



ZEPHYR
TEXTILES LIMITED

Zephyr Textiles Limited
ANNUAL REPORT 2022

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BOARD OF DIRECTORS:	Mr. Mussaid Hanif Mr. Arbab Muhammad Khan Mr. Rana Kamal Ud Din Ms. Tehniyat Mussaid Ms. Sabah Burhan Ms. Sarah Naviwala Ms. Nuzhat Kamran	CEO Chairperson
AUDIT COMMITTEE:	Ms. Nuzhat Kamran Mr. Rana Kamal Ud Din Ms. Tehniyat Mussaid	Chairperson/Member Member Member
HR & REMUNERATION COMMITTEE:	Ms. Nuzhat Kamran Mr. Arbab Muhammad Khan Ms. Sabah Burhan	Chairperson/Member Member Member
CHIEF FINANCIAL OFFICER:	Mr. Naveed Aleem	
COMPANY SECRETARY:	Mr. Abdul Jabbar	
AUDITORS:	Azhar Zafar & Company	Chartered Accountants
LEGAL ADVISOR:	Ahmad Law Firm Advocate High Court Suit No. 7, Block No. 9, Shabbir Town, Executive Suits, 2.5 Km Raiwind Road, Lahore-54000, Pakistan	
BANKERS TO THE COMPANY:	Habib Bank Limited Allied Bank Limited Askari Bank Limited United Bank Limited Habib Metropolitan Bank Limited Bank Al Habib Limited	National Bank of Pakistan MCB Bank Limited The Bank of Punjab Faysal Bank Limited Meezan Bank Limited Silk Bank Limited

MILLS:	1 km, Balloki Bhai Pheru Road Bhai Pheru. Phone : 0494 - 512007-9, 513103-5 Fax : 0494 - 512011 63 km, Gulshan Adda, Jumber Khurd, District Kasur.	(Weaving unit & Power plant) (Towel Unit)
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REGISTERED & HEAD OFFICE:	3rd Floor, IEP Building, 97 B/D-I, Gulberg III, Lahore E-mail: info@zephyr.com.pk Website: www.zephyrtextiles.com Phone : 042 35782905 - 15 Fax : 042 35753202
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Note: Zephyr's Company Information & Financial Statements are also available at the above website.

NOTICE IS HEREBY GIVEN that the 24th Annual General Meeting of Zephyr Textiles Limited ("ZTL" or "the Company") will be held at the Registered Office of the Company, 3rd Floor IEP Building, 97 B/D-I, Gulberg III, Lahore on Friday, October 28, 2022, at 10:30 AM to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the last Annual General Meeting dated October 28, 2021.
2. To approve Final Cash Dividend @ 5% [i.e. Rs.0.50/- Per Ordinary Share] as recommended by the Board of Directors.
3. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2022 together with the Chairperson's Review Report, Directors' and Auditor's report thereon.
4. To appoint auditors for the year ending June 30, 2023 and to fix their remuneration. The Board of Directors, on recommendation of the Audit Committee has proposed the appointment of M/s BDO EBRAHIM & CO., Chartered Accountants, as auditors for the year ending on June 30, 2023.
5. To transact any other business with the permission of the Chair.

By Order of the Board



Abdul Jabbar

Company Secretary

Lahore:

Friday October 07, 2022.

NOTE:

● **BOOK CLOSURE NOTICE:**

Share transfer books of the company will remain closed from October 22, 2022 to October 28, 2022 (both days inclusive) and no transfer will be accepted during this period.

FOR ATTENDING THE MEETING THROUGH VIDEO LINK DUE TO COVID 19 PANDEMIC:

In pursuance of SECP Circular Nos. 5, 10A and 20 of 2020 dated 17th March, 2020, 01st April, 2020 and 31st August, 2020 respectively regarding Regulatory Relief to dilute impact of Corona Virus (COVID 19) for Corporate Sector, the entitled shareholders interested in attending the Annual General Meeting (AGM) through video link facility ("Zoom" which can be downloaded from Google Play or Apple App Store) are requested to get themselves registered with the Company Secretary office at least two working days before the holding of the time of AGM at abdul.jabbar@zephyr.com.pk by providing the following details:-

Name of Shareholder	CNIC Number	Folio Number	Cell Number	Email Address

Notice of Annual General Meeting

- Upon receipt of the above information from interested shareholders, the Company will send the login details at their email addresses.
- On the AGM day, the shareholders will be able to login and participate in the AGM proceedings through their smart phone or computer devices from their any convenient location.
- The login facility will be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after identification process and verification process.
- Shareholders will be encouraged to participate in the AGM to consolidate their attendance and participation through proxies.
- A Shareholder entitled to attend and vote at this meeting may appoint another shareholder as his/her proxy to attend and vote as his/her proxy to attend and vote on his/her behalf. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a naturally certified copy of the power of attorney must be received at the registered office of the company, duly stamped, signed and witnessed not later than 48 hours before the meeting.
- CDC Account holders will further have to observe the following guidelines, as laid down in Circular O 1 dated January 20, 2000, issued by the Securities and Exchange Commission of Pakistan:
- **Submission of copies of CNIC (Mandatory):**

Pursuant to the Notification SRO.275(I)/2016 dated March 31, 2016 read with S.R.O.19(I)/2014 dated January 10, 2014 and SRO.831(I)/2012 dated July 5, 2012 of the Securities & Exchange Commission of Pakistan (SECP), Dividend Warrant(s) shall mandatorily bear the Computerized National Identity Card (CNIC) numbers of shareholders. Shareholders are therefore requested to fulfill the statutory requirements and submit a copy of their CNIC or NTN in case of corporate entities (if not already provided) to the Company's Share Registrar.

- **Transmission of audited financial statements / notices through email**

As notified by the SECP vide SRO.787(I)/2014 dated September 8, 2014, all listed companies are allowed to circulate audited financial statements along with notice of annual general meetings to its shareholders through their e-mail addresses subject to written consent of the shareholders. Standard Request Form available on the Company's website: <http://www.zephyrtextiles.com>

- **Transmission of annual financial statements through cd/dvd/usb**

SECP through its SRO.470(I)/2016 dated May 31, 2016 have allowed companies to circulate their annual balance sheet, profit and loss account, auditor's report and directors' report to its members through CD/DVD/USB at their registered addresses. In view of the above the Company has sent its Annual Report to the shareholders in the form of CD/DVD. Any Member can send request for printed copy of the Annual Report to the Company on standard request form placed under the Investor Information section on its website <http://zephyrtextiles.com/investor-information>

- **Unclaimed Dividends:**

As per the provision of section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable are required to be deposited with the Commission for the credit of Federal Government after issuance of notices to the shareholders to file their claim. In this regards, a notice to shareholder was sent at their provided addresses and subsequently final notice was published in newspapers having nationwide circulation.

Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged timely. In case, no claim is lodged with the Company in the given time, the Company shall proceed to deposit the unclaimed/unpaid amount and shares with the Federal Government pursuant to the provision of Section 244 (2) of companies Act, 2017.

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 an annual evaluation of the Board of Directors of Zephyr Textiles 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.

