivables

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

2.13 Cash and cash equivalents

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

2.14 Trade and other payables

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

2.15 Staff retirement benefits Defined contribution plan

The Company operates a defined contribution plan i.e. recognized provident fund scheme for all its eligible employees in accordance with the trust deed and rules made there under. Equal monthly contributions are made by the Company and the employees to the fund at the rate of 8.33% of basic salary.

2.16 Provisions

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

2.17 Provision for taxation

Current taxation

Provision 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 under the law.

Deferred taxation

Deferred tax is provided 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 the Institute of Chartered Accountants of Pakistan.

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

Deferred 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.

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

2.18 Dividend and other appropriations

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

2.19 Foreign currency translation

Transactions in currencies other than Pakistani Rupee 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 for are used.

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

2.20 Financial Instruments

2.20.1 Financial assets

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

- Financial assets at amortised cost

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

- Financial assets at fair value through other comprehensive income

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

- Financial assets at fair value through profit or loss

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

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

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

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

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

2.20.2 Financial liabilities

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

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

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

2.21 Offsetting of financial asset and financial liability

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 legal enforceable right to offset the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.22 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Sale of goods is recognised at a point in time when control of goods is transferred to customers.

Revenue from conversion receipts is recognised when services are rendered.

Interest income is recognized on time proportionate basis.

Dividend income from investments is recognised when the Company's right to receive payment has been established except dividend from associate accounted for using equity method which is recognised as a reduction of the carrying value of investment when the Company's right to receive payment has been established.

2.23 Non-current assets held for sale

Non-current asset (or disposal group) is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current asset (or disposal group) classified as held for sale is measured at the lower of its previous carrying amount and fair value less costs to sell.

Non-current asset (or disposal group) classified as held for sale that no longer meet the criteria of classification as held for sale is transferred to non-current assets at the lower of :

- Its carrying amount before the assets were classified as held for sale, adjusted for any depreciation, amortisation or revaluation that would have been recognised had the assets not been classified as held for sale, and
- Its recoverable amount at the date of the subsequent decision not to sell.

Gains and losses on disposal of Non-current asset (or disposal group) held for sale are included in current income.

2.24 Critical accounting estimates and judgments

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

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

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

	Note	2021 Rupees	2020 Rupees
3.2 Depreciation for the year has been allocated as under:			
Cost of sales	27.1	531,528,841	510,818,009
Administrative expenses	31	<u>7,227,649</u>	<u>7,398,815</u>
		<u>538,756,490</u>	<u>518,216,824</u>

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

	Carrying value 2021 Rupees	2020 Rupees
Freehold land	112,433,615	149,477,863
Building on freehold land	1,019,913,902	1,068,509,722
Plant and machinery	<u>3,022,974,783</u>	<u>3,261,803,148</u>
	<u>4,155,322,300</u>	<u>4,479,790,733</u>

3.4 The forced sale value of revalued freehold land, building on freehold land and plant and machinery was Rs. 3,860,421,372/-as on June 30 ,2017.

3.5 Detail of disposal of operating assets

-----2021-----							
Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain/(Loss)	Relationship	Particulars of buyers
-----Rupees-----							
Freehold land (by negotiation)	41,860,000	-	41,860,000	47,424,000	5,564,000	Related Party	Muhammad Qasim Race course road, civil lines, Faisalabad
	41,860,000	-	41,860,000	47,424,000	5,564,000		
Building on freehold land (by negotiation)	9,860,000	2,731,959	7,128,041	8,955,763	1,827,722	Related Party	Muhammad Qasim Race course road, civil lines, Faisalabad
	9,860,000	2,731,959	7,128,041	8,955,763	1,827,722		
Office equipment (by negotiation)	4,000	1,278	2,722	1,200	(1,522)	None	Iqbal Mushtaq Raja Chowk GMA, Faisalabad
	4,000	1,278	2,721	1,200	(1,522)		
Plant & Machinery (by negotiation)	269,577	145,188	124,389	17,500	(106,889)	None	Qaiser Naveed Jinnah Colony, Faisalabad
	416,005	224,051	191,954	36,000	(155,954)		
	2,060,462	168,128	1,892,334	618,138	(1,274,196)	None	Salam & Company , Gulistan Colony 87-A, Faisalabad.
	5,311,044	560,610	4,750,434	4,590,000	(160,434)		
	10,563,856	5,139,152	5,424,704	1,600,000	(3,824,704)	None	AZ Apparel PVT LTD Chak 117, Dhanalao.
	5,350,868	2,255,574	3,095,294	256,410	(2,838,884)	None	Stameco Energy Solution, Chahal Chowk, Lahore.
	5,462,014	2,381,619	3,080,395	256,410	(2,823,985)		
887,220	428,711	458,509	100,000	(358,509)	None	H.A.R Fibres Private Limited,P-235 Tikka Gali no 2, Montgomery bazar , Faisalabad.	
	30,321,046	11,303,033	19,018,013	7,474,458	(11,543,555)		
Electric appliances (by negotiation)	46,994	29,243	17,751	1,500	(16,251)	None	MS Engineering, Muhalla Sharif pura, Maqbool Road, Faisalabad.
	46,994	29,243	17,751	1,500	(16,251)		
Vehicles (by negotiation)	2,844,388	2,564,425	279,963	600,000	320,037	None	Mrs.Ayesha Shehryar, H#26- B Officer colony ghazi road Lahore.
	3,476,026	3,048,360	427,666	650,000	222,334	Director	Mrs. Fiza Zahid H# 196 Defence Officer Housing Gujranwala.
	8,836,244	2,896,324	5,939,920	5,500,000	(439,920)	Director	Mrs.Aleeza Zahid Tariq H# 202 St#15-B Phase 1, DHA, Lahore
	1,233,900	1,194,104	39,796	639,000	599,204	None	Mr Abid Husain St#3 H#74, Hospital Road, Kotli
	16,390,558	9,703,213	6,687,345	7,389,000	701,655		
	<u>98,482,598</u>	<u>23,768,726</u>	<u>74,713,871</u>	<u>71,245,921</u>	<u>(3,467,951)</u>		

-----2020-----

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain/(Loss)	Relationship	Particulars of buyers
----- Rupees -----							
Factory equipment (by negotiation)	182,363	103,861	78,502	4,472	(74,030)	None	Haji Muhammad Iqbal, House No.45-D, Gulam Muhammad Abad Faisalabad
	182,363	103,861	78,502	4,472	(74,030)		
Office Equipment (by negotiation)	9,000	5,287	3,713	400	(3,313)	None	Multi.com, 1st Floor, 2nd Gallary, Rexcity, Faisalabad.
	7,800	4,443	3,357	-	(3,357)	None	Multi.com, 1st Floor, 2nd Gallary, Rexcity, Faisalabad.
	16,800	9,730	7,070	400	(6,670)		
Electric appliances (by negotiation)	71,600	41,294	30,306	9,000	(21,306)	None	MS Engineering, Muhalla Sharif pura, Maqbool Road, Faisalabad.
	71,600	41,294	30,306	9,000	(21,306)		
Vehicles (by negotiation)	14,013,353	6,614,303	7,399,050	12,000,000	4,600,950	None	Khawar Shafique Ahmad, 2-Z Commercial Plaza, Near Mujahid Hospital, Madina Town, Faisalabad
	14,013,353	6,614,303	7,399,050	12,000,000	4,600,950		
	<u>14,284,116</u>	<u>6,769,188</u>	<u>7,514,928</u>	<u>12,013,872</u>	<u>4,498,944</u>		

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

Location	Usage of immovable property	Total Area (in square foot)
a) 32-KM, Sheikhpura Road, Faisalabad.	Spinning unit and power	660,752
b) 32-KM, Tandlianwala Road, Faisalabad.	Weaving unit	628,899
c) Raja Bolay, Tehsil Cantt, District Lahore.	Godown	1,971,094
d) Plot # 6, M-3 Industrial Estate, Faisalabad.	Spinning unit and power	756,856
e) 20, Bilal Road, Civil Lines, Faisalabad.	Office	49,550
f) Small industrial Estate Road, Faisalabad.	Export house	11,707

3.7 Capital work in progress

	Civil work	Plant and machinery	Total
	-----Rupees-----		
Balance as at July 1, 2019	206,314,603	98,139,725	304,454,328
Additions	163,572,832	698,277,786	861,850,618
Transfer to operating assets	(17,258,572)	(760,318,961)	(777,577,533)
Balance as at June 30, 2020	352,628,863	36,098,550	388,727,413
Additions	415,710,860	1,517,508,584	1,933,219,444
Transfer to operating assets	(66,212,580)	(6,645,131)	(72,857,711)
Balance as at June 30, 2021	702,127,143	1,546,962,003	2,249,089,146

3.8 It represents land held for future expansion.

3.9 Particulars of immovable property (i.e. non- operating land) in the name of the Company are as follows:

Location	Usage of immovable property	Total Area (in square foot)
a) Raja Bolay, Tehsil Cantt, District Lahore.	Land held for future expansion	69,404
b) Deve Khurd Kalan, Tehsil Model Town, District Lahore.	Land held for future expansion	14,974

3.10 This represents the amount paid against the purchase of land for future expansion

Note	2021 Rupees	2020 Rupees
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4. Intangible assets

Computer software and license

Cost	11,203,236	11,164,402
Accumulated amortisation	(11,203,236)	(10,834,199)
Written down value	-	330,203

4.1 Reconciliation of written down value

Opening written down value		330,203	1,122,691
Amortisation for the year	31	(330,203)	(792,488)
Closing balance		-	330,203

4.1.1 Amortisation rate is 20% per annum.

5. Investment in subsidiary

Zahidjee Towers (Private) Limited

35,920,000 (2020: 35,920,000) ordinary shares of Rs. 10/- each fully paid in cash. Ownership interest 54.39% (2020: 54.39%).

Opening Balance		359,200,000	359,200,000
Transferred to Non current asset held for sale	5.4	(359,200,000)	-
		-	359,200,000

- 5.1** Zahidjee Towers (Private) Limited is incorporated in Pakistan on October 6, 2015 as a private limited company under the repealed Companies Ordinance, 1984. The principal object of Zahidjee Towers (Private) Limited is to provide all kinds of services related to the business of Hotels, Restaurants, Resorts, Motels. Registered office of the subsidiary is situated at 20 Bilal Road, Civil Lines, Faisalabad in the province of Punjab.
- 5.2** No provision for impairment has been made against investment in subsidiary as diminution in value is assessed to be temporary.
- 5.3** Investment in subsidiary company has been made in accordance with the requirements under the Companies Act, 2017.
- 5.4** In order to concentrate on the core business of the company, the Board of directors in their meeting held on February 25, 2021 and subsequently, the shareholders of the company in their meeting held on March 31, 2021 approved the sale of shares of Zahidjee Towers (Pvt) Limited.

Note	2021 Rupees	2020 Rupees
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6. Long term security deposits

Against Utilities		4,476,224	4,476,224
Security Deposit	6.1	31,500,000	-
		<u>35,976,224</u>	<u>4,476,224</u>

- 6.1** This represent Security deposits paid to Mehreen Zahid (director) against hiring of office premises.

Note	2021 Rupees	2020 Rupees
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7. Stores, spares and loose tools

Stores			
in hand		146,480,939	69,805,364
in transit		14,946,080	-
Spares	7.1	105,739,238	85,266,040
Loose tools		580,457	284,982
		<u>267,746,714</u>	<u>155,356,386</u>

- 7.1** Stores and spares include items that may result in fixed capital expenditure but are not distinguishable.

Note	2021 Rupees	2020 Rupees
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8. Stock in trade

Raw materials			
in hand	8.1	2,509,188,984	2,189,259,633
Work in process		124,530,924	129,047,680
Finished goods	8.1	302,306,394	599,664,940
Waste		13,626,804	8,901,272
		<u>2,949,653,106</u>	<u>2,926,873,525</u>

- 8.1** Stock in trade amounting to Rs.2,538.49 million (2020: Rs. 2,116.17 million) was pledged as security with the banking companies.

	Note	2021 Rupees	2020 Rupees
9. Trade debts			
Considered good			
Secured			
Foreign	9.1	7,406,530	72,606,237
Unsecured			
Foreign	9.1	462,669,983	348,644,054
Local		1,530,753,356	1,307,785,178
		1,993,423,339	1,656,429,232
Considered doubtful			
Unsecured			
Foreign	9.1	22,600,585	22,600,585
Less: Provision for doubtful debts		(22,600,585)	(22,600,585)
		-	-
Local		69,585,176	69,585,176
Less: Provision for doubtful debts		(69,585,176)	(69,585,176)
		-	-
		<u>2,000,829,869</u>	<u>1,729,035,469</u>

9.1 Following are the details of debtors in relation to export sales:

Jurisdiction	Category	Note	2021 Rupees	2020 Rupees
Africa	Letter of credit		-	22,848,400
	Cash against documents		43,799,858	31,233,896
			43,799,858	54,082,296
Europe	Letter of credit		-	37,440,568
	Cash against documents		85,502,054	19,702,571
			85,502,054	57,143,139
North America	Letter of credit		7,406,529	12,317,269
	Cash against documents		306,296,202	276,641,200
			313,702,731	288,958,469
South America	Cash against documents		49,672,455	43,666,972
			<u>492,677,098</u>	<u>443,850,876</u>

10. Loans, advances and deposit

Considered good			
Advances			
Employees		1,012,152	2,774,116
Suppliers		104,535,034	45,619,853
For purchases and expenses		-	11,822,044
Income tax		224,755,597	187,793,896
Letters of credit fee and expenses		14,537,222	1,316,055
		<u>344,840,005</u>	<u>249,325,964</u>

11. Prepayments

Prepaid Insurance		<u>1,697,341</u>	<u>187,967</u>
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	Note	2021 Rupees	2020 Rupees
12. Other receivables			
Considered good			
Export rebate / duty drawback		78,239,505	80,432,062
Receivable from subsidiary	12.1	24,326,921	800,000
Other		1,816,763	3,385,488
		<u>104,383,189</u>	<u>84,617,550</u>

12.1 It represents receivable in respect of expenses incurred for Zahidjee Towers (Private) Limited, a related party. It is unsecured and include balance of Rs. 800,000 which is past due over three years.

	Note	2021 Rupees	2020 Rupees
13. Short term investment			
Investment in ordinary shares	13.1	<u>123,135,481</u>	<u>56,790,569</u>

13.1

Financial assets at fair value through profit or loss

Quoted securities

Habib Metropolitan Bank Limited

2,022,854 (2020: 2,022,854) Ordinary shares of Rs.10/- each

56,255,569

72,984,572

JS Bank Limited

100,000 (2020: 100,000) Ordinary shares of Rs.10/- each

535,000

397,445

Askari Bank Limited

1,557,000 (2020: Nill) Ordinary shares of Rs.10/- each

33,468,299

-

Bank of Punjab

600,000 (2020: Nill) Ordinary shares of Rs.10/- each

5,813,652

-

96,072,520

73,382,017

Adjustment in fair value - net

27,062,961

(16,591,448)

123,135,481

56,790,569

13.2 The fair value of short term investment is based on prices quoted in active markets which is level 1 of fair value hierarchy.

	Note	2021 Rupees	2020 Rupees
14. Tax refunds due from Government			
Income tax		82,129,599	138,464,152
Sales tax		38,826,504	39,094,808
		<u>120,956,103</u>	<u>177,558,960</u>

15. Cash and bank balances

Cash in hand		5,834,631	5,511,113
Cash at banks			
In current accounts		348,396,664	53,319,624
In PLS accounts	15.1	30,759,709	5,009,451
		<u>384,991,004</u>	<u>63,840,188</u>

15.1

Effective profit rate in respect of PLS accounts was 5.55% to 7.05% per annum (2020 : 7.10% to 12.85% per annum).