Board Performance

For the financial year ended June 30, 2022, the Board's overall performance and effectiveness has been assessed as Satisfactory. Improvements are an ongoing process leading to action plans. The above overall assessment is based on an evaluation of integral components, including vision, mission and values, engagement in strategic planning, formulation of policies, monitoring the organization's business activities, monitor financial resource management, effective fiscal oversight, equitable treatment of all employees and efficiency in carrying out the Board's responsibility. The Board of Directors of your Company received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings. Key highlights of the board's achievements are as follows:

- Routine BMR
- Quarterly and annual financial statements
- Ensured the quality and appropriateness of financial reporting and the transparency of disclosures in annual and quarterly financial statements.
- Internal audit and audit committee reports and findings and Reviewed effectiveness of internal control system.
- Appointment of external auditors, and
- Distribution of WPPF

The board meets frequently enough to adequately discharge its responsibilities. The non-executive and independent directors are equally involved in important decisions. I would like to extend my thanks and appreciation to all staff members, customers, suppliers, bankers, shareholders and Board of Directors for their commitment and hard work.



Tehniyat Mussaid
Chairperson

Lahore: September 28, 2022

Dear members,

The Directors of your Company takes pleasure in presenting before you the Annual Report along with audited financial statements and independent auditors' report thereon for the period ended June 30, 2022.

Financial Review

The Company recorded sales revenue of PKR 7.38 billion, earned gross profit of PKR 739.15 million and net profit of PKR 190.46 million in the period under review as compared to sales revenue PKR 6.13 billion, gross profit of PKR 807.55 million and net profit of PKR 302.08 million respectively in corresponding period last year. Financial cost reduced by 12.26% in the period under review as compared to corresponding period due to repayment of long term loans. Following is the financial synopsis:

Description	2022	2021	% Increase/ (Decrease)
Net sales	7,384,164,107	6,128,887,901	20.48
Gross profit	739,148,073	807,545,936	(8.47)
EBITDA	447,175,288	540,265,089	(17.23)
Depreciation	185,945,639	179,296,201	3.71
Finance cost	98,263,024	111,992,545	(12.26)
Pre-tax profit	261,229,649	360,968,888	(27.63)
After tax profit	190,464,604	302,076,904	(36.95)
EPS	3.20	5.08	(36.95)

Profit margins squeezed although there was an increase of 20.48% in sale revenue. The reason for reduced margin is inflationary pressure on cost of various raw material like cotton, dyes, chemicals and packaging materials. Unprecedented increase in the ocean freights significantly reduced profitability. Yarn prices increased by 45% in FY 2022 as compared to the corresponding FY 2021. Salaries and wages also increased by 19% due to minimum wage increase.

The Company repaid long term loans of PKR 258.56 million as compared to PKR 107 million in corresponding period last year to reduce liabilities and markup cost. On the other side, finance cost increased on short term borrowings due to gradual increase in policy rate by the State Bank Of Pakistan from 7.45% in June 2021 to 15.32% in June 2022. Finance cost on export refinance also increased by the State Bank Of Pakistan from 3% to 10% during the period under review. Despite drastic increase in the interest rates, the company managed to reduce its overall cost of finance by reducing liabilities and better financial planning.

Capital Expenditures

The Company invested PKR 326.28 million in fixed capital expenditure (CAPEX) which is 17% above last year's CAPEX. Investment of PKR 224.36 million out of PKR 326.28 was made with cash generated from business operations. This BMR covers both modernization of existing equipment and induction of new equipment like winders, twistors and a 2.0 MW gas generator. This shows the Company's commitment to broaden, upgrade and modernize its manufacturing facilities on regular basis.

Working Capital Management

Current ratio for the period stands at 1.06 (2021: 1.11) along with long term rating of BBB+ and short-term rating of A-2 maintained by VIS Credit Rating Company Limited which shows the Company's ability to meet its long as well as short term obligations. The Company utilized its working capital in most efficient way to achieve 20.48% growth in sales revenue. The Company earned EBITDA of PKR 447.17 million as compared to PKR 540.26 in corresponding period last year. EBITDA to sale percentage was 6.05% as compared to 8.80% last year

Dividend

Keeping in view the Company's needs and future ability of cash generation, the Board of Directors of the Company is pleased to recommend 5% dividend for the year ended June 30, 2022 (June 30, 2021: 5%).

Earnings per Share

The Company maintains a positive stream of earning per share (EPS) which shows effectiveness of management's strategy in order to enhance the shareholders' value. The earning per share (EPS) stands at PKR 3.20 for the period ended June 30, 2022 as compared to PKR 5.08 corresponding previous year.

General market review and future prospects

The trend of deflation of commodities started during the last quarter and is continuing. Interest rates are rising globally as well in Pakistan to tame the inflation. Post pandemic opening of the markets created a boom of goods which is unwinding rapidly. Our customers have generally high level of inventories and are reluctant to commit further business. This trend may continue during the first and second quarter of year 22-23. We hope that sales during coming Christmas season pickup and inventories are cleared.

Economic factors such as increasing interest rates, twin digit inflation, severe shortage of domestic cotton and uncertainties of exchange rates are creating serious hurdles in business planning. Adding to this are woes from political instability in the country and climate disasters. These concerns are making foreign buyers worry and giving them reasons to source textile products and garments from Pakistan's neighboring countries.

The economy of Pakistan deteriorated by political turmoil and GDP growth rate declined from 6.03% in 2022 to 4.30% in first quarter of 2023. Apart from political instability, natural and climate disasters further challenged Pakistan's economy by destroying agriculture crops posing a serious threat of food and cotton shortage in coming period. Textile industry has to depend on imported raw materials like cotton and yarn to fulfill its sales commitments which will reduce its margin and may be in losses in the coming period. The government facilitated the textile export industry with regionally competitive tariffs for gas and power usage for the period ended 30th June 2022 which kept the textile industry running. The same scheme is continuing for the next financial year after some foot dragging on this issue. The continued supply of energy with stable tariff policy is essential for the successful operations.

Corporate Governance

Board of Directors

Following are directors of the Company:

1.	Mr. Mussaid Hanif	Executive Director/CEO
2.	Mr. Arbab Muhammad Khan	Executive Director
3.	Mr. Rana Kamal Ud Din	Independent Director
4.	Ms. Tehniyat Mussaid	Director/Chairperson
5.	Ms. Sabah Burhan	Director
6.	Ms. Nuzhat Kamran	Independent Director
7.	Ms. Sarah Naviwala	Director

Directors' Training Program

The Board of directors of the Company consist of 7 Directors out of which the following five directors have obtained a certificate for the Directors' Training Program offered by a local institution that meets the criteria specified by the Securities and Exchange Commission of Pakistan ("SECP"):

- Ms. Tehniyat Mussaid
- Ms. Sabah Burhan
- Mr. Arbab Muhammad Khan
- Ms. Sarah Naviwala
- Ms. Nuzhat Kamran

The remaining two directors including chief executive of the Company meet the exemption requirement of the DTP.

Corporate Briefing Session

Corporate Briefing Session is being held annually to brief investors regarding the performance of the Company and future outlook.

Compliance of Corporate and Financial Reporting Framework

We are committed to good corporate governance and do comply with the requirements of Code of Corporate Governance Regulation 2017 (CCG 2017) included in the listing regulations of Pakistan Stock Exchange Limited. The statement of compliance with the CCG 2017 is enclosed.