	Note	2021 Rupees	2020 Rupees
16. Non-current assets held for sale			
Opening balance		-	-
Transferred from Investment in subsidiary	5.4	359,200,000	-
		<u>359,200,000</u>	<u>-</u>
17. Trade and other payables			
Creditors		536,973,828	466,075,552
Accrued liabilities		216,576,231	167,709,560
Advance from customers		104,104,591	41,227,508
Payable to provident fund		6,115,750	6,384,138
Workers' profit participation fund	17.1	93,391,470	53,363,971
Workers' welfare fund		35,944,512	20,278,309
Withholding taxes		21,998,002	39,249,999
Sales tax payable		23,133,191	93,038,672
Advance against sale of shares in subsidiary		156,550,000	-
		<u>1,194,787,575</u>	<u>887,327,709</u>
17.1 Workers' profit participation fund			
Opening balance		53,363,971	39,953,150
Interest on funds utilised in the Company's business		1,189,071	3,893,626
		<u>54,553,042</u>	<u>43,846,776</u>
Paid to workers on behalf of the fund		<u>(54,553,042)</u>	<u>(43,846,776)</u>
		-	-
Allocation for the year		<u>93,391,470</u>	<u>53,363,971</u>
		<u>93,391,470</u>	<u>53,363,971</u>
18. Interest / mark up payable			
Interest / mark up payable on:			
Short term borrowings		56,427,706	42,273,616
Long term finance		16,716,798	16,924,921
		<u>73,144,504</u>	<u>59,198,537</u>
19. Short term borrowings			
Secured			
From banking companies			
Export finances	19.2	100,000,000	471,000,000
Running finances	19.2	7,822,956	223,507,475
Cash finances	19.3	2,174,789,085	2,113,331,367
Un-secured			
From directors and associates	19.4	5,500,000	173,078,973
		<u>2,288,112,041</u>	<u>2,980,917,815</u>

19.1 The aggregate unavailed short term borrowing facilities available to the Company are Rs. 4,840.91 million (2020 : Rs. 3,875.66 million).

19.2 These are secured against first joint parri passu charge and ranking charge over present and future current assets of the Company, lien on export documents and by personal guarantee of directors of the Company. These are subject to mark up at the rates of one month KIBOR plus 1% to 1.15% per annum, three months KIBOR plus 1% to 1.25% per annum (2020: one month KIBOR plus 1% to 1.5% per annum, three months KIBOR plus 1% per annum) and SBP rate plus 1% per annum (2020: SBP rate plus 1% per annum).

The effective rate of mark up charged during the year ranges from 3% to 8.95% per annum (2020: 3.00% to 15.38% per annum).

19.3 These are secured against pledge of cotton, polyester, yarn and grey cloth. These are further secured by personal guarantee of directors of the Company. These are subject to mark up at the rates of one month KIBOR plus 1% to 1.5% per annum and three months KIBOR plus 1% per annum (2020: one month KIBOR plus 1% to 1.50% per annum and three months KIBOR plus 1% per annum).

The effective rate of mark up charged during the year ranges from 7.37 to 9.37% per annum (2020: 8.26% to 15.4%).

19.4 These are interest free and obtained for meeting working capital requirements of the company.

Note	2021 Rupees	2020 Rupees
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20. Long term finance

Secured

From banking companies

Under mark up arrangements

Term finances

20.2	1,353,300,581	1,018,909,250
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Demand finances

20.2	286,512,405	329,076,374
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Temporary Economic Refinance Facility (TERF)

20.2	1,125,173,872	-
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	<u>2,764,986,858</u>	<u>1,347,985,624</u>
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Less : Current portion

Payable within one year

	(203,142,898)	(210,628,546)
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	<u><u>2,561,843,960</u></u>	<u><u>1,137,357,078</u></u>
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20.1 Reconciliation of long term financing:

Balance as at July 1, 2020

1,347,985,624	977,994,368
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Obtained during the year

1,609,778,868	708,370,932
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<u>2,957,764,492</u>	<u>1,686,365,300</u>
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Paid during the year

(192,777,634)	(338,379,676)
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Balance as at June 30, 2021

<u><u>2,764,986,858</u></u>	<u><u>1,347,985,624</u></u>
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20.2 The terms of repayment of finances are as under;

Nature of loans	Balance Rupees	Number of installments		Payment rests	Commencement date	Ending date	Markup rate
		Total	Balance				
Term finances							
I	662,560	16	5	Quarterly	11-Oct-17	11-Jul-21	SBP Rate + 1.5% p.a
II	7,345,859	16	2	Quarterly	13-Jan-18	13-Oct-21	SBP Rate + 1.5% p.a
III	10,577,000	16	2	Quarterly	27-Jan-18	27-Oct-21	SBP Rate + 1.5% p.a
IV	1,012,500	16	3	Quarterly	20-May-18	20-Feb-22	SBP Rate + 1.5% p.a
V	18,378,471	36	28	Quarterly	05-Dec-18	05-Sep-27	SBP Rate + 1% p.a
VI	2,922,912	36	25	Quarterly	05-Dec-18	05-Sep-27	SBP Rate + 1% p.a
VII	213,830,000	24	24	Quarterly	14-Jun-21	07-Jun-28	SBP Rate + 1.5% p.a
VIII	159,108,000	24	24	Quarterly	30-Jun-21	07-Jun-28	SBP Rate + 1.5% p.a
IX	4,411,116	36	25	Quarterly	05-Dec-18	05-Sep-27	SBP Rate + 1% p.a
X	34,293,442	36	25	Quarterly	05-Dec-18	05-Sep-27	SBP Rate + 1% p.a
XI	15,999,308	36	25	Quarterly	27-Dec-18	27-Sep-27	SBP Rate + 1% p.a
XII	2,782,634	36	25	Quarterly	27-Dec-18	27-Sep-27	SBP Rate + 1% p.a
XIII	73,852,779	36	25	Quarterly	27-Dec-18	27-Sep-27	SBP Rate + 1% p.a
XIV	33,578,471	36	25	Quarterly	27-Dec-18	27-Sep-27	SBP Rate + 1% p.a
XV	41,053,280	36	26	Quarterly	06-Mar-19	06-Dec-27	SBP Rate + 1% p.a
XVI	34,630,836	36	26	Quarterly	07-Aug-19	07-May-28	SBP Rate + 1% p.a
XVII	8,010,832	36	30	Quarterly	24-Jan-20	24-Oct-28	SBP Rate + 1% p.a
XVIII	19,215,000	36	30	Quarterly	24-Jan-20	24-Oct-28	SBP Rate + 1% p.a
XIX	30,386,666	36	30	Quarterly	14-Feb-20	14-Nov-28	SBP Rate + 1% p.a
XX	8,268,738	36	36	Quarterly	02-Jan-20	01-Jan-23	SBP Rate + 1.5% p.a
XXI	21,901,343	36	36	Quarterly	02-Jan-20	01-Jan-23	SBP Rate + 1.5% p.a
XXII	7,720,378	36	34	Quarterly	02-Jan-20	01-Jan-23	SBP Rate + 1.5% p.a
XXIII	105,890,316	36	34	Quarterly	14-Jan-20	13-Jan-23	SBP Rate + 1.5% p.a
XXIV	13,048,444	36	34	Quarterly	02-Jan-20	01-Jan-23	SBP Rate + 1.5% p.a
XXV	91,607,417	36	35	Quarterly	14-Jan-20	13-Jan-23	SBP Rate + 1.5% p.a
XXVI	111,667,000	36	36	Quarterly	29-Apr-20	29-Apr-30	SBP Rate + 2% p.a
XXVII	22,783,219	24	22	Quarterly	14-Nov-19	14-Nov-26	SBP Rate+ 1.50% p.a
XXVIII	252,171,563	24	22	Quarterly	22-Oct-19	22-Oct-26	SBP Rate + 2% p.a
XXIX	2,662,627	36	29	Quarterly	01-Jul-19	18-Jun-28	SBP Rate + 2% p.a
XXX	3,527,870	36	26	Quarterly	04-Dec-19	25-Nov-27	SBP Rate + 1.5% p.a
	1,353,300,581						
Demand Finances							
I	12,817,607	36	27	Quarterly	06-May-19	06-Feb-28	SBP Rate + 2.5% p.a
II	2,736,751	36	27	Quarterly	23-Apr-19	23-Jan-28	SBP Rate + 2.5% p.a
III	40,031,404	36	27	Quarterly	06-May-19	06-Feb-28	SBP Rate + 2.5% p.a
IV	9,816,550	36	27	Quarterly	27-May-19	27-Feb-28	SBP Rate + 2.5% p.a
V	5,685,788	36	28	Quarterly	12-Jul-19	12-Apr-28	SBP Rate + 2.5% p.a
VI	78,357,001	36	27	Quarterly	07-Apr-19	07-Jan-28	SBP Rate + 2.5% p.a
VII	2,744,450	36	26	Quarterly	01-Mar-19	05-Dec-27	SBP Rate + 2.5% p.a
VIII	4,644,620	36	26	Quarterly	12-Feb-19	12-Nov-27	SBP Rate + 2.5% p.a
IX	50,708,237	36	27	Quarterly	01-Apr-19	30-Jan-28	SBP Rate + 2.5% p.a
X	44,336,249	36	28	Quarterly	01-Jul-19	06-Mar-28	SBP Rate + 2.5% p.a
XI	34,633,748	36	28	Quarterly	12-Jul-19	12-Apr-28	SBP Rate + 2.5% p.a
	286,512,405						

Nature of loans	Balance Rupees	Number of installments	Payment rests	Commencement date	Ending date	Markup rate	
TERF							
I	4,943,680	20	20	Quarterly	24-Apr-21	04-Jan-22	SBP + 3.00 %
II	50,664,000	20	20	Quarterly	24-Apr-21	04-Jan-22	SBP + 3.00 %
III	109,065,834	20	20	Quarterly	30-Apr-21	03-May-28	SBP + 2.75 %
IV	161,238,180	20	20	Quarterly	27-May-21	26-May-28	SBP + 2.75 %
V	11,964,000	20	20	Quarterly	31-May-21	31-May-27	SBP + 2.50 %
VI	27,249,000	20	20	Quarterly	07-Jun-21	07-Jun-28	SBP + 2.75 %
VII	34,651,000	20	20	Quarterly	07-Jun-21	07-Jun-28	SBP + 2.75 %
VIII	94,814,000	24	24	Quarterly	07-Jun-21	16-Jun-28	SBP + 2.50 %
IX	189,644,000	24	24	Quarterly	07-Jun-21	16-Jun-28	SBP + 2.50 %
X	45,150,000	20	20	Quarterly	09-Jun-21	07-Jun-28	SBP + 3.00 %
XI	65,466,000	20	20	Quarterly	15-Jun-21	15-Jun-27	SBP + 2.50 %
XII	208,229,000	20	20	Quarterly	15-Jun-21	15-Jun-27	SBP + 2.50 %
XIII	44,289,000	20	20	Quarterly	21-Jun-21	21-Jun-28	SBP + 3.50 %
XIV	30,307,000	20	20	Quarterly	22-Jun-21	07-Jun-28	SBP + 2.75 %
XV	25,845,000	20	20	Quarterly	28-Jun-21	28-Jun-28	SBP + 3.50 %
XVI	11,805,000	20	20	Quarterly	30-Jun-21	07-Jun-28	SBP + 2.75 %
XVII	9,849,178	20	20	Quarterly	24-Apr-21	04-Jan-22	SBP + 3.00 %
	1,125,173,872						

The loans are secured against first joint parri passu charge and ranking charge over present and future fixed assets of the Company. These are further secured by the personal guarantee of directors of the Company.

Effective markup rates charged during the year ranges from 3.00% to 10.55% per annum (2020: 3.00% to 14.47% %).

	2021 Rupees	2020 Rupees
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21. Deferred taxation

Opening balance	481,265,653	394,642,812
(Reversal) of deferred tax related to:		
Incremental depreciation on revalued assets	(16,775,449)	(19,863,340)
Surplus realised on disposal of revalued assets	(813,715)	-
(Reversal) / Provision of deferred tax on surplus	(11,921,360)	2,122,401
(Reversed) / Provided during the year	(30,406,465)	104,363,780
	<u>421,348,664</u>	<u>481,265,653</u>

21.1 It represents the following:

Deferred tax liability:		
Difference between accounting and tax bases of assets	478,305,458	579,865,356
Deferred tax asset:		
Carry forward tax credits and losses	(56,956,794)	(98,599,703)
	<u>421,348,664</u>	<u>481,265,653</u>

22. CONTINGENCIES AND COMMITMENTS

Contingencies

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
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Sales tax

Commissioner Inland Revenue (Appeals)	<p>The assessing officer of Inland Revenue passed orders in respect of tax period July-2011 to June-2016, November-2013 and July-2011 to April-2012 and created demand of Rs. 9,405,301/- (2020: Rs. 9,405,301/-), Rs. 439,654/- (2020: Rs. 439,654/-) and Rs. 232.667/- (2020: Rs. 232.667/-) respectively. Currently the cases are pending for adjudication before Commissioner Inland Revenue (Appeals). The management, based on opinion of its tax consultant believes that there is reasonable probability that the matter will be decided in favour of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.</p>	Company vs. Federal Board of Revenue	June 10, 2015 June 30, 2017 November 10, 2017 June 14, 2018
Assistant Commissioner Inland Revenue	<p>The Assistant Commissioner Inland Revenue passed order and created demand in respect of tax period April-2017 to Novemembr-2018 of Rs. 41,943,769/- in respect of evading sales tax and Rs.5,403,873/- in respect of evading further tax. Besides, penalty amounting to Rs.41,943,769 is also imposed. The Commissioner inland revenue order to deposit the amount into Government exchequer under 11(3) of the Sales Tax Act 1990 along with default surcharge (to be calculated at the time of deposit) under section 34(1)(a) of the Sales Tax Act, 1990. Subsequently the appeal is filed before Commissioner Inland Revenue (Appeals). Pending the outcome of the matter, no provision has been made in these financial statements.</p>	Company vs. Federal Board of Revenue	February 17, 2020

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
Appellate Tribunal Inland Revenue	<p>The assessing officer of Inland Revenue passed orders in original in respect of tax periods from August-2013 to July-2015 and July-2010 to June-2011 and created demand of Rs. 8,806,053/- (2020: Rs. 8,806,053/-). Being aggrieved by the orders the company filed appeals before the CIR(A) against the ONOs. The CIR(A) partially set aside the demand of Rs. 1,545,923/- (2020: Rs. 1,545,923/-) and disposed off the appeals. The company filed the appeals before ATIR for the remaining demand. Currently the case is pending for adjudication before ATIR. The management, based on opinion of its legal advisor believes that there is reasonable probability that the matter will be decided in favour of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.</p>	Company vs. Federal Board of Revenue	March 22, 2014 August 22, 2016
Other			
Appellate Tribunal Lahore	<p>The Director Social Security issued an order based on reassessment of number of employees and demanded Rs. 4,192,808/- (2020: Rs. 4,192,808/-) contribution regarding prior years. Currently the case is pending for adjudication before Appellate Tribunal Lahore. The management, based on opinion of its legal advisor believes that there is reasonable probability that the matter will be decided in favour of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.</p>	Company vs. Director Social Security	October 25, 2016
Custom Appellate Tribunal. Lahore	<p>The custom officer of Excise and Customs department passed order in respect of year ended June 30, 2019 and created demand of Rs. 7,997,509 which includes penalty of Rs. 100,000/- and default surcharge of Rs. 25,000/- (2020: Rs.7,997,509/- which includes penalty of Rs. 100,000/- and default surcharge of Rs. 25,000/-). Currently the case is pending for adjudication before Custom Appellate Tribunal Lahore. The management, based on opinion of its tax consultant believes that there is reasonable probability that the matter will be decided in favour of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.</p>	Company vs. Assistant collector (DTRE) MCC. Faisalabad	June 26, 2018

	2021 Rupees	2020 Rupees
Bank guarantees issued in favour of :		
Sui Northern Gas Pipelines Limited for supply of gas.	98,955,000	98,955,000
Faisalabad Electric Supply Company Limited for supply of electricity.	21,342,760	21,342,760
Excise and taxation department against imposition of infrastructure cess	70,000,000	-
 Indemnity bonds issued in favour of collector of customs / sales tax, Faisalabad to avail exemption of sales tax and custom duty on imported raw material / machinery.	 299,825,811	 402,418,776

Commitments

Under letters of credit for:		
Plant and machinery	1,742,765,369	7,562,277
Raw material and spare parts	405,482,087	378,250,710
 Under contracts for purchase of land	 38,235,196	 38,961,044
Under contracts for civil work	847,893,256	90,700,872

23. Share capital

23.1 Authorised capital

2021 Number of shares	2020 Number of shares		2021 Rupees	2020 Rupees
<u>220,000,000</u>	<u>220,000,000</u>	Ordinary shares of Rs. 10/- each.	<u>2,200,000,000</u>	<u>2,200,000,000</u>

23.2 Issued, subscribed and paid up capital

2021 Number of shares	2020 Number of shares		2021 Rupees	2020 Rupees
89,462,580	89,462,580	Ordinary shares of Rs. 10/- each fully paid in cash.	894,625,800	894,625,800
23,041,604	23,041,604	Ordinary shares of Rs.10/- each issued as fully paid shares as per scheme of arrangement for amalgamation sanctioned by the Court.	230,416,040	230,416,040
78,916,915	78,916,915	Ordinary shares of Rs.10/- each issued as fully paid bonus shares.	789,169,150	789,169,150
<u>191,421,099</u>	<u>191,421,099</u>		<u>1,914,210,990</u>	<u>1,914,210,990</u>

	2021 Rupees	2020 Rupees
24. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Surplus on revaluation of property, plant and equipment at the beginning of the year	1,336,277,151	1,425,497,257
Transferred to unappropriated profit in respect of :		
Incremental depreciation	(81,393,521)	(89,220,106)
Surplus realised on disposal	(8,763,851)	-
	<u>(90,157,372)</u>	<u>(89,220,106)</u>
Surplus on revaluation of property, plant and equipment as at June 30,	1,246,119,779	1,336,277,151
Related deferred tax liability on:		
Revaluation at the beginning of the year	179,007,997	196,748,936
Deferred tax relating to:		
Incremental depreciation	(16,775,449)	(19,863,340)
Surplus realised on disposal	(813,715)	-
Deferred tax (reversed) / provided during the year	(11,921,360)	2,122,401
	<u>149,497,473</u>	<u>179,007,997</u>
	<u>1,096,622,306</u>	<u>1,157,269,154</u>

24.1 Latest revaluation of freehold land, building on freehold land and plant and machinery was carried out by independent valuers M/S Joseph Lobo (Pvt) Limited as at June 30, 2017. Freehold land, building on freehold land and plant and machinery were revalued on market value basis. The valuation is based on unobservable inputs which is Level 3 of fair value hierarchy.