Board Committees

Audit Committee

The Audit Committee is comprised of all three non-executive members of the board. The chairperson of the committee is an independent director. The audit committee is performing its duties in line with its terms of reference as determined by the Board of Directors. During the year under review, four audit committee meetings were held, attendance position was as under:

Name	Designation	Meetings attended
Ms. Nuzhat Kamran	Chairperson/Member	4
Ms. Tehniyat Mussaid	Member	4
Mr. Rana Kamal Ud Din	Member	4

Human Resource & Remuneration Committee

The HR and remuneration committee comprised of three members of whom two are non-executive directors and the Chairperson is an independent director. The Human Resource & Remuneration Committee is performing its duties in line with its terms of reference as determined by the Board of Directors. During the year under review, only one HR and Remuneration committee meeting were held and attendance position was as under:

Name	Designation	Meetings attended
Ms. Nuzhat Kamran	Chairperson/Member	1
Mr. Arbab Muhammad Khan	Member	1
Ms. Sabah Burhan	Member	1

Meetings of the Board of Directors

During the year under review, four meetings of the Board of Directors of the Company were held and the attendance position is as follows:

S.No.	Name of Directors	No. of meetings attended
1.	Mr. Mussaid Hanif	4
2.	Mr. Arbab Muhammad Khan	4
3.	Mr. Rana Kamal Ud Din	4
4.	Ms. Nuzhat Kamran	4
5.	Ms. Tehniyat Mussaid	4
6.	Ms. Sabah Burhan	4
7.	Ms. Sarah Naviwala	3

Directors' Remunerations

The remuneration of 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. The Company does not pay remuneration and meeting fee to non-executive and independent directors respectively. Remuneration package of Chief Executive and other executive directors is disclosed in Note.37 to the financial statements.

Directors' Statement

In compliance of the Code of Corporate Governance, we give below statements on Corporate and Financial reporting framework:

1. Financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of account of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

External Auditors

The Board of Directors, on the recommendation of Audit Committee of the Company has proposed the appointment of M/S BDO Ebrahim & Co. Chartered Accountants as external auditors. The retiring auditors M/S Azhar Zafar & Co. Chartered Accountants are eligible for re-appointment in the forthcoming Annual General Meeting. However, a notice under section 246 of the Companies Act, 2017 has been received from a shareholder of the Company for the change of auditor.

Acknowledgement

The board places on record its profound gratitude for its valued shareholders, banks, financial institutions and customers, whose cooperation, continued support and patronage have enabled the Company to strive for constant improvement. During the period under review, relations between the management and employees remained cordial and we wish to place on record our appreciation for the dedication, perseverance and diligence of the staff and workers of the Company.



Mussaid Hanif
Chief Executive

Lahore
September 28, 2022



Arbab Muhammad Khan
Director

Horizontal Analysis

(Rupees in Million)

	2022	Variance vs Last Year Increase/ (Decrease) (%)	2021	Variance vs Last Year Increase/ (Decrease) (%)	2020	Variance vs Last Year Increase/ (Decrease) (%)	2019	Variance vs Last Year Increase/ (Decrease) (%)	2018	Variance vs Last Year Increase/ (Decrease) (%)	2017	Variance vs Last Year Increase/ (Decrease) (%)
OPERATING RESULTS												
Sales - net	7,384.16	20.48	6,128.89	41.67	4,326.05	(15.03)	5,091.14	19.73	4,252.32	13.41	3,749.39	(4.66)
Cost of sales	6,645.02	24.87	5,321.34	35.60	3,924.32	(14.08)	4,567.40	20.61	3,786.85	14.09	3,319.30	(6.12)
Gross Profit	739.15	(8.47)	807.55	101.02	401.73	(23.30)	523.74	12.52	465.47	8.23	430.09	8.28
Distribution cost	334.45	58.60	210.88	60.60	131.31	(6.37)	140.24	38.42	101.31	9.67	92.38	25.03
Administrative expenses	98.35	9.87	89.52	5.98	84.47	(0.63)	85.00	23.77	68.68	5.40	65.16	2.64
Other operating expenses	46.06	(3.47)	47.71	113.02	22.40	128.22	9.81	(16.27)	11.72	(81.44)	63.16	422.86
Financial cost	98.26	(12.26)	111.99	(7.92)	121.62	(15.75)	144.36	(8.61)	157.96	29.66	121.82	(3.57)
Other operating income	99.20	633.38	13.53	(60.74)	34.45	697.29	4.32	26.70	3.41	45.05	2.35	(78.44)
Profit/(Loss) before taxation	261.23	(27.63)	360.97	372.52	76.39	(48.61)	148.65	15.04	129.21	43.96	89.76	(32.17)
Provision for taxation	70.77	20.16	58.89	176.24	21.32	(30.80)	30.81	18.32	26.04	25.00	20.83	(17.65)
PROFIT/(LOSS) BEFORE TAXATION	190.46	(36.95)	302.08	448.51	55.07	(53.26)	117.84	14.21	103.17	49.68	68.93	(35.60)
BALANCE SHEET												
NON-CURRENT ASSETS												
Property, plant and equipment	2,169.67	6.59	2,035.55	6.94	1,903.44	(0.33)	1,909.71	(3.62)	1,981.44	(0.71)	1,995.53	11.02
Capital work in progress	39.59	19.64	33.09	(47.73)	63.32	103.76	31.08	-	-	(100.00)	9.70	-
Long term deposits	24.78	8.99	22.74	1.22	22.47	0.03	22.46	(0.18)	22.50	16.65	19.29	146.55
TOTAL NON-CURRENT ASSETS	2,234.04	6.82	2,091.38	5.14	1,989.22	1.32	1,963.24	(2.03)	2,003.93	(1.02)	2,024.52	12.14
CURRENT ASSETS												
Stores, spare parts and loose tools	252.18	45.09	173.82	24.32	139.82	27.34	109.80	6.00	103.59	(23.19)	134.87	20.14
Stock in trade	1,341.66	(4.92)	1,411.06	27.82	1,103.93	20.70	914.62	(14.49)	1,069.58	18.20	904.90	16.75
Trade debts	661.41	(19.70)	823.67	16.20	708.87	(0.50)	712.46	8.18	658.60	88.04	350.24	(21.60)
Loans and advances	90.56	(32.33)	133.83	74.39	76.74	(23.64)	100.50	179.43	35.97	8.07	33.28	(5.87)
Trade deposits and short term prepayments	474.24	36.66	347.02	41.03	246.05	15.43	213.16	12.94	188.74	(4.12)	196.86	30.64
Other receivables	56.45	(58.93)	137.44	71.74	80.03	(7.39)	86.42	11.45	77.54	129.65	33.76	24.64
Investments	1.42	(64.14)	3.97	(93.71)	63.08	6274.43	0.99	34.79	0.73	(56.31)	1.68	5.08
Cash and bank balances	64.70	(17.97)	78.87	9.87	71.79	29.06	55.62	91.86	28.99	(41.89)	49.89	(22.99)
TOTAL CURRENT ASSETS	2,942.63	(5.37)	3,109.68	24.87	2,490.30	13.53	2,193.57	1.38	2,163.74	26.87	1,705.48	5.69
TOTAL ASSETS	5,176.67	(0.47)	5,201.06	16.11	4,479.52	7.76	4,156.81	(0.26)	4,167.68	11.73	3,730.00	9.10
CURRENT LIABILITIES												
Trade and other payables	1,289.72	2.93	1,252.97	47.05	852.08	45.91	583.99	(11.95)	663.21	80.93	366.56	(5.41)
Accrued mark-up	16.60	(23.92)	21.82	(9.46)	24.10	5.65	22.82	5.28	21.67	36.82	15.84	10.59
Short term borrowings	1,294.91	2.05	1,268.83	(3.89)	1,320.19	5.61	1,250.02	7.88	1,158.70	18.04	981.62	38.18
Current portion of long term financing	183.30	(29.20)	258.92	295.44	65.48	(60.79)	167.01	1.28	164.91	(17.42)	199.70	13.24
TOTAL CURRENT LIABILITIES	2,784.53	(0.64)	2,802.55	23.91	2,261.85	11.76	2,023.84	0.76	2,008.49	28.44	1,563.72	21.35
WORKING CAPITAL	158.09	(48.53)	307.13	34.44	228.45	34.59	169.73	9.33	155.25	9.52	141.76	(56.38)
TOTAL CAPITAL EMPLOYED	2,392.13	(0.27)	2,398.51	8.15	2,217.67	3.97	2,132.97	(1.21)	2,159.19	(0.33)	2,166.28	1.69
NON-CURRENT LIABILITIES												
Long term financing	78.69	(67.44)	241.67	(30.96)	350.04	14.83	304.82	(26.77)	416.22	(23.53)	544.32	(4.58)
Deferred liabilities	253.82	3.26	245.80	(3.37)	254.37	5.51	241.10	(0.61)	242.57	7.75	225.13	(2.80)
TOTAL NON-CURRENT LIABILITIES	332.50	(31.79)	487.48	(19.35)	604.41	10.71	545.92	(17.13)	658.80	(14.38)	769.45	232.20
NET WORTH	2,059.63	7.78	1,911.04	18.46	1,613.26	1.65	1,587.05	5.78	1,500.39	7.41	1,396.83	74.15
NET WORTH REPRESENTED BY												
Issued, subscribed and paid-up capital	594.29	0.00	594.29	0.00	594.29	0.00	594.29	0.00	594.29	0.00	594.29	0.00
Accumulated Profit / Loss	1,204.61	16.31	1,035.67	44.56	716.44	7.45	666.74	20.16	554.86	18.32	468.97	26.85
Surplus on revaluation of property, plant and equipment	260.73	(7.24)	281.08	(7.09)	302.53	(7.21)	326.02	(7.18)	351.24	5.30	333.57	(8.42)
TOTAL NET WORTH	2,059.63	7.78	1,911.04	18.46	1,613.26	1.65	1,587.05	5.78	1,500.39	7.41	1,396.83	5.16
TOTAL LIABILITIES	5,176.67	(0.47)	5,201.06	16.11	4,479.52	7.76	4,156.81	(0.26)	4,167.68	11.73	3,730.00	9.10