	Note	2021 Rupees	2020 Rupees
25. Revenue reserves			
General reserves	25.1	300,000,000	300,000,000
Unappropriated profit		<u>4,167,630,862</u>	<u>2,729,377,107</u>
		<u>4,467,630,862</u>	<u>3,029,377,107</u>
25.1 These reserves are available for distribution to shareholders.			
26. Sales			
Export			
Cloth / made ups	26.1	2,105,557,464	2,729,142,323
Indirect export - Yarn		<u>4,157,931,500</u>	<u>60,737,933</u>
		6,263,488,964	2,789,880,256
Local			
Yarn		9,524,391,468	10,472,013,173
Cloth		139,351,855	115,672,362
Waste and left over		656,905,042	511,356,748
Conversion receipts		131,014,387	32,086,139
		<u>10,451,662,752</u>	<u>11,131,128,422</u>
		16,715,151,716	13,921,008,678
Add: Export rebate / duty drawback		28,123,227	91,855,313
		<u>16,743,274,943</u>	<u>14,012,863,991</u>
Less: Commission and claims		128,754,971	110,477,088
		<u>16,614,519,972</u>	<u>13,902,386,903</u>

26.1 It includes exchange gain of Rs. 9,207,447/- (2020: Rs. 18,648,878/-).

	Note	2021 Rupees	2020 Rupees
27. Cost of sales			
Cost of goods manufactured	27.1	13,940,659,644	12,602,339,258
Finished goods			
Opening stock		608,566,212	231,788,716
Closing stock		(315,933,198)	(608,566,212)
		292,633,014	(376,777,496)
		<u>14,233,292,658</u>	<u>12,225,561,762</u>

27.1 Cost of goods manufactured

Raw material consumed	27.1.1	11,148,358,170	9,930,641,999
Packing material consumed		139,497,868	123,787,183
Salaries, wages and benefits		719,258,087	718,520,181
Retirement benefits		25,515,428	27,706,799
Stores and spares consumed		362,480,694	290,760,658
Fuel and power		940,869,117	977,506,773
Repairs and maintenance		49,492,526	23,755,624
Insurance		15,773,408	14,333,316
Depreciation	4.2	531,528,841	510,818,009
Other		3,368,749	5,525,436
		<u>13,936,142,888</u>	<u>12,623,355,978</u>
Work in process			
Opening stock		129,047,680	108,030,960
Closing stock		(124,530,924)	(129,047,680)
		4,516,756	(21,016,720)
		<u>13,940,659,644</u>	<u>12,602,339,258</u>

27.1.1 Raw material consumed

Opening stock	2,189,259,633	2,264,422,626
Purchases including purchase expenses	11,468,287,521	9,855,479,006
	<u>13,657,547,154</u>	<u>12,119,901,632</u>
Closing stock	(2,509,188,984)	(2,189,259,633)
	<u>11,148,358,170</u>	<u>9,930,641,999</u>

28. Trading profit / (loss)

Sale of cotton / polyester	819,454,462	35,492,754
Cost of sales	811,259,917	36,027,053
	<u>8,194,545</u>	<u>(534,299)</u>

29. Other income

Income from financial assets:		
Profit on deposits	1,819,103	1,279,386
Dividend	15,750,471	8,154,612
Fair value gain on short term investments	27,062,961	-
Income from Non financial assets:		
Gain on sale of non financial assets	-	4,498,944
Balances written back-net	-	372,552
	<u>44,632,535</u>	<u>14,305,494</u>

	Note	2021 Rupees	2020 Rupees
30. Distribution cost			
Ocean freight		111,734,900	107,131,433
Local freight		24,837,018	20,635,129
Clearing and forwarding		16,126,689	20,062,722
Export development surcharge		3,084,653	6,294,399
Insurance		636,704	593,302
Other		156,224	1,236,281
		<u>156,576,188</u>	<u>155,953,266</u>

31. Administrative expenses

Directors' remuneration		7,200,000	6,800,000
Staff salaries and benefits		60,122,917	49,718,849
Retirement benefits		3,612,951	3,505,163
Postage and telecommunication		2,835,114	3,623,590
Vehicles running and maintenance		14,056,296	14,461,435
Travelling and conveyance		2,027,606	7,008,001
Printing and stationery		1,382,736	1,174,269
Electricity and gas		2,926,640	3,244,225
Fees, subscriptions and periodicals		6,240,422	5,410,901
Advertisement		192,400	74,100
Insurance		1,112,630	1,992,322
Auditors' remuneration	31.1	1,615,750	1,615,750
Legal and professional		4,666,441	6,516,114
Rent, rates and taxes		662,472	446,781
Entertainment		1,232,323	2,151,225
Depreciation	4.2	7,227,649	7,398,815
Amortisation of intangible assets	4.1	330,203	792,488
Other		6,064,913	5,509,247
		<u>123,509,463</u>	<u>121,443,275</u>

31.1 Auditors' remuneration

Audit fee		1,200,000	1,200,000
Fee for the review of half yearly financial information		300,000	300,000
Other Certifications		15,750	15,750
Out of pocket expenses		100,000	100,000
		<u>1,615,750</u>	<u>1,615,750</u>

32. Other operating expenses

Workers' profit participation fund		93,391,470	53,363,971
Workers' welfare fund		35,944,512	20,278,309
Balances written Off-net		19,510,334	-
Loss on disposal of operating assets-net		3,467,950	-
Adjustment in fair value of short term investment - net		-	16,591,448
		<u>152,314,266</u>	<u>90,233,728</u>

	2021 Rupees	2020 Rupees
33. Finance cost		
Interest / mark up on:		
Long term finance	57,788,081	52,755,196
Short term borrowings	211,883,994	263,693,354
Workers' profit participation fund	1,189,071	3,893,626
Bank charges and commission	11,810,241	8,986,748
	<u>282,671,387</u>	<u>329,328,924</u>

34. Provision for taxation

Current		
for the year	221,072,310	195,763,444
for prior year	(11,200,236)	(3,908,509)
Deferred	(47,995,629)	84,500,440
	<u>161,876,445</u>	<u>276,355,375</u>

34.1 Relationship between tax expense and accounting profit

Reconciliation between accounting profit and tax expense has not been presented in these financial statements as income of the company is subject to minimum tax and final tax under Section 113 and 154 of the Income Tax Ordinance, 2001.

	2021	2020
35. Earnings per share - Basic and diluted		
Profit for the year (Rupees)	<u>1,557,106,645</u>	<u>717,281,768</u>
Weighted average number of ordinary shares outstanding during the year	<u>191,421,099</u>	<u>191,421,099</u>
Earnings per share - Basic and diluted (Rupees)	<u>8.13</u>	<u>3.75</u>

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

36. REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVES

	2021			2020		
	Chief Executive Officer	Director	Executives	Chief Executive Officer	Director	Executives
Remuneration	3,072,000	1,536,000	20,074,293	2,816,000	1,536,000	21,138,240
House rent allowance	1,382,400	691,200	9,033,432	1,267,200	691,200	9,512,208
Medical allowance	307,200	153,600	2,007,429	281,600	153,600	2,113,824
Utilities allowance	38,400	19,200	250,929	35,200	19,200	264,228
	<u>4,800,000</u>	<u>2,400,000</u>	<u>31,366,083</u>	<u>4,400,000</u>	<u>2,400,000</u>	<u>33,028,500</u>
Number of persons	1	1	16	1	1	13

36.1 Chief Executive Officer is entitled to free use of the Company maintained vehicle. The monetary value of running and maintenance is Rs. 3,415,350/- (2020: Rs. 3,125,044/-). The Directors have waived off their meeting fee.

37. AGGREGATE TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of subsidiary, associated undertakings, key management personnel and provident fund. Amounts due to / from related parties are shown under the relevant notes to the financial statements. Remuneration to Chief Executive Officer, Director and Executives is disclosed in Note 36. Other significant transaction with related parties are as follows.

Name of the related party	Relationship and Percentage	Transactions during the year	2021	2020
			Rupees	Rupees
Muhammad Zahid	Director	Loan obtained	783,000,000	33,000,000
		Loan repaid	921,688,515	109,015,141
Ayesha Shehryar	Related Party	Loan repaid	4,515,000	-
Aleeza Zahid Tariq	Related Party	Loan repaid	21,095,000	-
Ahmad Zahid	Director	Loan obtained	442,894,000	-
		Loan repaid	446,174,458	-
Zahidjee Textile Mills Limited Staff Provident Fund Trust	Other related party	Contribution for the year	29,128,379	31,211,962
Zahidjee Tower (PVT) LTD	Subsidiary	payment of Operational expenses	23,562,921	-
Ahmad Zahid	Director	Advance against Sale of shares in subsidiary	156,550,000	-
Muhammad Qasim	Related Party	Sale of land and building	48,988,040	-
Mehreen Fahad	Director	Security Deposits	31,500,000	-
Aleeza Zahid Tariq	Related Party	Sale of vehicle	5,500,000	-
Fiza Zahid	Related Party	Sale of vehicle	650,000	-

38. DISCLOSURE WITH REGARD TO PROVIDENT FUND

		2021	2020
Size of the fund	(Rupees)	170,691,896	135,475,663
Cost of investment made	(Rupees)	110,000,000	119,500,000
Percentage of investment made	(Percentage)	64.44%	88.21%
Fair value of investment	(Rupees)	110,000,000	119,500,000

38.1 These figures are based on the un-audited financial statements of the provident fund.

39. NUMBER OF EMPLOYEES

	2021	2020
Total number of employees as at June 30	1967	1846
Average number of employees during the year	1989	1893

	2021 Rupees	2020 Rupees
40. PLANT CAPACITY AND ACTUAL PRODUCTION		
Spinning		
Number of spindles installed	93,024	93,024
Number of spindles worked	93,024	93,024
Number of shifts per day	3	3
Installed capacity after conversion into 20/s count (Kgs)	41,072,983	41,072,983
Actual production of yarn 31,080,423 Kgs (2020: 28,272,379 Kgs) after conversion into 20/s count (Kgs)	41,050,604	38,376,019
Weaving		
Number of looms installed	280	280
Number of looms worked	280	280
Number of shifts per day	3	3
Annual production capacity converted into 60 picks (Square Meters)	42,536,384	42,536,384
Actual production converted into 60 picks (Square Meters)	35,252,938	34,500,950

40.1 Reasons for shortfall:

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

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

	2021 Rupees	2020 Rupees
41.1 FINANCIAL INSTRUMENTS BY CATEGORY		
Financial assets at amortised cost:		
Long term deposits	35,976,224	4,476,224
Trade debts	2,000,829,869	1,729,035,469
Loans, advances and deposit	1,012,152	2,774,116
Other receivables	1,816,763	3,385,488
Cash and bank balances	384,991,004	63,840,188
	<u>2,424,626,012</u>	<u>1,803,511,485</u>
Financial asset at fair value:		
Short term investments	<u>123,135,481</u>	<u>56,790,569</u>
Financial liabilities at amortised cost:		
Trade and other payables	840,741,514	738,206,369
Interest / mark up payable	73,144,504	59,198,537
Short term borrowings	2,288,112,041	2,980,917,815
Unclaimed dividend	1,204,621	1,204,621
Long term finance	2,764,986,858	1,347,985,624
	<u>5,968,189,538</u>	<u>5,127,512,966</u>

41.2 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

41.2.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The maximum exposure to credit risk at the reporting date is as follows:

	2021 Rupees	2020 Rupees
Long term deposits	35,976,224	4,476,224
Trade debts	2,000,829,869	1,729,035,469
Loans, advances and deposit	1,012,152	2,774,116
Other receivables	1,816,763	3,385,488
Bank balances	379,156,373	58,329,075
	<u>2,418,791,381</u>	<u>1,792,990,921</u>

Due to Company's long standing relations with counterparties and after giving due consideration to their financial standing, the management does not expect non performance by these counter parties on their obligations to the Company except trade debts considered doubtful.

For trade debts credit quality of the customer is assessed, taking into consideration its financial position and previous dealings. Individual credit limits are set. The management regularly monitor and review customers credit exposure. The aging of trade debts as at statement of financial position date is as under:

	2021 Rupees	2020 Rupees
Not past due	1,950,567,820	1,687,864,419
Past due	142,447,810	133,356,811
Less: Provision for doubtful debts	(92,185,761)	(92,185,761)
	<u>50,262,049</u>	<u>41,171,050</u>
	<u>2,000,829,869</u>	<u>1,729,035,469</u>

Appropriate provision has been made in respect of past due trade debts considered doubtful. The credit risk exposure is limited in respect of bank balances as these are placed with local banks having good credit rating from international and local credit rating agencies.

The bank balances alongwith credit rating is as follows.

Credit Rating	2021 Rupees	2020 Rupees
AAA	124,657,165	37,177,146
AA+	92,774,570	14,272,356
AA	1,000,430	153,905
Others	160,724,208	6,725,667
	<u>379,156,373</u>	<u>58,329,075</u>

41.2.2 Liquidity risk

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

	2021					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
-----Rupees in thousand-----						
Financial liabilities:						
Trade and other payables	840,742	840,742	840,742	-	-	-
Interest / mark up payable	73,145	73,145	73,145	-	-	-
Unclaimed dividend	1,204,621	1,204,621	1,204,621	-	-	-
Short term borrowings	2,288,112	2,392,603	2,392,603	-	-	-
Long term finance	2,764,987	3,149,258	154,603	151,845	2,019,880	822,930
	<u>7,171,607</u>	<u>7,660,369</u>	<u>4,665,714</u>	<u>151,845</u>	<u>2,019,880</u>	<u>822,930</u>

	2020					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
-----Rupees in thousand-----						
Financial liabilities:						
Trade and other payables	640,169	640,169	640,169	-	-	-
Interest / mark up payable	59,199	59,199	59,199	-	-	-
Unclaimed dividend	1,204,621	1,204,621	1,204,621	-	-	-
Short term borrowings	2,980,918	3,110,958	3,110,958	-	-	-
Long term finance	1,347,986	1,576,488	116,270	148,085	862,897	449,236
	<u>6,232,892</u>	<u>6,591,435</u>	<u>5,131,217</u>	<u>148,085</u>	<u>862,897</u>	<u>449,236</u>

The contractual cash flows relating to mark up have been determined on the basis of weighted average mark up rates on borrowings. The Company will manage the liquidity risk from its own source through working capital management. As at the year end, the Company has liquid assets of Rs.2,749.67 million (2020: Rs. 2114.80 million) and unavailed borrowing facilities of Rs.4840.91 million (2020: Rs.3875.66 million).

41.2.3 Market risk

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

i) Interest rate risk

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

Majority of interest rate risk arises from borrowings from banks. The interest rate profile of the Company's interest bearing financial instruments is presented in relevant notes to the financial statements.

Sensitivity analysis

Sensitivity to interest rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period.

Fair value sensitivity analysis for fixed rate

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

Cash flow sensitivity analysis for variable rate instruments

Had the interest rate been increased / decreased by 1% at the reporting date with all other variables held constant, profit for the year and equity would have been lower / higher by Rs.46.91 million (2020: Rs. 42.61 million).

ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The Company is exposed to currency risk on foreign debtors. The total foreign currency risk exposure on reporting date amounted to Rs. 489.51 million (2020: Rs. 449.64 million).

At June 30, 2021, had the currency been weakened / strengthened by 5% against the U.S dollar and Euro, with all other variables held constant, profit for the year and equity would have been higher / lower by Rs.24.53 million (2020: Rs. 21.30 million).

iii) Equity price risk

Trading and investing in equity securities give rise to equity price risk. At the financial position date the Company is exposed to equity price risk in respect of investments. The total equity price risk exposure on reporting date amounted to Rs. 482.335 million (2020: Rs. 415.99 million).

At June 30, 2021, had the quoted securities prices been increased / decreased by 5%, with all other variables held constant, short term investments and equity would have been higher / lower by Rs. 24.12 (2020: Rs. 20.80 million).

41.3 Fair values of financial instruments

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

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

41.4 Capital risk management

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

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders. Debt is calculated as total of long term finance and short term borrowings. Total capital comprises shareholders' equity as shown in the financial position under 'share capital and reserves' and net debt (net of cash and cash equivalent).

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

	Note	2021 Rupees	2020 Rupees
Total Debt	19 &20	5,053,098,899	4,328,903,439
Less: Cash and bank balances	15	384,991,004	63,840,188
Net Debt		<u>4,668,107,895</u>	<u>4,265,063,251</u>
Total equity		<u>7,844,722,671</u>	<u>6,467,115,764</u>
Total capital		<u>12,512,830,566</u>	<u>10,732,179,015</u>
Gearing ratio		37.31%	39.74%

42. DATE OF AUTHORISATION FOR ISSUE

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

43. GENERAL

43.1 RE-ARRANGEMENTS

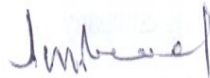
Figures have been re-arranged, wherever necessary, for better presentation of financial statements.

"Deferred tax on incremental depreciation" amounting to Rs. 19,863,340/- was transferred directly to "Unappropriated profits" . It is now grouped in "Provision for taxation" under head of "Deferred" taxation for better presentation.

44. Figures have been rounded off to the nearest Rupee except where mentioned rounding off in Rupees in thousands.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF EXECUTIVE OFFICER

Consolidated Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the members of Zahidjee Textile Mills Limited

Report on the audit of consolidated financial statements

Opinion

We have audited the annexed consolidated financial statements of Zahidjee Textile Mills Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 30 June, 2021 and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and 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 30 June, 2021 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 Auditor's 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 the 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.

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

Management is responsible for other information. The other information comprises the information included in the annual 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 conclusion 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 accounting and reporting standards as applicable in Pakistan and 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 is 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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:

- 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 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.
- 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 Hamid Masood.

**RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS**

Place: Faisalabad

Date: October 06, 2021

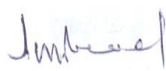
**ZAHIDJEE TEXTILE MILLS LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021**

	Note	2021 Rupees	2020 Rupees
NON - CURRENT ASSETS			
Property, plant and equipment	4	8,115,970,208	7,178,010,588
Intangible assets	5	-	330,203
Investment Property	6	-	94,917,829
Long term security deposits	7	35,976,224	4,476,224
		8,151,946,432	7,277,734,844
CURRENT ASSETS			
Stores, spares and loose tools	8	267,746,714	155,356,386
Stock in trade	9	2,949,653,106	2,926,873,525
Trade debts	10	2,000,829,869	1,729,035,469
Loans, advances and deposit	11	344,840,005	252,004,445
Prepayments		1,697,341	187,967
Other receivables	12	80,056,268	83,817,550
Short term investment	13	123,135,481	56,790,569
Tax refunds due from Government	14	120,956,103	181,811,574
Cash and bank balances	15	384,991,004	68,852,324
		6,273,905,891	5,454,729,809
Assets included in disposal group classified as held for sale	16	706,150,548	-
		6,980,056,439	-
CURRENT LIABILITIES			
Trade and other payables	17	1,194,787,575	888,820,253
Interest / mark up payable	18	73,144,504	59,198,537
Short term borrowings	19	2,288,112,041	2,997,917,815
Unclaimed dividend		1,204,621	1,204,621
Current portion of long term finance	20	203,142,898	210,628,546
Provision for taxation - income tax	35	221,072,310	196,728,764
		3,981,463,949	4,354,498,536
		11,150,538,922	8,377,966,117
NON - CURRENT LIABILITIES			
Long term finance	20	2,561,843,960	1,137,357,078
Deferred liability			
Deferred taxation	21	421,348,664	481,265,653
		2,983,192,624	1,618,622,731
Liabilities directly associated with Non-current assets held for sale	22	19,518,738	-
CONTINGENCIES AND COMMITMENTS			
	23	-	-
Net worth		<u>8,147,827,560</u>	<u>6,759,343,386</u>
Represented by :			
Share capital	24	1,914,210,990	1,914,210,990
Capital reserves			
Merger reserve		366,258,513	366,258,513
Surplus on revaluation of property, plant and equipment	25	1,103,152,138	1,157,269,154
Revenue reserves	26	4,461,936,021	3,024,295,953
		7,845,557,662	6,462,034,610
Non-controlling interest		<u>302,269,898</u>	<u>297,308,776</u>
		<u>8,147,827,560</u>	<u>6,759,343,386</u>

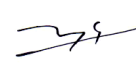
The annexed notes 1 to 46 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

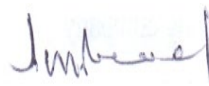
ZAHIDJEE TEXTILE MILLS LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees (Restated)
Continued Operations			
Sales	27	16,614,519,972	13,902,386,903
Cost of sales	28	14,233,292,658	12,225,561,762
Gross profit		<u>2,381,227,314</u>	<u>1,676,825,141</u>
Trading profit	29	8,194,545	(534,299)
Other income	30	44,632,535	18,744,535
		<u>2,434,054,394</u>	<u>1,695,035,377</u>
Distribution cost	31	156,576,188	155,953,266
Administrative expenses	32	123,509,463	127,394,846
Other operating expenses	33	152,314,266	90,233,728
Finance cost	34	282,671,387	329,329,077
		<u>715,071,304</u>	<u>702,910,917</u>
Profit before taxation		<u>1,718,983,090</u>	<u>992,124,460</u>
Provision for taxation	35	161,876,445	277,317,511
		<u>1,557,106,645</u>	<u>714,806,949</u>
Discontinued Operations			
Loss from discontinued operations before taxation		(154,544)	-
Provision for taxation		973,762	-
	36	<u>(1,128,306)</u>	<u>-</u>
Profit for the year		<u><u>1,555,978,339</u></u>	<u><u>714,806,949</u></u>
Attributable to:			
Shareholders of the Parent		1,556,492,959	715,935,714
Non-controlling interest		(514,620)	(1,128,765)
		<u><u>1,555,978,339</u></u>	<u><u>714,806,949</u></u>
Earnings per share - Basic and diluted from			
Continued Operations		8.1345	3.7401
Discontinued Operations		(0.0032)	-
	37	<u><u>8.1313</u></u>	<u><u>3.7401</u></u>

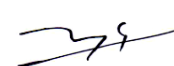
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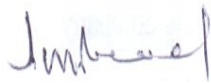
**ZAHIDJEE TEXTILE MILLS LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021**

	2021 Rupees	2020 Rupees (Restated)
Profit for the year	1,555,978,339	714,806,949
Other comprehensive income		
Items that will not be subsequently reclassified to profit or loss:		
Surplus on revaluation of land arisen during the year		
Attributable to:		
Continued Operations	6,529,832	-
Discontinued Operations	5,475,742	-
	12,005,574	-
Total comprehensive income for the year	1,567,983,913	714,806,949
Attributable to:		
Shareholders of the Parent	1,563,022,791	715,935,714
Non-controlling interest	4,961,122	(1,128,765)
	1,567,983,913	714,806,949

The annexed notes 1 to 46 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**ZAHIDJEE TEXTILE MILLS LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021**

	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	CAPITAL RESERVE			REVENUE RESERVES			Total	Non-Controlling interest
		Merger reserve	Surplus on revaluation of property, plant and equipment	Sub total	General reserve	Unappropriated profit	Sub total		
R u p e e s									
Balance as at July 01, 2019	1,914,210,990	366,258,513	1,228,748,321	1,595,006,834	300,000,000	2,101,711,406	2,401,711,406	5,910,929,230	298,437,541
Transaction with owners									
Dividend paid (Rs. 0.85 per share of Rs. 10 each)	-	-	-	-	-	(162,707,933)	(162,707,933)	(162,707,933)	-
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	715,935,714	715,935,714	715,935,714	(1,128,765)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Incremental depreciation on revalued assets for the year-net of deferred tax	-	-	(69,356,766)	(69,356,766)	-	69,356,766	69,356,766	-	-
Adjustment of deferred tax for the year	-	-	(2,122,401)	(2,122,401)	-	-	-	(2,122,401)	-
Balance as at June 30, 2020	1,914,210,990	366,258,513	1,157,269,154	1,523,527,667	300,000,000	2,724,295,953	3,024,295,953	6,462,034,610	297,308,776
Transaction with owners									
Dividend paid (Rs. 0.85 per share of Rs. 10 each)	-	-	-	-	-	(191,421,098)	(191,421,098)	(191,421,098)	-
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	1,556,492,959	1,556,492,959	1,556,492,959	(514,620)
Other comprehensive income									
Items that will not be subsequently reclassified to profit or loss: Surplus on revaluation of land arisen during the year	-	-	6,529,832	6,529,832	-	-	-	6,529,832	5,475,742
Incremental depreciation on revalued assets for the year-net of deferred tax	-	-	(64,618,072)	(64,618,072)	-	64,618,072	64,618,072	-	-
Surplus realised on disposal of property, plant and equipment - net of deferred tax	-	-	(7,950,136)	(7,950,136)	-	7,950,136	7,950,136	-	-
Adjustment of deferred tax for the year	-	-	11,921,360	11,921,360	-	-	-	11,921,360	-
Balance as at June 30, 2021	1,914,210,990	366,258,513	1,103,152,138	1,469,410,651	300,000,000	4,161,936,021	4,461,936,021	7,845,557,662	302,269,898

Note - 22

The annexed notes 1 to 46 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

**ZAHIDJEE TEXTILE MILLS LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

	2021 Rupees	2020 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,718,828,546	992,124,460
Adjustment for:		
Depreciation of property, plant and equipment	539,206,490	518,716,824
Depreciation of investment property	3,548,983	4,995,675
Amortisation of intangible assets	330,203	792,488
Profit on deposits	(1,883,169)	(1,447,843)
Dividend income	(15,750,471)	(8,154,612)
Net loss / (gain) on disposal of operating assets	3,467,950	(4,498,944)
Balances written back	-	(372,552)
Balances written Off-net	19,510,334	-
Fair value (gain) / Loss on short term investments	(27,062,961)	16,591,448
Finance cost	282,671,387	329,329,077
Operating cash flows before working capital changes	2,522,867,292	1,848,076,021
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(112,390,328)	(1,349,492)
Stock in trade	(22,779,581)	(322,631,223)
Trade debts	(271,794,400)	(497,955,487)
Loans, advances and deposit	(56,644,842)	(22,725,103)
Prepayments	(1,509,374)	30,839,338
Other receivables	3,761,282	(13,306,214)
Tax refunds due from Government	268,304	83,122,879
Increase in current liabilities		
Trade and other payables	131,399,032	484,347,453
	(329,689,907)	(259,657,849)
Cash generated from operating activities	2,193,177,385	1,588,418,172
Finance cost paid	(268,725,420)	(352,348,948)
Income tax paid	(165,904,616)	(189,898,760)
Net cash generated from operating activities	1,758,547,349	1,046,170,464

	2021 Rupees	2020 Rupees
(b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in:		
Property, plant and equipment	(2,139,991,328)	(1,055,075,758)
Proceeds from disposal of operating assets	71,245,921	12,013,872
Addition in short term investment	(39,281,951)	(397,445)
Profit on deposits	1,883,169	1,447,843
Dividend received	15,750,471	8,154,612
Advance against sale of shares in subsidiary	156,550,000	-
Long term security deposit	(31,500,000)	-
Net cash (used in) investing activities	<u>(1,965,343,718)</u>	<u>(1,033,856,876)</u>
(c) CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finance obtained	1,609,778,868	708,370,932
Repayment of long term finance	(192,777,634)	(338,379,676)
(Decrease) in short term borrowings - net	(692,805,774)	(234,651,769)
Dividend paid	(191,421,098)	(162,707,933)
Net cash generated from / (used in) financing activities	<u>532,774,362</u>	<u>(27,368,446)</u>
Net increase / (decrease) in cash and cash equivalents (a+b+c)	325,977,993	(15,054,858)
Cash and cash equivalents at the beginning of the year	68,852,324	83,907,182
Cash and cash equivalents at the end of the year	<u><u>394,830,317</u></u>	<u><u>68,852,324</u></u>

The annexed notes 1 to 46 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

ZAHIDJEE TEXTILE MILLS LIMITED AND ITS SUBSIDIARY CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

1. GENERAL INFORMATION

- 1.1 The Group consists of Zahidjee Textile Mills Limited (the Parent) and Zahidjee Towers (Private) Limited (the Subsidiary).
- 1.2 The Parent is incorporated in Pakistan as a public limited company under the repealed Companies Ordinance, 1984 (Repealed with the enactment of Companies Act 2017 on May 30, 2017). The registered office of the Company is situated at 2-H, Jail Road, Gulberg II, Lahore in the province of Punjab. The Company is listed on Pakistan Stock Exchange Limited. The principal business of the Company is export of all kinds of value added fabrics and textile made-ups. The Company is also engaged in the business of manufacturing and sale of yarn. The weaving unit is located at 32-KM, Tandlianwala Road, Satyana, District Faisalabad and spinning units are located at 32-KM, Sheikhpura Road, Faisalabad , M-3 Industrial Estate, Faisalabad, in the province of Punjab.
- The Subsidiary is incorporated in Pakistan as a private limited company under the repealed Companies Ordinance, 1984 (Repealed with the enactment of Companies Act 2017 on May 30, 2017). The principal objective of subsidiary is to provide all kinds of services related to the business of Hotels, Restaurants, Resorts, Motels. Registered office of the subsidiary is situated at 20 Bilal Road, Civil Lines, Faisalabad in the province of Punjab.
- 1.3 The Parent's spinning projects comprising 90,720 spindles are under implementation.
- 1.4 Pursuant to scheme of arrangement approved by the Honorable Lahore High Court, Lahore, assets, liabilities and reserves of Zahidjee Fabrics Limited were merged with the assets, liabilities and reserves of Zahidjee Textile Mills Limited with effect from July 01, 2006.
- 1.5 The financial statements are presented in Pakistani Rupee, which is the Group's functional and presentation currency.

2. BASIS OF CONSOLIDATION

- 2.1 The financial statements of the Parent and Subsidiary are combined on a line by line basis. The financial statements of the Subsidiary are consolidated from the date on which more than 50% voting rights are transferred to or power to control the Subsidiary is established and are excluded from consolidation from the date of disposal or reduction of control.

All intra-Group balances, transactions and resulting unrealised profits, if any, are eliminated.

Non-controlling interest is that part of the net results of the operations and net assets of the Subsidiary attributable to interest which are not owned by the Parent.

- 2.2 In order to concentrate on the core business, the Board of directors in their meeting held on February 25, 2021 and subsequently, the shareholders of the Parent Company in their meeting held on March 31, 2021 approved the sale of shares of Zahidjee Towers (Pvt) Limited. As a result, asset and liabilities of Zahidjee Tower (PVT) LTD have been classified as asset held for sale and liabilities attributable to non current asset held for sale. Revenues and expenses , gains and losses relating to the discontinuation of subsidiary have been eliminated from profit or loss from group's continuing operations and are shown as a single line item in the consolidated statement of profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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

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

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

- **Amendments to IAS 1 and IAS 8 - Definition of Material**

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

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

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

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

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

- **Amendments to IFRS 3 - Definition of a Business**

The amendments relates to the definition of a "business" in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not.

The amendments clarify that to be considered a "business", an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and asset is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in single identifiable asset or group of similar assets.