Vertical Analysis

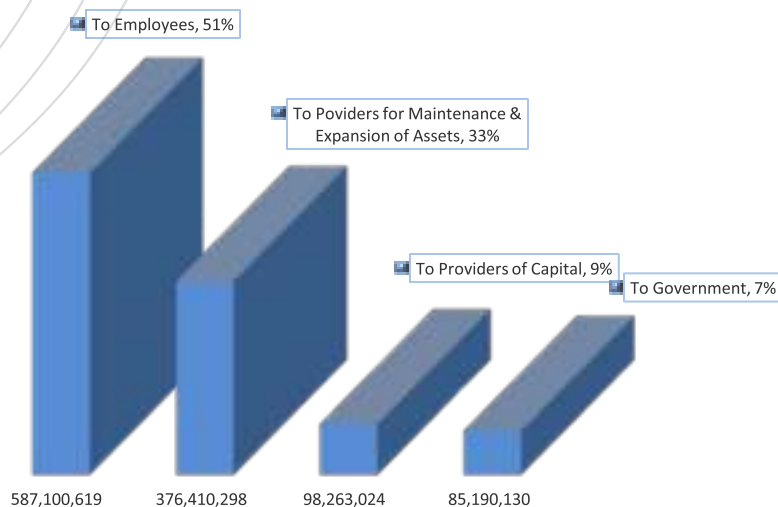
(Rupees in Million)