The amendments are applicable to transactions that are either business combinations or asset acquisitions.

The application of amendments have no material impact on the financial statements of the group.

- **Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform**

The amendments include a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

The amendments are applicable to transactions that are either business combinations or asset acquisitions.

The application of amendments have no material impact on the financial statements of the group.

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

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

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

3.2.2 Standards, amendments to standards and interpretations becoming effective in current year but not relevant

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

3.2.3 Standards, amendments to standards and interpretations becoming effective in future periods

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

- **IFRS 17 Insurance Contracts**

IFRS 17 Insurance Contracts is a new accounting standard for insurance contracts. The standard covers recognition, measurement, presentation and disclosure of insurance contracts, Once effective, the standard will replace IFRS 4 Insurance Contracts.

The standard applies to all types of insurance contracts. Overall objective of the standard is to provide an accounting model for insurance contracts covering all relevant accounting aspects.

The standard is effective for reporting periods starting on or after January 01, 2023.

The application of the standard is not expected to have any material impact on the group's financial statements.

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

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate is replaced with an alternative nearly risk-free interest rate.

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.

Any other changes made at the same time, such as a change in the credit spread or maturity date, are assessed. If they are substantial, the instrument is derecognized. If they are not substantial, the updated effective interest rate is used to recalculate the carrying amount of the financial instrument, with any modification gain or loss recognized in profit or loss.

The amendments are effective for the annual periods beginning on or after January 01, 2021

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

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

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

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

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

Amendments to IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities - General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments.

The amendments are effective for accounting periods beginning on or after 1 January 2022.

The application of amendments is not expected to have any material impact on the group's financial statements.

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments deal with situation where there is a sale or contribution of assets between investor and its associate or joint venture.

The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

The effective date of the amendments has yet to be set by the Board, however earlier application of the amendments is permitted. The amendments are not expected to have any material impact on the group's financial statements.

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

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

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

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

Amendments to IAS 1 - Disclosure of Accounting Policies

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

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

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

Amendments to IAS 8 - Definition of Accounting Estimates

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

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

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

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

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

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

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

Annual improvements to IFRS – 2018 – 2020

- IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

- IFRS 9 Financial Instruments

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

3.2.4 Standards, amendments to standards and interpretations becoming effective in future period but not relevant.

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

3.3 Basis of preparation

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

- Certain property, plant and equipment carried at valuation.
- Short term investments measured at fair value.

3.4 Property, plant and equipment

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

Depreciation is charged to income applying the reducing balance method at the rates specified in property, plant and equipment note 4.

Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date. In respect of additions and disposals during the period, depreciation is charged from the month of acquisition or capitalisation and upto the month preceding the disposal respectively.

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

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

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

Capital work-in-progress is stated at cost less accumulated depreciation and impairment in value, if any.

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

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

3.5 Intangible assets

These are stated at cost less accumulated amortisation and impairment in value, if any. Intangible assets are amortised over a period of five years using straight line method.

Amortisation on additions during the year is charged from the month in which an asset is acquired or capitalised.

All costs / expenditure connected with software implementation are collected in computer softwares under implementation. These are carried at cost less impairment in value, if any and are transferred to specific assets as and when assets are available for intended use.

3.6 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.

Depreciation on investment property is charged to income on reducing balance method at the rate of 5% per annum. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalised while no depreciation is charged for the month in which the property is disposed off.

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

Gains or losses on disposal of investment property if any, are recognised in current income.

3.7 Investments

Investments are initially recognised / derecognised on trade date at cost being the fair value of consideration given including cash transaction. Trade date is the date that the Group commits to purchase or sell the investment. After initial recognition these are recognised and accounted for as follows:

Available for sale investments

Investment securities intended to be held for an indefinite period of time which may be sold in response to needs for liquidity or changes in interest rates or equity prices are classified as available for sale. These investments are initially recognised at fair value plus transaction cost and subsequently re-measured at fair value. The investments for which quoted market price is not available, are measured at costs as it is not possible to apply any other valuation methodology. Gains and losses arising from re-measurement at fair value are recognised in equity, through statement of comprehensive income, under fair value reserve until sold or otherwise disposed off at which time, the cumulative gain or loss previously recognised in equity is included in profit and loss account.

Derecognition

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Gain / loss on sale of investments is taken to income in the period in which it arises.

Investments at fair value through profit or loss

These are the investments which are classified as held for trading and are acquired principally for the purpose of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking. Investments designated at fair value through profit or loss upon initial recognition also include those group of investments which are managed and their performance evaluated on fair value basis in accordance with the Group's documented investment strategy.

After initial recognition, such investments are remeasured at fair value determined with reference to the year end quoted rates (equity shares and investments in units of closed end funds at respective stock exchange rates, while the units of open end funds at their declared net asset value per unit). Gains or losses on remeasurments of these investments are recognised in the profit and loss account.

3.8 Impairment

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

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognised for the assets in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant assets are carried at revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.9 Borrowing costs

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

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

3.10 Stores, spares and loose tools

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

3.11 Stock in trade

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

Raw material	Weighted average cost except items in transit which are valued at cost accumulated upto the statement of financial position date.
Work in process	Average manufacturing cost.
Finished goods	Average manufacturing cost.

Wastes are valued at net realisable value.

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

3.12 Trade debts and other receivables

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

3.13 Cash and cash equivalents

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

3.14 Trade and other payables

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

3.15 Staff retirement benefits

Defined contribution plan

The Parent operates a defined contribution plan i.e. recognized provident fund scheme for all its eligible employees in accordance with the trust deed and rules made there under. Equal monthly contributions are made by the group and the employees to the fund at the rate of 8.33% of basic salary.

3.16 Provisions

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

3.17 Provision for taxation

Current taxation

Provision 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 under the law.

Deferred taxation

Deferred tax is provided 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 the Institute of Chartered Accountants of Pakistan.

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

Deferred 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.

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

3.18 Dividend and other appropriations

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

3.19 Foreign currency translation

Transactions in currencies other than Pakistani Rupee 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 for are used.

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

3.20 Financial Instruments

3.20.1 Financial assets

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

- Financial assets at amortised cost

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

- Financial assets at fair value through other comprehensive income

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

- Financial assets at fair value through profit or loss

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

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

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

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

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

3.20.2 Financial liabilities

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

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

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

3.21 Offsetting of financial asset and financial liability

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

3.22 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Sales of goods are recognised when goods are delivered and title has passed.

Revenue from conversion receipts is recognised when services are rendered.

Interest income is recognised on time proportionate basis.

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

Dividend income from investments is recognised when the Group's right to receive payment has been established except dividend from associate accounted for using equity method which is recognised as a reduction of the carrying value of investment when the Group's right to receive payment has been established.

3.23 Non-current assets held for sale

Non-current asset (or disposal group) is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current asset (or disposal group) classified as held for sale is measured at the lower of its previous carrying amount and fair value less costs to sell.

Non-current asset (or disposal group) classified as held for sale that no longer meet the criteria of classification as held for sale is transferred to non-current assets at the lower of :

- Its carrying amount before the assets were classified as held for sale, adjusted for any depreciation, amortisation or revaluation that would have been recognised had the assets not been classified as held for sale, and
- Its recoverable amount at the date of the subsequent decision not to sell.

Gains and losses on disposal of Non-current asset (or disposal group) held for sale are included in current income.

3.24 Critical accounting estimates and judgments

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

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

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

	Note	2021 Rupees	2020 Rupees
4.2 Depreciation for the year has been allocated as under:			
Cost of sales	28.1	531,528,841	510,818,009
Administrative expenses	32	7,227,649	7,898,915
		<u>538,756,490</u>	<u>518,216,824</u>

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

	Carrying value 2021 Rupees	2020 Rupees
Freehold land	124,439,189	149,477,863
Building on freehold land	1,019,913,901	1,068,509,722
Plant and machinery	3,022,974,783	3,261,803,148
	<u>4,167,327,873</u>	<u>4,479,790,733</u>

4.4 The forced sale value of revalued freehold land, building on freehold land and plant and machinery was Rs. 3,860,421,372/-as on June 30 ,2017.

4.5 Detail of disposal of operating assets

-----2021-----							
Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain/(Loss)	Relationship	Particulars of buyers
-----Rupees-----							
Freehold land (by negotiation)	41,860,000	-	41,860,000	47,424,000	5,564,000	Related Party	Muhammad Qasim Race course road, civil lines, Faisalabad
	41,860,000	-	41,860,000	47,424,000	5,564,000		
Building on freehold land (by negotiation)	9,860,000	2,731,959	7,128,041	8,955,763	1,827,722	Related Party	Muhammad Qasim Race course road, civil lines, Faisalabad
	9,860,000	2,731,959	7,128,041	8,955,763	1,827,722		
Office equipment (by negotiation)	4,000	1,278	2,722	1,200	(1,522)	None	Iqbal Mushtaq Raja Chowk GMA, Faisalabad
	4,000	1,278	2,721	1,200	(1,522)		
Plant & Machinery (by negotiation)	269,577	145,188	124,389	17,500	(106,889)	None	Qaiser Naveed Jinnah Colony, Faisalabad
	416,005	224,051	191,954	36,000	(155,954)		
	2,060,462	168,128	1,892,334	618,138	(1,274,196)	None	Salam & Company , Gulistan Colony 87-A, Faisalabad.
	5,311,044	560,610	4,750,434	4,590,000	(160,434)		
	10,563,856	5,139,152	5,424,704	1,600,000	(3,824,704)	None	AZ Apparel PVT LTD Chak 117, Dhanalao.
	5,350,868	2,255,574	3,095,294	256,410	(2,838,884)	None	Stameco Energy Solution, Chahal Chowk, Lahore.
	5,462,014	2,381,619	3,080,395	256,410	(2,823,985)		
887,220	428,711	458,509	100,000	(358,509)	None	H.A.R Fibres Private Limited,P-235 Tikka Gali no 2, Montgomery bazar , Faisalabad.	
	30,321,046	11,303,033	19,018,013	7,474,458	(11,543,555)		
Electric appliances (by negotiation)	46,994	29,243	17,751	1,500	(16,251)	None	MS Engineering, Muhalla Sharif pura, Maqbool Road, Faisalabad.
	46,994	29,243	17,751	1,500	(16,251)		
Vehicles (by negotiation)	2,844,388	2,564,425	279,963	600,000	320,037	None	Mrs.Ayesha Shehryar, H#26-B Officer colony ghazi road Lahore.
	3,476,026	3,048,360	427,666	650,000	222,334	Director	Mrs. Fiza Zahid H# 196 Defence Officer Housing Gujranwala.
	8,836,244	2,896,324	5,939,920	5,500,000	(439,920)	Director	Mrs.Aleeza Zahid Tariq H# 202 St#15-B Phase 1, DHA, Lahore
	1,233,900	1,194,104	39,796	639,000	599,204	None	Mr Abid Husain St#3 H#74, Hospital Road, Kotli
	16,390,558	9,703,213	6,687,345	7,389,000	701,655		
	<u>98,482,598</u>	<u>23,768,726</u>	<u>74,713,871</u>	<u>71,245,921</u>	<u>(3,467,951)</u>		

-----2020-----

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain/(Loss)	Relationship	Particulars of buyers
----- Rupees -----							
Factory equipment (by negotiation)	182,363	103,861	78,502	4,472	(74,030)	None	Haji Muhammad Iqbal, House No.45-D, Gulam Muhammad Abad Faisalabad
	182,363	103,861	78,502	4,472	(74,030)		
Office Equipment (by negotiation)	9,000	5,287	3,713	400	(3,313)	None	Multi.com, 1st Floor, 2nd Gallary, Rexcity, Faisalabad.
	7,800	4,443	3,357	-	(3,357)	None	Multi.com, 1st Floor, 2nd Gallary, Rexcity, Faisalabad.
	16,800	9,730	7,070	400	(6,670)		
Electric appliances (by negotiation)	71,600	41,294	30,306	9,000	(21,306)	None	MS Engineering, Muhalla Sharif pura, Maqbool Road, Faisalabad.
	71,600	41,294	30,306	9,000	(21,306)		
Vehicles (by negotiation)	14,013,353	6,614,303	7,399,050	12,000,000	4,600,950	None	Khawar Shafique Ahmad, 2-Z Commercial Plaza, Near Mujahid Hospital, Madina Town, Faisalabad
	14,013,353	6,614,303	7,399,050	12,000,000	4,600,950		
	<u>14,284,116</u>	<u>6,769,188</u>	<u>7,514,928</u>	<u>12,013,872</u>	<u>4,498,944</u>		

4.6 Particulars of immovable properties (i.e. land and building) in the name of the Parent are as follows:

Location	Usage of immovable property	Total Area (in square foot)
a) 32-KM, Sheikhpura Road, Faisalabad.	Spinning unit and power house	660,752
b) 32-KM, Tandlianwala Road, Faisalabad.	Weaving unit	628,899
c) Raja Bolay, Tehsil Cantt, District Lahore.	Godown	1,971,094
d) Plot # 6, M-3 Industrial Estate, Faisalabad.	Spinning unit and power house	756,856
e) 20, Bilal Road, Civil Lines, Faisalabad.	Office	49,550
f) Small industrial Estate Road, Faisalabad.	Export house	11,707

4.7 Capital work in progress

	Civil work	Plant and machinery	Total
-----Rupees-----			
Balance as at July 1, 2019	206,314,603	98,139,725	304,454,328
Additions	163,572,832	698,277,786	861,850,618
Transfer to operating assets	(17,258,572)	(760,318,961)	(777,577,533)
Balance as at June 30, 2020	352,628,863	36,098,550	388,727,413
Additions	415,710,860	1,517,508,584	1,933,219,444
Transfer to operating assets	(66,212,580)	(6,645,131)	(72,857,711)
Balance as at June 30, 2021	702,127,143	1,546,962,003	2,249,089,146

4.8 This represents land held for future expansion.

4.9 Particulars of immovable property (i.e. non- operating land) in the name of the Group are as follows:

Location	Usage of immovable property	Total Area (in square foot)
----------	-----------------------------	-----------------------------

In the name of Parent Company

a) Raja Bolay, Tehsil Cantt, District Lahore.	Land held for future expansion	69,404
b) Deve Khurd Kalan, Tehsil Model Town, District Lahore.	Land held for future expansion	14,974

4.10 This represents the amount paid against the purchase of land for future expansion.

Note	2021 Rupees	2020 Rupees
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5. Intangible assets

Computer software and license

Cost	11,203,236	11,164,402
Accumulated amortisation	(11,203,236)	(10,834,199)
Written down value	-	330,203

5.1 Reconciliation of written down value

Opening written down value		330,203	1,122,691
Amortisation for the year	32	(330,203)	(792,488)
Closing balance		-	330,203

5.1.1 Amortisation rate is 20% per annum.

	Note	2021 Rupees	2020 Rupees
6. Investment property			
Land			
At Cost		23,938,150	23,938,150
Building			
Opening net book value as at July 01,		70,979,679	75,975,354
Depreciation charge		(3,548,983)	(4,995,675)
Closing net book value as at June 30,		67,430,696	70,979,679
		91,368,846	94,917,829
Transfer to asset included in disposal group classified as held for sale	16.	(91,368,846)	-
Land and building closing balance as at June 30,		<u>-</u>	<u>94,917,829</u>
Annual rate of depreciation (%)		5	5

7. Long term security deposits

Against Utilities		4,476,224	4,476,224
Security Deposit		31,500,000	-
		<u>35,976,224</u>	<u>4,476,224</u>

7.1 This represent Security deposit paid to Mehreen Zahid (director) against hiring of office premises.

	Note	2021 Rupees	2020 Rupees
8. Stores, spares and loose tools			
Stores			
In hand		146,480,939	69,805,364
In transit		14,946,080	-
Spares	8.1	105,739,238	85,266,040
Loose tools		580,457	284,982
		<u>267,746,714</u>	<u>155,356,386</u>

8.1 Stores and Spares include items that may result in fixed capital expenditure but are not distinguishable.

	Note	2021 Rupees	2020 Rupees
9. Stock in trade			
Raw materials	9.1	2,509,188,984	2,189,259,633
Work in process		124,530,924	129,047,680
Finished goods	9.1	302,306,394	599,664,940
Waste		13,626,804	8,901,272
		<u>2,949,653,106</u>	<u>2,926,873,525</u>

9.1 Stock in trade amounting to Rs.2,538.49 million (2020: Rs. 2,116.17 million) was pledged as security with the banking companies.

	Note	2021 Rupees	2020 Rupees
10. Trade debts			
Considered good			
Secured			
Foreign	10.1	7,406,530	72,606,237
Unsecured			
Foreign	10.1	462,669,983	348,644,054
Local		1,530,753,356	1,307,785,178
		1,993,423,339	1,656,429,232
Considered doubtful			
Unsecured			
Foreign	10.1	22,600,585	22,600,585
Less: Provision for doubtful debts		(22,600,585)	(22,600,585)
		-	-
Local		69,585,176	69,585,176
Less: Provision for doubtful debts		(69,585,176)	(69,585,176)
		-	-
		2,000,829,869	1,729,035,469

10.1 Following are the details of debtors in relation to export sales:

Jurisdiction	Category	2021 Rupees	2020 Rupees
Africa	Letter of credit		22,848,400
	Cash against documents	43,799,858	31,233,896
		43,799,858	54,082,296
Europe	Letter of credit		37,440,568
	Cash against documents	85,502,054	19,702,571
		85,502,054	57,143,139
North America	Letter of credit	7,406,529	12,317,269
	Cash against documents	306,296,202	276,641,200
		313,702,731	288,958,469
South America	Cash against documents	49,672,455	43,666,972
		492,677,098	443,850,876

11. Loans, advances and deposit

Considered good			
Advances			
Employees		1,012,152	2,774,116
Suppliers		104,535,034	45,619,853
For purchases and expenses		-	13,788,457
Income tax		224,755,597	188,505,964
Letters of credit fee and expenses		14,537,222	1,316,055
		344,840,005	252,004,445

12. Other receivables

Considered good			
Export rebate / duty drawback		78,239,505	80,432,062
Other		1,816,763	3,385,488
		80,056,268	83,817,550

	Note	2021 Rupees	2020 Rupees
13. Short term investment			
Investment in ordinary shares	13.1	<u>123,135,481</u>	<u>56,790,569</u>
13.1			
Financial assets at fair value through profit or loss			
Quoted securities			
Habib Metropolitan Bank Limited			
2,022,854 (2020: 2,022,854) Ordinary shares of Rs.10/- each		56,255,569	72,984,572
JS Bank Limited			
100,000 (2020: 100,000) Ordinary shares of Rs.10/- each		535,000	397,445
Askari Bank Limited			
1,557,000 (2020: Nil) Ordinary shares of Rs.10/- each		33,468,299	-
Bank of Punjab			
600,000 (2020: Nil) Ordinary shares of Rs.10/- each		5,813,652	-
		<u>96,072,520</u>	<u>73,382,017</u>
Adjustment in fair value - net		<u>27,062,961</u>	<u>(16,591,448)</u>
		<u>123,135,481</u>	<u>56,790,569</u>

13.2 The fair value of short term investment is based on prices quoted in active markets which is level 1 of fair value hierarchy.

	Note	2021 Rupees	2020 Rupees
14. Tax refunds due from Government			
Income tax		82,129,599	142,716,766
Sales tax		38,826,504	39,094,808
		<u>120,956,103</u>	<u>181,811,574</u>

15. Cash and bank balances

Cash in hand		5,834,631	5,533,061
Cash at banks			
In current accounts		348,396,664	53,319,624
In PLS accounts	15.1	<u>30,759,709</u>	<u>9,999,639</u>
		<u>384,991,004</u>	<u>68,852,324</u>

15.1 Effective profit rate in respect of PLS accounts was 5.55% to 7.05% per annum (2020 : 3.25% to 12.85% per annum).

	Note	2021 Rupees
16. Assets included in disposal group classified as held for sale		
Operating Asset - Building	16.1	4,050,000
Capital work in progress	16.2	596,066,921
Investment property	6 & 16.3	91,368,846
Advances		
For purchase / expenses		58,915
Income tax		714,260
Income tax refund due from government		4,052,293
Cash and bank balances		
Cash in hand		7,827,500
Cash at bank-PLS account	16.4	2,011,813
		<u>706,150,548</u>

16.1 Operating Asset-Building

Opening balance	4,500,000
Depreciation charge	450,000
Closing net book value as at June 30,	<u>4,050,000</u>
Annual rate of depreciation (%)	10%

16.2 Capital work in progress

Land - at cost	560,324,426
Surplus arisen during the year	12,005,574
Land - at valuation	572,330,000
Overheads	23,736,921
	<u>608,072,495</u>

16.2.1 The forced sale value of land is Rs.486,480,500/- as on January 31, 2021.

16.2.2 Particulars of land in the name of the Subsidiary is as follows:

Location	Total Area
2-H Gulburg II, Jail Road, Lahore	51,488

16.3 The fair value of investment property is Rs.109,645,600/- on market basis, by independent valuers "Anderson consulting (PVT) LTD" on June 30,2020. The valuation is based on unobservable inputs which is level 3 of fair value hierarchy.

16.4 Effective profit rate in respect of PLS accounts was 5.15% to 6.70% per annum (2020 :3.25% to 7.06% per annum).

	Note	2021 Rupees	2020 Rupees
17. Trade and other payables			
Creditors		536,973,828	466,075,552
Accrued liabilities		216,576,231	168,294,604
Advance from customers		104,104,591	41,227,508
Payable to provident fund		6,115,750	6,384,138
Workers' profit participation fund	17.1	93,391,470	53,363,971
Workers' welfare fund		35,944,512	20,278,309
Security deposit payable		-	907,500
Withholding taxes		21,998,002	39,249,999
Advance against sale of shares in subsidiary		156,550,000	-
Sales tax payable		23,133,191	93,038,672
		<u>1,194,787,575</u>	<u>888,820,253</u>

	Note	2021 Rupees	2020 Rupees
17.1 Workers' profit participation fund			
Opening balance		53,363,971	39,953,150
Interest on funds utilised in the Parent's business		1,189,071	3,893,626
		<u>54,553,042</u>	<u>43,846,776</u>
Paid to workers on behalf of the fund		(54,553,042)	(43,846,776)
		<u>-</u>	<u>-</u>
Allocation for the year		93,391,470	53,363,971
		<u>93,391,470</u>	<u>53,363,971</u>

18. Interest / mark up payable

Interest / mark up payable on:			
Short term borrowings		56,427,706	42,273,616
Long term finance		16,716,798	16,924,921
		<u>73,144,504</u>	<u>59,198,537</u>

19. Short term borrowings

Secured			
From banking companies			
Export finances	19.2	100,000,000	471,000,000
Running finances	19.2	7,822,956	223,507,475
Cash finances	19.3	2,174,789,085	2,113,331,367
Un-secured			
From directors and associates	19.4	5,500,000	190,078,973
		<u>2,288,112,041</u>	<u>2,997,917,815</u>

19.1 The aggregate unavailed short term borrowing facilities available to the Parent are Rs. 4840.91 million (2020 : Rs. 3875.66 million).

19.2 These are secured against first joint parri passu charge and ranking charge over present and future current assets of the Parent, lien on export documents and by personal guarantee of directors of the Parent. These are subject to mark up at the rates of one month KIBOR plus 1% to 1.5% per annum, three months KIBOR plus 1% to 1.25% per annum (2020: one month KIBOR plus 1% to 1.5% per annum, three months KIBOR plus 1% per annum) and SBP rate plus 1% per annum (2020: SBP rate plus 1% per annum).

The effective rate of mark up charged during the year ranges from 3.00% to 8.95% per annum (2020: 3.00% to 15.38% per annum).

19.3 These are secured against pledge of cotton, polyester, yarn and grey cloth of the Parent. These are further secured by personal guarantee of directors of the Parent. These are subject to mark up at the rates of one month KIBOR plus 1% to 1.5% per annum and three months KIBOR plus 1% per annum (2020: one month KIBOR plus 1% to 1.50% per annum and three months KIBOR plus 1% per annum).

The effective rate of mark up charged during the year ranges from 7.37% to 9.37% per annum (2020: 8.26% to 15.42%).

19.4 These are interest free and obtained for meeting working capital requirements of the Group.

	Note	2021 Rupees	2020 Rupees
20. Long term finance			
Secured			
From banking companies			
Under mark up arrangements			
Term finances	20.2	1,353,300,581	1,018,909,250
Demand finances	20.2	286,512,405	329,076,374
Temporary Economic Refinance Facility (TERF)	20.2	1,125,173,872	-
		<u>2,764,986,858</u>	<u>1,347,985,624</u>
Less : Current portion			
Payable within one year		<u>(203,142,898)</u>	<u>(210,628,546)</u>
		<u><u>2,561,843,960</u></u>	<u><u>1,137,357,078</u></u>

20.1 Reconciliation of long term financing:

Balance as at July 1, 2020	1,347,985,624	977,994,368
Obtained during the year	<u>1,609,778,868</u>	<u>708,370,932</u>
	2,957,764,492	1,686,365,300
Paid during the year	<u>(192,777,634)</u>	<u>(338,379,676)</u>
Balance as at June 30, 2021	<u><u>2,764,986,858</u></u>	<u><u>1,347,985,624</u></u>

20.2 The terms of repayment of finances are as under;

Nature of loans	Balance Rupees	Number of installments		Payment rests	Commencement date	Ending date	Markup rate
		Total					
Term finances							
I	662,560	16	5	Quarterly	11-Oct-17	11-Jul-21	SBP Rate + 1.5% p.a
II	7,345,859	16	2	Quarterly	13-Jan-18	13-Oct-21	SBP Rate + 1.5% p.a
III	10,577,000	16	2	Quarterly	27-Jan-18	27-Oct-21	SBP Rate + 1.5% p.a
IV	1,012,500	16	3	Quarterly	20-May-18	20-Feb-22	SBP Rate + 1.5% p.a
V	18,378,471	36	28	Quarterly	05-Dec-18	05-Sep-27	SBP Rate + 1% p.a
VI	2,922,912	36	25	Quarterly	05-Dec-18	05-Sep-27	SBP Rate + 1% p.a
VII	213,830,000	24	24	Quarterly	14-Jun-21	07-Jun-28	SBP Rate + 1.5% p.a
VIII	159,108,000	24	24	Quarterly	30-Jun-21	07-Jun-28	SBP Rate + 1.5% p.a
IX	4,411,116	36	25	Quarterly	05-Dec-18	05-Sep-27	SBP Rate + 1% p.a
X	34,293,442	36	25	Quarterly	05-Dec-18	05-Sep-27	SBP Rate + 1% p.a
XI	15,999,308	36	25	Quarterly	27-Dec-18	27-Sep-27	SBP Rate + 1% p.a
XII	2,782,634	36	25	Quarterly	27-Dec-18	27-Sep-27	SBP Rate + 1% p.a
XIII	73,852,779	36	25	Quarterly	27-Dec-18	27-Sep-27	SBP Rate + 1% p.a
XIV	33,578,471	36	25	Quarterly	27-Dec-18	27-Sep-27	SBP Rate + 1% p.a
XV	41,053,280	36	26	Quarterly	06-Mar-19	06-Dec-27	SBP Rate + 1% p.a
XVI	34,630,836	36	26	Quarterly	07-Aug-19	07-May-28	SBP Rate + 1% p.a
XVII	8,010,832	36	30	Quarterly	24-Jan-20	24-Oct-28	SBP Rate + 1% p.a
XVIII	19,215,000	36	30	Quarterly	24-Jan-20	24-Oct-28	SBP Rate + 1% p.a
XIX	30,386,666	36	30	Quarterly	14-Feb-20	14-Nov-28	SBP Rate + 1% p.a
XX	8,268,738	36	36	Quarterly	02-Jan-20	01-Jan-23	SBP Rate + 1.5% p.a
XXI	21,901,343	36	36	Quarterly	02-Jan-20	01-Jan-23	SBP Rate + 1.5% p.a
XXII	7,720,378	36	34	Quarterly	02-Jan-20	01-Jan-23	SBP Rate + 1.5% p.a
XXIII	105,890,316	36	34	Quarterly	14-Jan-20	13-Jan-23	SBP Rate + 1.5% p.a
XXIV	13,048,444	36	34	Quarterly	02-Jan-20	01-Jan-23	SBP Rate + 1.5% p.a
XXV	91,607,417	36	35	Quarterly	14-Jan-20	13-Jan-23	SBP Rate + 1.5% p.a
XXVI	111,667,000	36	36	Quarterly	29-Apr-20	29-Apr-30	SBP Rate + 2% p.a
XXVII	22,783,219	24	22	Quarterly	14-Nov-19	14-Nov-26	SBP Rate+ 1.50% p.a
XXVIII	252,171,563	24	22	Quarterly	22-Oct-19	22-Oct-26	SBP Rate + 2% p.a
	2,662,627	36	29	Quarterly	01-Jul-19	18-Jun-28	SBP Rate + 2% p.a
	3,527,870	36	26	Quarterly	04-Dec-19	25-Nov-27	SBP Rate + 1.5% p.a
	<u>1,353,300,581</u>						

Nature of loans	Balance Rupees	Number of installments		Payment rests	Commencement date	Ending date	Markup rate
		Total	Balance				
Demand Finances							
I	12,817,607	36	27	Quarterly	06-May-19	06-Feb-28	SBP Rate + 2.5% p.a
II	2,736,751	36	27	Quarterly	23-Apr-19	23-Jan-28	SBP Rate + 2.5% p.a
III	40,031,404	36	27	Quarterly	06-May-19	06-Feb-28	SBP Rate + 2.5% p.a
IV	9,816,550	36	27	Quarterly	27-May-19	27-Feb-28	SBP Rate + 2.5% p.a
V	5,685,788	36	28	Quarterly	12-Jul-19	12-Apr-28	SBP Rate + 2.5% p.a
VI	78,357,001	36	27	Quarterly	07-Apr-19	07-Jan-28	SBP Rate + 2.5% p.a
VII	2,744,450	36	26	Quarterly	01-Mar-19	05-Dec-27	SBP Rate + 2.5% p.a
VIII	4,644,620	36	26	Quarterly	12-Feb-19	12-Nov-27	SBP Rate + 2.5% p.a
IX	50,708,237	36	27	Quarterly	01-Apr-19	30-Jan-28	SBP Rate + 2.5% p.a
X	44,336,249	36	28	Quarterly	01-Jul-19	06-Mar-28	SBP Rate + 2.5% p.a
XI	34,633,748	36	28	Quarterly	12-Jul-19	12-Apr-28	SBP Rate + 2.5% p.a
	286,512,405						

Nature of loans	Balance Rupees	Number of installments		Payment rests	Commencement date	Ending date	Markup rate
		Total	Balance				
TERF							
I	4,943,680	20	20	Quarterly	24-Apr-21	04-Jan-22	SBP + 3.00 %
II	50,664,000	20	20	Quarterly	24-Apr-21	04-Jan-22	SBP + 3.00 %
III	109,065,834	20	20	Quarterly	30-Apr-21	03-May-28	SBP + 2.75 %
IV	161,238,180	20	20	Quarterly	27-May-21	26-May-28	SBP + 2.75 %
V	11,964,000	20	20	Quarterly	31-May-21	31-May-27	SBP + 2.50 %
VI	27,249,000	20	20	Quarterly	07-Jun-21	07-Jun-28	SBP + 2.75 %
VII	34,651,000	20	20	Quarterly	07-Jun-21	07-Jun-28	SBP + 2.75 %
VIII	94,814,000	24	24	Quarterly	07-Jun-21	16-Jun-28	SBP + 2.50 %
IX	189,644,000	24	24	Quarterly	07-Jun-21	16-Jun-28	SBP + 2.50 %
X	45,150,000	20	20	Quarterly	09-Jun-21	07-Jun-28	SBP + 3.00 %
XI	65,466,000	20	20	Quarterly	15-Jun-21	15-Jun-27	SBP + 2.50 %
XII	208,229,000	20	20	Quarterly	15-Jun-21	15-Jun-27	SBP + 2.50 %
XIII	44,289,000	20	20	Quarterly	21-Jun-21	21-Jun-28	SBP + 3.50 %
XIV	30,307,000	20	20	Quarterly	22-Jun-21	07-Jun-28	SBP + 2.75 %
XV	25,845,000	20	20	Quarterly	28-Jun-21	28-Jun-28	SBP + 3.50 %
XVI	11,805,000	20	20	Quarterly	30-Jun-21	07-Jun-28	SBP + 2.75 %
XVII	9,849,178	20	20	Quarterly	24-Apr-21	04-Jan-22	SBP + 3.00 %
	1,125,173,872						

The loans are secured against first joint parri passu charge and ranking charge over present and future fixed assets of the Parent. It is further secured by the personal guarantee of directors of the Parent.