	2022	% of Total Value	2021	% of Total Value	2020	% of Total Value	2019	% of Total Value	2018	% of Total Value	2017	% of Total Value
OPERATING RESULTS												
Sales - net	7,384.16	100.00	6,128.89	100.00	4,326.05	100.00	5,091.14	100.00	4,252.32	100.00	3,749.39	100.00
Cost of sales	6,645.02	89.99	5,321.34	86.82	3,924.32	90.71	4,567.40	89.71	3,786.85	89.05	3,319.30	88.53
Gross Profit	739.15	10.01	807.55	13.18	401.73	9.29	523.74	10.29	465.47	10.95	430.09	11.47
Distribution cost	334.45	4.53	210.88	3.44	131.31	3.04	140.24	2.75	101.31	2.38	92.38	2.46
Administrative expenses	98.35	1.33	89.52	1.46	84.47	1.95	85.00	1.67	68.68	1.62	65.16	1.74
Other operating expenses	46.06	0.62	47.71	0.78	22.40	0.52	9.81	0.19	11.72	0.28	63.16	1.68
Financial cost	98.26	1.33	111.99	1.83	121.62	2.81	144.36	2.84	157.96	3.71	121.82	3.25
Other operating income	99.20	1.34	13.53	0.22	34.45	0.80	4.32	0.08	3.41	0.08	2.35	0.06
Profit/(Loss) before taxation	261.23	3.54	360.97	5.89	76.39	1.77	148.65	2.92	129.21	3.04	89.76	2.39
Provision for taxation	70.77	0.96	58.89	0.96	21.32	0.49	30.81	0.61	26.04	0.61	20.83	0.56
PROFIT/(LOSS) BEFORE TAXATION	190.46	2.58	302.08	4.93	55.07	1.27	117.84	2.31	103.17	2.43	68.93	1.84
BALANCE SHEET												
NON-CURRENT ASSETS												
Property, plant and equipment	2,169.67	41.91	2,035.55	39.14	1,903.44	42.49	1,909.71	45.94	1,981.44	47.54	1,995.53	53.50
Capital work in progress	39.59	0.76	33.09	0.64	63.32	1.41	31.08	0.75	-	0.00	9.70	0.26
Long term deposits	24.78	0.48	22.74	0.44	22.47	0.50	22.46	0.54	22.50	0.54	19.29	0.52
TOTAL NON-CURRENT ASSETS	2,234.04	43.16	2,091.38	40.21	1,989.22	44.41	1,963.24	47.23	2,003.93	48.08	2,024.52	54.28
CURRENT ASSETS												
Stores, spare parts and loose tools	252.18	4.87	173.82	3.34	139.82	3.12	109.80	2.64	103.59	2.49	134.87	3.62
Stock in trade	1,341.66	25.92	1,411.06	27.13	1,103.93	24.64	914.62	22.00	1,069.58	25.66	904.90	24.26
Trade debts	661.41	12.78	823.67	15.84	708.87	15.82	712.46	17.14	658.60	15.80	350.24	9.39
Loans and advances	90.56	1.75	133.83	2.57	76.74	1.71	100.50	2.42	35.97	0.86	33.28	0.89
Trade deposits and short term prepayments	474.24	9.16	347.02	6.67	246.05	5.49	213.16	5.13	188.74	4.53	196.86	5.28
Other receivables	56.45	1.09	137.44	2.64	80.03	1.79	86.42	2.08	77.54	1.86	33.76	0.91
Investments	1.42	0.03	3.97	0.08	63.08	1.41	0.99	0.02	0.73	0.02	1.68	0.05
Cash and bank balances	64.70	1.25	78.87	1.52	71.79	1.60	55.62	1.34	28.99	0.70	49.89	1.34
TOTAL CURRENT ASSETS	2,942.63	56.84	3,109.68	59.79	2,490.30	55.59	2,193.57	52.77	2,163.74	51.92	1,705.48	45.72
TOTAL ASSETS	5,176.67	100.00	5,201.06	100.00	4,479.52	100.00	4,156.81	100.00	4,167.68	100.00	3,730.00	100.00
CURRENT LIABILITIES												
Trade and other payables	1,289.72	24.91	1,252.97	24.09	852.08	19.02	583.99	14.05	663.21	15.91	366.56	9.83
Accrued mark-up	16.60	0.32	21.82	0.42	24.10	0.54	22.82	0.55	21.67	0.52	15.84	0.42
Short term borrowings	1,294.91	25.01	1,268.83	24.40	1,320.19	29.47	1,250.02	30.07	1,158.70	27.80	981.62	26.32
Current portion of long term financing	183.30	3.54	258.92	4.98	65.48	1.46	167.01	4.02	164.91	3.96	199.70	5.35
TOATL CURRENT LIABILITIES	2,784.53	53.79	2,802.55	53.88	2,261.85	50.49	2,023.84	48.69	2,008.49	48.19	1,563.72	41.92
WORKING CAPITAL	158.09	3.05	307.13	5.91	228.45	5.10	169.73	4.08	155.25	3.73	141.76	3.80
TOTAL CAPITAL EMPLOYED	2,392.13	46.21	2,398.51	46.12	2,217.67	49.51	2,132.97	51.31	2,159.19	51.81	2,166.28	58.08
NON-CURRENT LIABILITIES												
Long term financing	78.69	1.52	241.67	4.65	350.04	7.81	304.82	7.33	416.22	9.99	544.32	14.59
Deferred liabilities	253.82	4.90	245.80	4.73	254.37	5.68	241.10	5.80	242.57	5.82	225.13	6.04
TOTAL NON-CURRENT LIABILITIES	332.50	6.42	487.48	9.37	604.41	13.49	545.92	13.13	658.80	15.81	769.45	20.63
NET WORTH	2,059.63	39.79	1,911.04	36.74	1,613.26	36.01	1,587.05	38.18	1,500.39	36.00	1,396.83	37.45
NET WORTH REPRESENTED BY												
Issued, subscribed and paid-up capital	594.29	11.48	594.29	11.43	594.29	13.27	594.29	14.30	594.29	14.26	594.29	15.93
Accumulated Profit / Loss	1,204.61	23.27	1,035.67	19.91	716.44	15.99	666.74	16.04	554.86	13.31	468.97	12.57
Surplus on revaluation of property, plant and equipment	260.73	5.04	281.08	5.40	302.53	6.75	326.02	7.84	351.24	8.43	333.57	8.94
TOTAL NET WORTH	2,059.63	39.79	1,911.04	36.74	1,613.26	36.01	1,587.05	38.18	1,500.39	36.00	1,396.83	37.45
TOTAL LIABILITIES	5,176.67	100.00	5,201.06	100.00	4,479.52	100.00	4,156.81	100.00	4,167.68	100.00	3,730.00	100.00

Statement of Value Addition

WEALTH GENERATED	2022		2021	
	Amount Rs.	%	Amount Rs.	%
Sales Revenue	7,384,164,107		6,128,887,901	
Other Income	99,200,771		13,526,478	
	7,483,364,878		6,142,414,379	
Less:				
Material & Services				
Material & Factory Cost	5,959,706,279		4,722,423,218	
Administrative Cost	44,574,495		40,967,152	
Distribution & Other Cost	332,120,033		210,213,552	
	6,336,400,807		4,973,603,922	
Total Wealth Generated	1,146,964,071	100	1,168,810,457	100
WEALTH DISTRIBUTED	2022		2021	
	Amount Rs.	%	Amount Rs.	%
To Employees				
Salaries & Benefits	587,100,619	51.19%	496,325,649	42.46%
To Government				
Tax	70,765,045	6.17%	58,891,984	5.04%
Worker Profit Participation Fund	13,782,737	1.20%	19,059,803	1.63%
Worker Welfare Fund	642,348	0.06%	1,167,372	0.10%
To Providers of Capital				
Dividends to Share Holders	29,714,391	2.59%	29,714,365	2.54%
Mark Up/Interest on Borrowed Funds	98,263,024	8.57%	111,992,545	9.58%
To Providers for Maintenance & Expansion of Assets				
Depreciation	185,945,694	16.21%	179,296,200	15.34%
Profit Retained	160,750,213	14.02%	272,362,539	23.30%
	1,146,964,071		1,168,810,457	

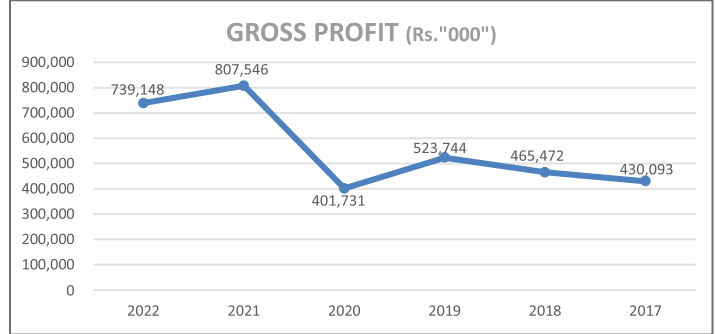
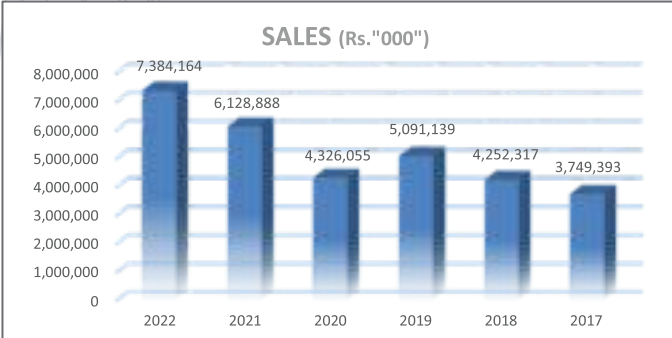
Distribution of Wealth