Effective markup rates charged during the year ranges from 3.00% to 10.55% per annum (2020: 3.00% to 14.47%).

	2021 Rupees	2020 Rupees
21. Deferred taxation		
Opening balance	481,265,653	394,642,812
(Reversal) of deferred tax related to:		
Incremental depreciation on revalued assets	(16,775,449)	(19,863,340)
Surplus realised on disposal of revalued assets	(813,715)	-
(Reversal) / provision of deferred tax on surplus	(11,921,360)	2,122,401
(Reversal) / provision during the year	(30,406,465)	104,363,780
	<u>421,348,664</u>	<u>481,265,653</u>
21.1 It represents the following:		
Deferred tax liability:		
Difference between accounting and tax bases of assets	478,305,458	579,865,356
Deferred tax asset:		
Carry forward tax credits and losses	(56,956,794)	(98,599,703)
	<u>421,348,664</u>	<u>481,265,653</u>

2021
Rupees

2020
Rupees

22. Liabilities directly associated with non-current asset held for sale

Loan from directors	17,000,000	-
Accrued liability	584,545	-
Security deposit payable	907,500	-
Provision for taxation - income tax	1,026,693	-
	19,518,738	-

23. CONTINGENCIES AND COMMITMENTS

Contingencies

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
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Sales tax

Commissioner Inland Revenue (Appeals)	<p>The assessing officer of Inland Revenue passed orders in respect of tax period July-2011 to June-2016, November-2013 and July-2011 to April-2012 and created demand of Rs. 9,405,301/- (2020: Rs. 9,405,301/-), Rs. 439,654/- (2020: Rs. 439,654/-) and Rs. 232.667/- (2020: Rs. 232.667/-) respectively. Currently the cases are pending for adjudication before Commissioner Inland Revenue (Appeals). The management of Parent, based on opinion of its tax consultant believes that there is reasonable probability that the matter will be decided in favour of the Parent. Pending the outcome of the matter, no provision has been made in these financial statements.</p>	Company vs. Federal Board of Revenue	<p>June 10, 2015 June 30, 2017 November 10, 2017 June 14, 2018</p>
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Name of the court, agency	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
Assistant Commissioner Inland Revenue	<p>The Assistant Commissioner Inland Revenue passed order and created demand against the Parent in respect of tax period April-2017 to Novemebr-2018 of Rs. 41,943,769/- in respect of evading sales tax and Rs.5,403,873/- in respect of evading further tax. Besides, penalty amounting to Rs.41,943,769 is also imposed. The Commissioner inland revenue order to deposit the amount into Government exchequer under section 11(3) of the Sales Tax Act 1990 along with default surcharge (to be calculated at the time of deposit) under section 34(1)(a) of the Sales Tax Act, 1990. Subsequently the appeal is filed before Commissioner Inland Revenue (Appeals). Pending the outcome of the matter, no provision has been made in these financial statements.</p>	Company vs. Federal Board of Revenue	February 17, 2020
Appellate Tribunal Inland Revenue	<p>The assessing officer of Inland Revenue passed orders in original in respect of tax periods from August-2013 to July-2015 and July-2010 to June-2011 and created demand of Rs. 8,806,053/- (2020: Rs. 8,806,053/-). Being aggrieved by the orders the Parent filed appeals before the CIR(A) against the ONOs. The CIR(A) partially set aside the demand of Rs. 1,545,923/- (2020: Rs. 1,545,923/-) and disposed off the appeals. The Parent filed the appeals before ATIR for the remaining demand. Currently the case is pending for adjudication before ATIR. The management, based on opinion of its legal advisor believes that there is reasonable probability that the matter will be decided in favour of the Parent. Pending the outcome of the matter, no provision has been made in these financial statements.</p>	Company vs. Federal Board of Revenue	March 22, 2014 August 22, 2016
Other			
Appellate Tribunal Lahore	<p>The Director Social Security issued an order based on reassessment of number of employees and demanded Rs. 4,192,808/- (2020: Rs. 4,192,808/-) contribution regarding prior years. Currently the case is pending for adjudication before Appellate Tribunal Lahore. The management, based on opinion of its legal advisor believes that there is reasonable probability that the matter will be decided in favour of the Parent. Pending the outcome of the matter, no provision has been made in these financial statements.</p>	Company vs. Director Social Security	October 25, 2016
Custom Appellate Tribunal. Lahore	<p>The custom officer of Excise and Customs department passed order against the Parent in respect of year ended June 30, 2019 and created demand of Rs. 7,997,509 which includes penalty of Rs. 100,000/- and default surcharge of Rs. 25,000/- (2020: Rs.7,997,509/- which includes penalty of Rs. 100,000/- and default surcharge of Rs. 25,000/-). Currently the case is pending for adjudication before Custom Appellate Tribunal Lahore. The management, based on opinion of its tax consultant believes that there is reasonable probability that the matter will be decided in favour of the Parent. Pending the outcome of the matter, no provision has been made in these financial statements.</p>	Company vs. Assistant collector (DTRE) MCC. Faisalabad	June 26, 2018

	2021 Rupees	2020 Rupees
Bank guarantees issued in favour of :		
Sui Northern Gas Pipelines Limited for supply of gas.	98,955,000	98,955,000
Faisalabad Electric Supply Company Limited for supply of electricity.	21,342,760	21,342,760
Excise and taxation department against imposition of infrastructure cess	70,000,000	-
Indemnity bonds issued in favour of collector of customs / sales tax, Faisalabad to avail exemption of sales tax and custom duty on imported raw material / machinery.	299,825,811	402,418,776

Commitments

Under letters of credit for:		
Plant and machinery	1,742,765,369	7,562,277
Raw material and spare parts	405,482,087	378,250,710
Under contracts for purchase of land	38,235,196	38,961,044
Under contracts for civil work	847,893,256	90,700,872

24. Share capital

24.1 Authorised capital

2021 Number of shares	2020 Number of shares		2021 Rupees	2020 Rupees
<u>220,000,000</u>	<u>220,000,000</u>	Ordinary shares of Rs. 10/- each.	<u>2,200,000,000</u>	<u>2,200,000,000</u>

24.2 Issued, subscribed and paid up capital

2021 Number of shares	2020 Number of shares		2021 Rupees	2020 Rupees
89,462,580	89,462,580	Ordinary shares of Rs. 10/- each fully paid in cash.	894,625,800	894,625,800
23,041,604	23,041,604	Ordinary shares of Rs.10/- each issued as fully paid shares as per scheme of arrangement for amalgamation sanctioned by the Court.	230,416,040	230,416,040
78,916,915	78,916,915	Ordinary shares of Rs.10/- each issued as fully paid bonus shares.	789,169,150	789,169,150
<u>191,421,099</u>	<u>191,421,099</u>		<u>1,914,210,990</u>	<u>1,914,210,990</u>

25. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	2021 Rupees	2020 Rupees
Surplus on revaluation of property, plant and equipment at the beginning of the year	1,336,277,151	1,425,497,257
Surplus on revaluation of land arisen during the year	6,529,832	
Transferred to unappropriated profit in respect of :		
Incremental depreciation	(81,393,521)	(89,220,106)
Surplus realised on disposal	(8,763,851)	-
	<u>(90,157,372)</u>	<u>(89,220,106)</u>
Surplus on revaluation of property, plant and equipment as at June 30,	1,252,649,611	1,336,277,151
Related deferred tax liability on:		
Revaluation at the beginning of the year	179,007,997	196,748,936
Deferred tax relating to:		
Incremental depreciation	(16,775,449)	(19,863,340)
Surplus realised on disposal	(813,715)	-
Deferred tax reversed / provided during the year	(11,921,360)	2,122,401
	<u>149,497,473</u>	<u>179,007,997</u>
	<u>1,103,152,138</u>	<u>1,157,269,154</u>

25.1 Latest revaluation of freehold land, building on freehold land and plant and machinery was carried out by independent valuers M/S Joseph Lobo (Pvt) Limited as at June 30, 2017. Freehold land, building on freehold land and plant and machinery were revalued on market value basis. The valuation is based on unobservable inputs which is Level 3 of fair value hierarchy.

25.2 Revaluation of land is carried out on the basis of market values, by independent valuers "Anderson consulting (PVT) LTD" on January, 2021. The valuation is based on unobservable inputs which is level 3 of fair value hierarchy.

26. Revenue reserves	Note	2021 Rupees	2020 Rupees
General reserves	26.1	300,000,000	300,000,000
Unappropriated profit		4,161,936,021	2,724,295,953
		<u>4,461,936,021</u>	<u>3,024,295,953</u>

26.1 These reserves are available for distribution to shareholders.

27. Sales

Export			
Cloth / made ups	27.1	2,105,557,464	2,729,142,323
Indirect export - Yarn		4,157,931,500	60,737,933
		<u>6,263,488,964</u>	<u>2,789,880,256</u>
Local			
Yarn		9,524,391,468	10,472,013,173
Cloth		139,351,855	115,672,362
Waste and left over		656,905,042	511,356,748
Conversion receipts		131,014,387	32,086,139
		<u>10,451,662,752</u>	<u>11,131,128,422</u>
		<u>16,715,151,716</u>	<u>13,921,008,678</u>
Add: Export rebate / duty drawback		28,123,227	91,855,313
		<u>16,743,274,943</u>	<u>14,012,863,991</u>
Less: Commission and claims		128,754,971	110,477,088
		<u>16,614,519,972</u>	<u>13,902,386,903</u>

27.1 It includes exchange gain of Rs. 9,207,447/- (2020: Rs. 18,648,878/-).

	Note	2021 Rupees	2020 Rupees
28. Cost of sales			
Cost of goods manufactured	28.1	13,940,659,644	12,602,339,258
Finished goods			
Opening stock		608,566,212	231,788,716
Closing stock		(315,933,198)	(608,566,212)
		292,633,014	(376,777,496)
		<u>14,233,292,658</u>	<u>12,225,561,762</u>
28.1 Cost of goods manufactured			
Raw material consumed	28.1.1	11,148,358,170	9,930,641,999
Packing material consumed		139,497,868	123,787,183
Salaries, wages and benefits		719,258,087	718,520,181
Retirement benefits		25,515,428	27,706,799
Stores and spares consumed		362,480,694	290,760,658
Fuel and power		940,869,117	977,506,773
Repairs and maintenance		49,492,526	23,755,624
Insurance		15,773,408	14,333,316
Depreciation	4.2	531,528,841	510,818,009
Other		3,368,749	5,525,436
		<u>13,936,142,888</u>	<u>12,623,355,978</u>
Work in process			
Opening stock		129,047,680	108,030,960
Closing stock		(124,530,924)	(129,047,680)
		4,516,756	(21,016,720)
		<u>13,940,659,644</u>	<u>12,602,339,258</u>
28.1.1 Raw material consumed			
Opening stock		2,189,259,633	2,264,422,626
Purchases including purchase expenses		11,468,287,521	9,855,479,006
		<u>13,657,547,154</u>	<u>12,119,901,632</u>
Closing stock		(2,509,188,984)	(2,189,259,633)
		<u>11,148,358,170</u>	<u>9,930,641,999</u>
29. Trading profit / (loss)			
Sale of cotton / polyester		819,454,462	35,492,754
Cost of sales		811,259,917	36,027,053
		<u>8,194,545</u>	<u>(534,299)</u>
30. Other income			
Income from financial assets:			
Profit on deposits		1,819,103	1,447,843
Dividend		15,750,471	8,154,612
Fair value gain on short term investment		27,062,961	-
Income from assets other than financial assets:			
Rental income		-	4,270,584
Gain on disposal of operating assets		-	4,498,944
Balances written back		-	372,552
		<u>44,632,535</u>	<u>18,744,535</u>

Note	2021 Rupees	2020 Rupees
31. Distribution cost		
Ocean freight	111,734,900	107,131,433
Local freight	24,837,018	20,635,129
Clearing and forwarding	16,126,689	20,062,722
Export development surcharge	3,084,653	6,294,399
Insurance	636,704	593,302
Other	156,224	1,236,281
	<u>156,576,188</u>	<u>155,953,266</u>

32. Administrative expenses

Director's remuneration		7,200,000	6,800,000
Staff salaries and benefits		60,122,917	49,718,849
Retirement benefits		3,612,951	3,505,163
Postage and telecommunication		2,835,114	3,623,590
Vehicles running and maintenance		14,056,296	14,461,435
Travelling and conveyance		2,027,606	7,008,001
Printing and stationery		1,382,736	1,174,269
Electricity and gas		2,926,640	3,244,225
Fees, subscriptions and periodicals		6,240,422	5,438,183
Advertisement		192,400	74,100
Insurance		1,112,630	1,992,322
Auditors' remuneration	32.1	1,615,750	1,665,750
Legal and professional		4,666,441	6,516,114
Rent, rates and taxes		662,472	825,395
Entertainment		1,232,323	2,151,225
Depreciation on operating assets	4.2	7,227,649	7,898,815
Depreciation on investment property		-	4,995,675
Amortisation of intangible assets	5.1	330,203	792,488
Other		6,064,913	5,509,247
		<u>123,509,463</u>	<u>127,394,846</u>

32.1 Auditors' remuneration

Audit fee	1,200,000	1,250,000
Fee for the review of half yearly financial information	300,000	300,000
Other Certifications	15,750	15,750
Out of pocket expenses	100,000	100,000
	<u>1,615,750</u>	<u>1,665,750</u>

33. Other operating expenses

Workers' profit participation fund	93,391,470	53,363,971
Workers' welfare fund	35,944,512	20,278,309
Loss on disposal of property, plant and equipment	3,467,950	-
Balances written Off-net	19,510,334	
Adjustment in fair value of short term investment - net	-	16,591,448
	<u>152,314,266</u>	<u>90,233,728</u>

	2021 Rupees	2020 Rupees
34. Finance cost		
Interest / mark up on:		
Long term finance	57,788,081	52,755,196
Short term borrowings	211,883,994	263,693,354
Workers' profit participation fund	1,189,071	3,893,626
Bank charges and commission	11,810,241	8,986,901
	<u>282,671,387</u>	<u>329,329,077</u>

35. Provision for taxation

Current		
for the year	221,072,310	196,728,764
for prior year	(11,200,236)	(3,911,693)
Deferred	(47,995,629)	84,500,440
	<u>161,876,445</u>	<u>277,317,511</u>

35.1 Relationship between tax expense and accounting profit

Reconciliation between accounting profit and tax expense has not been presented in these financial statements as income of the Parent Company is subject to minimum tax and final tax under Section 113 and 154 of the Income Tax Ordinance, 2001. The rental income of the Subsidiary is subject to tax under separate block of income.

Note	2021 Rupees	2020 Rupees
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36. Discontinued operations

36.1 Loss from discontinued operations

Rental income		4,697,640	-
Other income - Profit on deposit		64,066	-
		<u>4,761,706</u>	-
Salary		321,663	-
Travelling and conveyance		14,017	-
Audit fee		50,000	-
Fee and subscription		144,000	-
Rent rates and taxes		356,715	-
Depreciation on operating asset		450,000	-
Depreciation on investment property		3,548,983	-
Bank charges		1,218	-
Others		29,654	-
		<u>4,916,250</u>	-
(Loss) for the year before taxation		(154,544)	-
Provision for taxation	36.1.1	973,762	-
(Loss) for the year		<u>(1,128,306)</u>	-

36.1.1 Provision for taxation

	2021 Rupees	2020 Rupees
Current		
For the year	1,026,693	-
For prior year's	(52,931)	-
	<u>973,762</u>	<u>-</u>

36.2 Analysis of cash flows of discontinued operation

Cash flows from operating activities	28,500,032	-
Cash flows from investing activities	(23,672,855)	-
Cash flows from financing activities	-	-
	<u>4,827,177</u>	<u>-</u>

2021

2020

37. Earnings per share - Basic and diluted

Profit for the year attributable to shareholders of the Parent (Rupees)	<u>1,556,492,959</u>	<u>715,935,714</u>
Weighted average number of ordinary shares outstanding during the year	<u>191,421,099</u>	<u>191,421,099</u>
Earnings per share - Basic and diluted (Rupees)	<u>8.13</u>	<u>3.74</u>

37.1 There is no dilutive effect on the basic earnings per share of the Group.

38. REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVES

	2021			2020		
	Chief Executive Officer	Director	Executives	Chief Executive Officer	Director	Executives
Remuneration	3,072,000	1,536,000	20,074,293	2,816,000	1,536,000	21,138,240
House rent allowance	1,382,400	691,200	9,033,432	1,267,200	691,200	9,512,208
Medical allowance	307,200	153,600	2,007,429	281,600	153,600	2,113,824
Utilities allowance	38,400	19,200	250,929	35,200	19,200	264,228
	<u>4,800,000</u>	<u>2,400,000</u>	<u>31,366,083</u>	<u>4,400,000</u>	<u>2,400,000</u>	<u>33,028,500</u>
Number of persons	1	1	16	1	1	13

38.1 Chief Executive Officer is entitled to free use of the Parent maintained vehicle. The monetary value of running and maintenance is Rs. 3,415,350/- (2020: Rs. 3,125,044/-). The Directors have waived off their meeting fee.

39. AGGREGATE TRANSACTIONS WITH RELATED PARTIES

The Group in the normal course of business carries out transactions with various related parties which comprise of associated undertakings, key management personnel and provident fund. Amounts due to related parties are shown under the relevant notes to the financial statements. Remuneration to Chief Executive Officer, Director and Executives of the Parent is disclosed in Note 38. Other significant transactions with related parties are as follow:

Name of the related party	Relationship and Percentage	Transactions during the year	2021	2020
			Rupees	Rupees
Muhammad Zahid	Director	Loan obtained	783,000,000	33,000,000
		Loan repaid	921,688,515	109,015,141
Ayesha Shehryar	Related Party	Loan repaid	4,515,000	-
Aleeza Zahid Tariq	Related Party	Loan repaid	21,095,000	-
Ahmad Zahid	Director	Loan obtained	442,894,000	-
		Loan repaid	446,174,458	-
Zahidjee Textile Mills Limited Staff Provident Fund Trust	Other related party	Contribution for the year	29,128,379	31,211,962
Ahmad Zahid	Director	Advance against Sale of shares in subsidiary	156,550,000	-
Muhammad Qasim	Related Party	Sale of land and building	48,988,040	-
Mehreen Fahad	Director	Security Deposits	31,500,000	-
Aleeza Zahid Tariq	Related Party	Sale of vehicle	5,500,000	-
Fiza Zahid	Related Party	Sale of vehicle	650,000	-

40. DISCLOSURE WITH REGARD TO PROVIDENT FUND

		2021	2020
Size of the fund	(Rupees)	170,691,896	135,475,663
Cost of investment made	(Rupees)	110,000,000	119,500,000
Percentage of investment made	(Percentage)	64.44%	88.21%
Fair value of investment	(Rupees)	110,000,000	119,500,000

40.1 These figures are based on the un-audited financial statements of the provident fund.

41. NUMBER OF EMPLOYEES

	2021	2020
Total number of employees as at June 30	1968	1846
Average number of employees during the year	1989	1893

42. PLANT CAPACITY AND ACTUAL PRODUCTION

	2021	2020
Spinning		
Number of spindles installed	93,024	93,024
Number of spindles worked	93,024	93,024
Number of shifts per day	3	3
Installed capacity after conversion into 20/s count (Kgs)	41,072,983	41,072,983
Actual production of yarn 31,080,423 Kgs (2020: 28,272,379 Kgs) after conversion into 20/s count (Kgs)	41,050,604	38,376,019
Weaving		
Number of looms installed	280	280
Number of looms worked	280	280
Number of shifts per day	3	3
Annual production capacity converted into 60 picks (Square Meters)	42,536,384	42,536,384
Actual production converted into 60 picks (Square Meters)	35,252,938	34,500,950

42.1 Reasons for shortfall:

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

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

	2021 Rupees	2020 Rupees
43.1 FINANCIAL INSTRUMENTS BY CATEGORY		
Financial assets at amortised cost:		
Long term deposits	35,976,224	4,476,224
Trade debts	2,000,829,869	1,729,035,469
Loans, advances and deposit	1,012,152	2,774,116
Other receivables	1,816,763	3,385,488
Cash and bank balances	394,830,317	68,852,324
	<u>2,434,465,325</u>	<u>1,808,523,621</u>
Financial asset at fair value:		
Short term investments	<u>123,135,481</u>	<u>56,790,569</u>

	2021 Rupees	2020 Rupees
Financial liabilities at amortised cost:		
Trade and other payables	842,233,559	754,978,775
Interest / mark up payable	73,144,504	59,198,537
Short term borrowings	2,305,112,041	2,997,917,815
Unclaimed dividend	1,204,621	1,204,621
Long term finance	<u>2,764,986,858</u>	<u>1,347,985,624</u>
	<u><u>5,986,681,583</u></u>	<u><u>5,161,285,372</u></u>

43.2 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

43.2.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The maximum exposure to credit risk at the reporting date is as follows:

	2021 Rupees	2020 Rupees
Long term deposits	35,976,224	4,476,224
Trade debts	2,000,829,869	1,729,035,469
Loans, advances and deposit	1,012,152	2,774,116
Other receivables	1,816,763	3,385,488
Bank balances	<u>381,168,186</u>	<u>63,319,263</u>
	<u><u>2,420,803,194</u></u>	<u><u>1,802,990,560</u></u>

Due to Parent Company's long standing relations with counterparties and after giving due consideration to their financial standing, the management does not expect non performance by these counter parties on their obligations to the Parent except trade debts considered doubtful.

For trade debts credit quality of the customer is assessed, taking into consideration its financial position and previous dealings. Individual credit limits are set. The management regularly monitor and review customers credit exposure. The aging of trade debts as at statement of financial position date is as

	2021 Rupees	2020 Rupees
Not past due	1,950,567,820	1,687,864,419
Past due	<u>142,447,810</u>	<u>133,356,811</u>
Less: Provision for doubtful debts	<u>(92,185,761)</u>	<u>(92,185,761)</u>
	<u><u>50,262,049</u></u>	<u><u>41,171,050</u></u>
	<u><u>2,000,829,869</u></u>	<u><u>1,729,035,469</u></u>

Appropriate provision has been made in respect of past due trade debts considered doubtful. The credit risk exposure is limited in respect of bank balances as these are placed with local banks having good credit rating from international and local credit rating agencies.

The bank balances alongwith credit rating is as follows.

Credit Rating	2021 Rupees	2020 Rupees
AAA	126,668,978	37,177,146
AA+	92,774,570	19,262,544
AA	1,000,430	153,905
Others	<u>160,724,208</u>	<u>6,725,667</u>
	<u><u>381,168,186</u></u>	<u><u>63,319,263</u></u>

43.2.2 Liquidity risk

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

	2021					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	-----Rupees in thousand-----					
Financial liabilities:						
Trade and other payables	1,426,195	1,426,195	1,426,195	-	-	-
Interest / mark up payable	73,145	73,145	73,145	-	-	-
Unclaimed dividend	1,204,621	1,204,621	1,204,621	-	-	-
Short term borrowings	2,305,112	2,409,603	2,409,603	-	-	-
Long term finance	2,764,987	3,149,258	154,603	151,845	2,019,880	822,930
	<u>7,774,060</u>	<u>8,262,822</u>	<u>5,268,167</u>	<u>151,845</u>	<u>2,019,880</u>	<u>822,930</u>
	2020					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	-----Rupees in thousand-----					
Financial liabilities:						
Trade and other payables	640,754	640,754	640,754	-	-	-
Interest / mark up payable	59,199	59,199	59,199	-	-	-
Unclaimed dividend	1,204,621	1,204,621	1,204,621	-	-	-
Short term borrowings	2,997,918	3,127,958	3,127,958	-	-	-
Long term finance	1,347,986	1,576,488	116,270	148,085	862,897	449,236
	<u>6,250,477</u>	<u>6,609,020</u>	<u>5,148,802</u>	<u>148,085</u>	<u>862,897</u>	<u>449,236</u>

The contractual cash flows relating to mark up have been determined on the basis of weighted average mark up rates on borrowings. The Group will manage the liquidity risk from its own source through working capital management. As at the year end, the Group has liquid assets of Rs. 3,418.82 million (2020: Rs. 2,133.27 million) and unavailed borrowing facilities of Rs. 4840.91 million (2020: Rs.3875.66 million).

43.2.3 Market risk

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

i) Interest rate risk

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

Majority of interest rate risk arises from borrowings from banks. The interest rate profile of the Group's interest bearing financial instruments is presented in relevant notes to the financial statements.

Sensitivity analysis

Sensitivity to interest rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period.

Fair value sensitivity analysis for fixed rate instruments.

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

Cash flow sensitivity analysis for variable rate instruments

Had the interest rate been increased / decreased by 1% at the reporting date with all other variables held constant, profit for the year and equity would have been lower / higher by Rs.46.91 million (2020: Rs. 42.61 million).

ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The Group is exposed to currency risk on foreign debtors. The total foreign currency risk exposure on reporting date amounted to Rs. 489.51 million (2020: Rs. 449.64 million).

At June 30, 2021, had the currency been weakened / strengthened by 5% against the U.S dollar and Euro, with all other variables held constant, profit for the year and equity would have been higher / lower by Rs.24.53 million (2020: Rs. 21.30 million).

iii) Equity price risk

Trading and investing in equity securities give rise to equity price risk. At the financial position date the Company is exposed to equity price risk in respect of investments. The total equity price risk exposure on reporting date amounted to Rs. 123.135 million (2020: Rs. 56.790 million).

At June 30, 2021, had the quoted securities prices been increased / decreased by 5%, with all other variables held constant, short term investments and equity would have been higher / lower by Rs. 6.15 (2020: Rs. 2.84 million).

43.3 Fair values of financial instruments

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

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

43.4 Capital risk management

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

Consistent with others in the industry, the Group manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders. Debt is calculated as total of long term finance and short term borrowings. Total capital comprises shareholders' equity as shown in the balance sheet under 'share capital and reserves' and net debt (net of cash and cash

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

	Note	2021 Rupees	2020 Rupees
Total Debt	19 & 20	5,053,098,899	4,345,903,439
Less: Cash and bank balances		<u>384,991,004</u>	<u>68,852,324</u>
Net Debt		<u>4,668,107,895</u>	<u>4,277,051,115</u>
Total equity		<u>7,845,557,662</u>	<u>6,462,034,610</u>
Total capital		<u>12,513,665,557</u>	<u>10,739,085,725</u>
Gearing ratio		37.30%	39.83%

44. DATE OF AUTHORISATION FOR ISSUE

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

GENERAL

45. 45.1 RE-ARRANGEMENTS

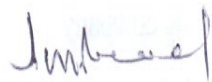
Figures have been re-arranged, wherever necessary, for better presentation of financial statements.

"Deferred tax on incremental depreciation" amounting to Rs. 19,863,340/- was transferred directly to "Unappropriated profits". It is now grouped in "Provision for taxation" under head of "Deferred" taxation for better presentation.

46. Figures have been rounded off to the nearest Rupee except where mentioned rounding off in Rupees in thousands.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Pattern of Shareholding
As on June 30, 2021

No. of Shareholders	Shareholding		Total Shares held
	From	To	
167	1	100	5,807
877	101	500	256,096
493	501	1,000	354,801
1,625	1,001	5,000	2,048,169
30	5,001	10,000	208,654
17	10,001	15,000	222,707
2	15,001	20,000	32,554
6	20,001	25,000	128,437
1	25,001	30,000	26,500
2	30,001	35,000	65,891
2	40,001	45,000	86,095
1	45,001	50,000	48,641
3	50,001	55,000	156,366
2	55,001	60,000	116,259
2	60,001	65,000	125,166
1	65,001	70,000	67,072
1	70,001	75,000	73,296
1	80,001	85,000	85,000
1	90,001	95,000	92,357
1	105,001	110,000	109,862
1	150,001	155,000	153,587
1	200,001	205,000	201,500
1	210,001	215,000	211,492
1	1,085,001	1,090,000	1,090,000
1	2,240,001	2,245,000	2,244,338
1	88,050,001	88,055,000	88,053,704
1	95,155,001	95,160,000	95,156,748
3,242			191,421,099

**Category of Shareholders
As on June 30, 2021**

Category of Shareholders	Number	Shares held	Percentage
Directors and Spouse(s)			
Mr. Muhammad Sharif	1	1,067	0.00
Mr. Muhammad Zahid	1	95,156,748	49.71
Mr. Faisal Masood Afzal	1	1,060	0.00
Mr. Ahmad Zahid	1	88,053,704	46.00
Mr. Ahmad Zahid	1	1,090,000	0.57
Ms Mehreen Fahad	1	500	0
Mr. Sajjad Hussain Shah	1	499	0.00
Mr. Shahbaz Haider Agha	1	500	0.00
Associated companied, undertakings and related parties	-	-	-
NIT and ICP			
M/s. Industrial Development Bank of Pakistan	1	4,709	0.00
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarabas, Pension Funds and REIT Management	-	-	-
Mutual funds	-	-	-
General Public			
Local	3,225	4,859,927	2.54
Foreign	-	-	-
Companies	8	8,047	0.00
Others	1	2,244,338	1.17
	3,242	191,421,099	100.00
Shareholding 5% or more	2	184,300,452	96.28

FORM OF PROXY

I/We, _____ of _____, holding Computerized National Identity Card (CNIC)/Passport No. _____ and being a member of Zahidjee Textile Mills Limited, hereby appoint _____ of _____, holding CNIC/Passport No. _____, or failing him/her hereby appoint _____ of _____, holding CNIC/Passport No. _____, as my/our proxy to vote for me/us and on my/our behalf at the (Annual, Extra-ordinary, as the case may be) general meeting of company to be held on the day of and at any adjournment thereof.

As witness my/our hand/seal this _____ day of _____

WITNESS:

1. Signature _____
Name _____
Address _____
CNIC No. _____
2. Signature _____
Name _____
Address _____
CNIC No. _____

CDC Account No.

Revenue Stamp of Rs. 5/-

To be signed by the above named shareholder

Notes:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, not less than 48 hours before the time of holding the meeting. A proxy must be a member of the Company.
2. The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
3. Attested copies of CNIC of the appointer and the proxy-holder shall be furnished with the Proxy Form.
4. The proxy-holder shall produce his/her original CNIC at the time of the meeting.
5. In case of corporate entity, the Board of Directors' resolution / Power of Attorney with specimen signature shall be submitted along with Proxy Form.

پراکسی فارم

میں/ہم _____ ساکن _____ حامل کمپیوٹرائزڈ کارڈ (CNIC) / پاسپورٹ نمبر _____
اور بطور رکن زاہلجی ٹیکسٹائل ملز لمیٹڈ _____ حامل کمپیوٹرائزڈ کارڈ (CNIC) / پاسپورٹ نمبر _____
یا اس کی عدم موجودگی میں _____ حامل کمپیوٹرائزڈ کارڈ (CNIC) / پاسپورٹ نمبر _____ کو مورخہ _____ کو
منقعد ہونے والے سالانہ اجلاس عام اور اس کے کسی ملتوی شدہ اجلاس کے لئے میری/ہماری جانب سے ووٹ ڈالنے کے لیے بطور نمائندہ (پراکسی) تقرر کرتا ہوں/ کرتی ہوں کرتے ہیں۔
گواہان کی موجودگی میں میرے/ہماری دستخط/مہر بروز _____ کو ثبت کئے گئے/کی گی۔
گواہان:

1- دستخط _____ نام _____
پتہ _____ کمپیوٹرائزڈ کارڈ نمبر _____
2- دستخط _____ نام _____
پتہ _____ کمپیوٹرائزڈ کارڈ نمبر _____

پانچ روپے کی اسٹمپ

حصص یافتہ کے دستخط

سی ڈی سی اکاؤنٹ نمبر

نوٹس:

- 1) یہ پراکسی فارم، مکمل اور دستخط شدہ، کمپنی کے رجسٹرڈ دفتر میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے پہلے موصول ہونا ضروری ہے۔ پراکسی کا ممبر ہونا ضروری ہے۔
- 2) پراکسی فارم پر خُده، دو گواہان کے نام، پتہ اور سی این آئی سی نمبر درج ہونے چاہئے۔
- 3) پراکسی فارم کے ساتھ تقرر کرنے والے اور پراکسی کے حامل فرد کے سی این آئی سی کی تصدیق خُده نقول جمع کی جائیں گی۔
- 4) اجلاس کے وقت پراکسی کا حامل شخص اپنا اصل شناختی کارڈ فراہم کرے گا۔
- 5) کارپوریٹ ادارے کی صورت میں، ادارے کے بورڈ آف ڈائریکٹرز کی منظور شدہ قرارداد، پاور آف اٹرنی بشمول نمونہ دستخط پراکسی فارم کے ساتھ جمع ہوں گی۔

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