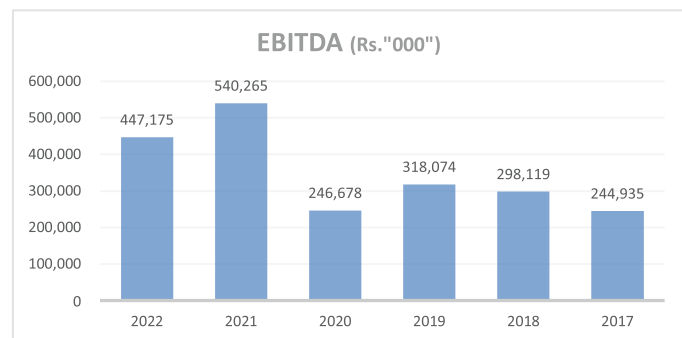
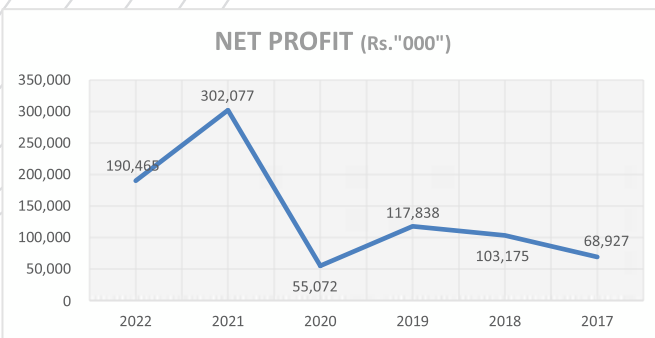
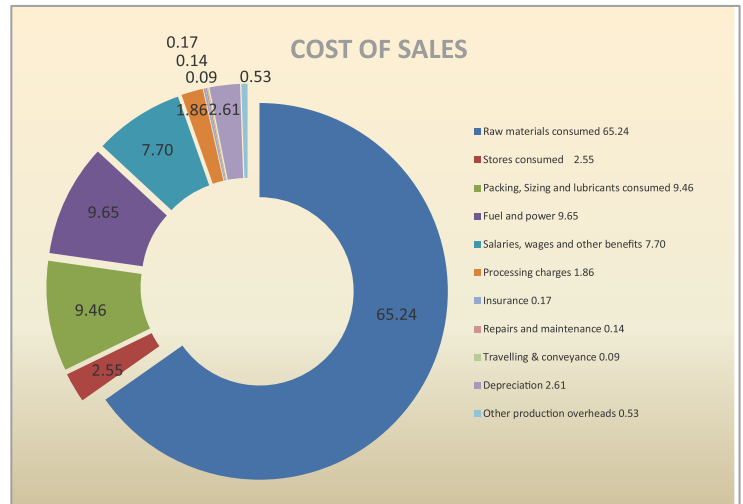
Key Operating and Financial Data of Last Six Years

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Rupees in Thousand						
PROFIT AND LOSS						
Sales	7,384,164	6,128,888	4,326,055	5,091,139	4,252,317	3,749,393
Cost of Sales	6,645,016	5,321,342	3,924,323	4,567,395	3,786,846	3,319,300
Gross Profit	739,148	807,546	401,731	523,744	465,472	430,093
Operating Profit plus other income	359,493	472,961	198,011	293,010	287,169	211,582
EBITDA	447,175	540,265	246,678	318,074	298,119	244,935
Financial & Other charges	98,263	111,993	121,620	144,363	157,956	121,825
Taxation	70,765	58,892	21,319	30,809	26,038	20,831
Net Profit after tax	190,465	302,077	55,072	117,838	103,175	68,927
BALANCE SHEET						
Capital	594,287	594,287	594,287	594,287	594,287	594,287
Share subscription money	-	-	-	-	-	-
Reserves	1,204,612	1,035,675	716,442	666,743	554,862	468,969
Surplus on revaluation of fixed assets	260,732	281,076	302,532	326,024	351,241	333,573
Net worth	2,059,631	1,911,038	1,613,261	1,587,054	1,500,390	1,396,829
Long Term Liabilities	78,687	241,674	350,037	304,818	416,224	544,322
Deferred liabilities	253,816	245,801	254,374	241,098	242,573	225,127
Current Liabilities	2,784,533	2,802,548	2,261,851	2,023,837	2,008,488	1,563,718
Total Liabilities	3,117,036	3,290,023	2,866,262	2,569,753	2,667,285	2,333,167
Total Equity & Liabilities	5,176,667	5,201,061	4,479,523	4,156,807	4,167,675	3,729,997
Fixed Assets	2,169,666	2,035,549	1,903,440	1,909,708	1,981,436	1,995,530
Capital Work in Progress	39,592	33,094	63,318	31,075	-	9,702
Long Term Deposits	24,784	22,739	22,465	22,459	22,498	19,287
Current Assets	2,942,625	3,109,679	2,490,299	2,193,565	2,163,741	1,705,478
Total Assets	5,176,667	5,201,061	4,479,523	4,156,807	4,167,675	3,729,997
INVESTOR INFORMATION						
Break up value per share (Rs.)	34.66	32.16	27.15	26.71	25.25	23.50
Bonus/Cash dividend (Rs. In Million)	29.71	-	29.71	29.71	-	-
Earning Per Share (Rs.)	3.20	5.08	0.93	1.98	1.74	1.16
Return on Equity (%)	9.25	15.81	3.41	7.42	6.88	4.93
Return on Assets (%)	3.68	5.81	1.23	2.83	2.48	1.85
FINANCIAL RATIOS						
Gross Margin (%)	10.01	13.18	9.29	10.29	10.95	11.47
Net Margin (%)	2.58	4.93	1.27	2.31	2.43	1.84
EBITDA	6.06	8.82	5.70	6.25	7.01	6.53
Current Ratio	1.06	1.11	1.10	1.08	1.08	1.09
Long Debt to Equity ratio (%)	13:87	26:74	26:74	30:70	39:61	53:47
Interest cover ratio (Times)	3.66	4.22	1.63	2.03	1.82	1.74
Gearing ratio (%)	43:57	48:52	52:48	52:48	54:46	55:45

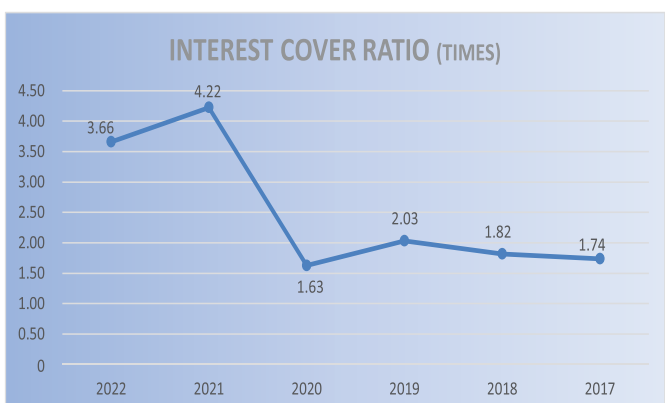
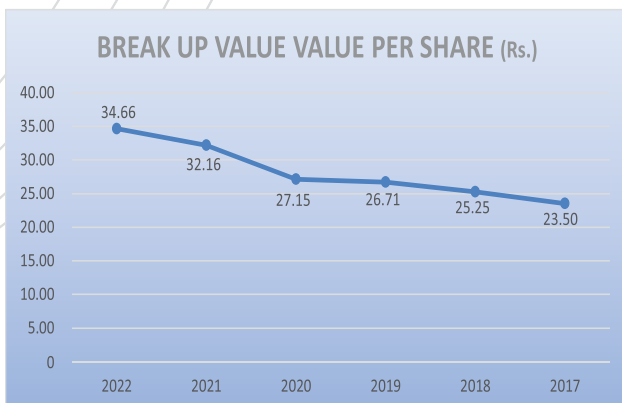
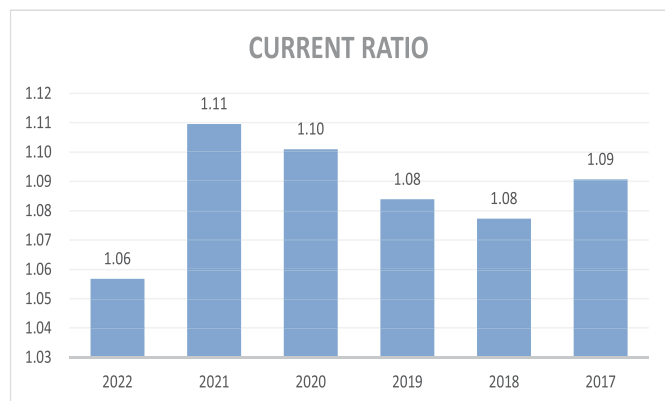
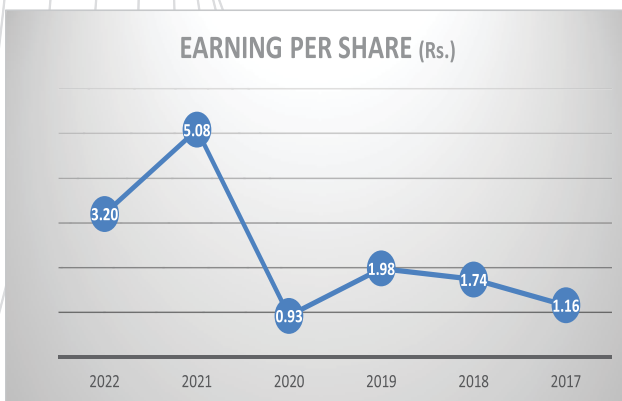
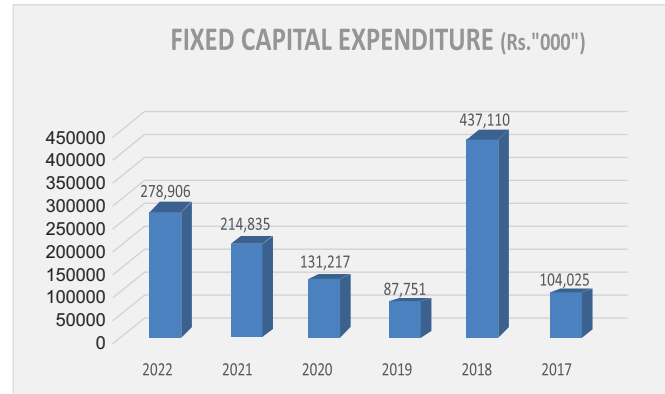
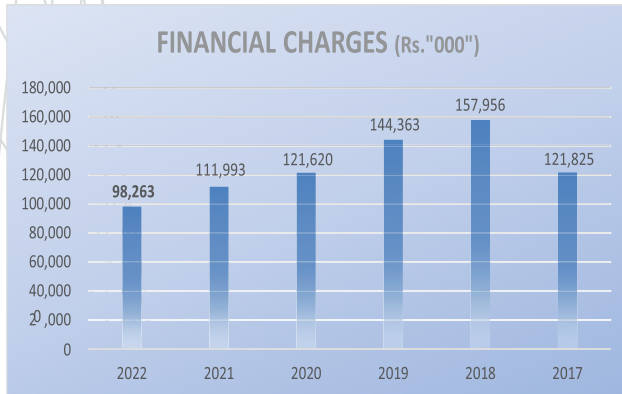
Graphical Representation



COST OF SALES		
Details	%	Value In Millions
Raw materials consumed	65.24	4,335.15
Stores consumed	2.55	169.61
Packing, Sizing and lubricants consumed	9.46	628.81
Fuel and power	9.65	640.98
Salaries, wages and other benefits	7.70	511.93
Processing charges	1.86	123.48
Insurance	0.17	11.29
Repairs and maintenance	0.14	9.07
Travelling & conveyance	0.09	5.99
Depreciation	2.61	173.38
Other production overheads	0.53	35.06
Total	100.00	6,644.75



Graphical Representation



DuPont Analysis

Details	Amount in "000"
Gross Revenues	7,384,164
Cost of Sales	6,645,016
Admin & Selling Exp	478,856
Interest Expense	98,263
Taxation	70,765
Other Income	99,201
Total Assets	5,176,667
Total Liabilities	3,117,036

Value for the year ended	2022
Tax burden	0.96%
Interest burden	1.33%
Net profit margin	2.58%
Return on Assets	3.68%
Ownership Ratio	39.79%
Return on Equity	9.25%

1- Operating Profit Margin

Gross Revenue	(-)	Admin & Selling Exp	(-)	Cost of Sales	(=)	Net Operating Income
7,384,164		478,856		6,645,016		260,292
Net Oprtg Income	(+)	Other Income	(-)	Interest Expense	(=)	Net Income
260,292		99,201		98,263		261,230
Net Income	(-)	Taxation	(÷)	Gross Revenue	(=)	Net Profit Margin
261,230		70,765		7,384,164		2.58%

2- Asset Turnover Ratio

Gross Revenue	(-)	Total Assets	(=)	Asset Turnover Ratio	Times
7,384,164		5,176,667		1.426	

3- Owner's Equity

Owner's Equity	(-)	Total Liabilities	(=)	Owner's Equity
5,176,667		3,117,036		2,059,631

4- Total Assets

Total Liabilities	(+)	Total Equity	(=)	Total Assets
3,117,036		2,059,631		5,176,667

5- Return on Assets

Net Profit Margin	(x)	Asset Turnover Ratio	(=)	Return on Assets
2.58%		1.43		3.68%

5- Ownership Ratio

Owner's Equity	(-)	Total Assets	(=)	Ownrship Ratio
2,059,631		5,176,667		39.79%

7- Return on Equity

Return on Assets	(-)	Ownrship Ratio	(=)	Return on Equity
3.68%		39.79%		9.25%

Pattern of Share Holding

As on June 30, 2022

Incorporation Number 0039902

The Companies Ordinance, 1984 (Section 236 (1) & 464) Form 34

Number of Shareholders	Shareholding		Total Shares held
	From	To	
67	1	100	764
153	101	500	75,440
63	501	1000	62,530
98	1001	5000	299,910
28	5001	10000	221,500
10	10001	15000	126,000
11	15001	20000	203,000
5	20001	25000	118,000
8	25001	30000	227,298
3	30001	35000	94,800
1	35001	40000	39,000
6	40001	45000	262,000
3	45001	50000	146,500
2	55001	60000	113,000
2	65001	70000	136,500
1	70001	75000	74,000
1	80001	85000	82,500
2	95001	100000	200,000
2	100001	105000	206,000
1	110001	115000	115,000
1	175001	180000	177,000
1	440001	445000	440,500
1	530001	535000	532,000
1	625001	630000	629,000
1	1560001	1565000	1,561,000
1	1945001	1950000	1,949,171
1	2165001	2170000	2,166,800
1	2465001	2470000	2,465,300
1	2640001	2645000	2,644,139
1	4485001	4490000	4,485,151
1	4760001	4765000	4,761,056
1	5285001	5290000	5,288,277
1	5380001	5385000	5,384,277
1	7315001	7320000	7,317,951
1	16820001	16825000	16,823,365

482

59,428,729

Categories of Shareholders

As on June 30, 2022

Shareholder's category	No. of shareholders	Share held	Percentage
1 Directors, Chief Executive Officer and their spouses and minor children			
Mr. Mussaid Hanif	2	21,308,516	35.8556
Ms. Sabah Burhan	4	11,965,922	20.1349
Mr. Arbab Muhammad Khan	1	5,288,277	8.8985
Ms. Tehniyat Mussaid	2	4,026,300	6.7750
Ms. Sarah Naviwala	1	50,000	0.0841
Ms. Nuzhat Kamran	1	500	0.0008
			-
Total	11	42,639,515	71.75
2 Associated companies, undertaking and related parties	0	-	-
3 Executive	0	-	-
4 Public Sector Companies and Corporation	0	-	-
5 Banks, Development Financial Institutions, Non-Banking Financial Institutions	1	4,761,056	8.0114
6 General public - Local	458	11,914,657	20.0486
7 General public - Foreign	8	34,000	0.0572
8 Others	4	79,501	0.1338
Total	471	16,789,214.00	28.25

Grand Total	482	59,428,729.00	100.00
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Shareholders holding 5% or more	Shares held	Percentage
Mr. Mussaid Hanif	21,308,516	35.8556
Ms. Sabah Burhan	11,965,922	20.1349
Mr. Arbab Muhammad Khan	5,288,277	8.8985
Ms. Tehniyat Mussaid	4,026,300	6.7750
The Bank of Punjab, Treasury Division	4,761,056	8.0114
General public - Local	11,914,657	20.0486

Name of Company: **ZEPHYR TEXTILES LIMITED** (the “Company”)

For the year ended: June 30, 2022

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

1. The total number of Directors are “seven” as per the following:
 - a) Male: 3
 - b) Female: 4
2. The composition of the Board of Directors is as follow:

Category	Names
Independent Directors	<ol style="list-style-type: none"> 1. Ms. Nuzhat Kamran 2. Mr. Rana Kamal-ud-Din
Executive Directors	<ol style="list-style-type: none"> 3. Mr. Mussaid Hanif (CEO) 4. Mr. Arbab Muhammad Khan
Non-Executive Directors	<ol style="list-style-type: none"> 5. Ms. Tehniyat Mussaid (Chairperson) 6. Ms. Sabah Burhan 7. Ms. Sarah Naviwala

The Independent Directors meet the criteria of independence as defined under the Companies Act, 2017.

3. The Directors have confirmed that none of them is serving as a Director of more than seven listed Companies (Excluding the listed subsidiaries of listed holding companies where applicable), including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensure that complete record of particulars of significant policies along with the date on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / Shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairperson and, in her absence, by a Director elected by the Board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of Meeting of Board.
8. The Board of Directors has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.

9. The Board of Directors of the Company consist of seven (7) Directors out of which the five (5) Directors have obtained a certificate for the Directors' Training Program offered by a local institution that meets the criteria specified by the Securities and Exchange Commission of Pakistan ("SECP"): The remaining two (2) Directors including chief executive of the Company meet the exemption requirement of the DTP.
10. The Board has approved appointment of Head of Internal Audit, including his remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. While there is no new appointments were made during the year of Chief Financial Officer and Company Secretary.
11. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
12. The Board of Directors have formed committees comprising of the members given below:
- | | | |
|---|-------------------------|---------------------|
| Audit Committee: | Ms. Nuzhat Kamran | Chairperson/ Member |
| | Ms. Tehniyat Mussaid | Member |
| | Mr. Rana Kamal ud Din | Member |
| Human Resource & Remuneration Committee: | Ms. Nuzhat Kamran | Chairperson/Member |
| | Mr. Arbab Muhammad Khan | Member |
| | Ms. Sabah Burhan | Member |
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:
- | | |
|---|----------------------|
| a. Audit Committee | 4 quarterly meetings |
| b. HR and Remuneration Committee | 1 annual meeting |
15. The Board has set up an effective internal audit function and the persons involved are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the regulations 3,6,7,8,27,32,33 and 36 been complied with.

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

Sr. No.	Requirement	Explanation of Non-Compliance	Regulation Number
1.	<p>Nomination Committee</p> <p>The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.</p>	<p>The responsibilities as prescribed for the nomination committee are being taken care of at board level as and when needed so a separate committee is not considered to be necessary.</p>	29
2.	<p>Risk Management Committee</p> <p>The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.</p>	<p>Currently, the Board has not constituted a risk management committee and senior officer of the Company performs the requisite functions and apprise the Board accordingly. The Board shall consider to constitute risk management committee after coming election of directors.</p>	30



Tehniyat Mussaid
Chairperson

Lahore:
September 28, 2022



Mussaid Hanif
Chief Executive

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 **Zephyr Textiles Limited** ("the **Company**") for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

As 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 Board Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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

Lahore
September 28, 2022
UDIN: CR202210492JgitZapBY



Azhar Zafar & Co.
Chartered Accountants
Engagement Partner: Talat Mehboob

OPINION

We have audited the annexed financial statements of **ZEPHYR TEXTILES LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2022, 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, 2022 and of the profit and other comprehensive loss, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (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 matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was 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 this matter.

S.NO	Key audit matter	How the matter was addressed in our audit
1.	Control environment relating to the financial reporting process and related IT systems	
	<p>The IT control environment relating to the financial reporting process and the application controls of individual IT systems have an impact on the selected audit approach.</p> <p>As the financial statements are based on extensive number of data flows from multiple IT systems, consequently the financial reporting control environment is determined as a key audit matter.</p>	<p>Our audit procedures included evaluation of the financial reporting process and related control environment, as well as testing of the effectiveness of controls including general IT controls. Our audit procedures focused on testing the reconciliation and approval controls as well as on evaluating the administration of access rights.</p> <p>Our audit procedures extensively consisted of several substantive procedures as well as data analysis relating to the most significant balances on the profit and loss account and statement of financial position.</p>

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

RESPONSIBILITIES OF MANAGEMENT AND BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, statement of comprehensive income, 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Talat Mehboob.

Lahore
September 28, 2022
UDIN: AR202210492QsKtVizl0

Azhar Zafar & Co

Azhar Zafar & Co.
Chartered Accountants

Statement of Financial Position

As at June 30, 2022

	Note	2022 (Rupees)	2021 (Rupees)
Equity and liabilities			
Share capital and reserves			
Authorized capital 62,500,000 ordinary shares of Rs. 10/- each		625,000,000	625,000,000
Issued, subscribed and paid up share capital	5	594,287,290	594,287,290
Accumulated profit		1,204,612,208	1,035,674,899
Surplus on revaluation of property, plant and equipment	6	260,731,816	281,076,200
Total equity		2,059,631,314	1,911,038,389
Liabilities			
Non-current			
Long term financing	7	78,687,008	241,674,201
Deferred liabilities	9	253,815,825	245,801,072
Total non-current liabilities		332,502,833	487,475,273
Current			
Trade and other payables	10	1,264,192,525	1,196,315,205
Contract liabilities		24,763,837	55,961,706
Accrued mark-up	11	16,604,711	21,824,137
Short term borrowings	12	1,294,906,119	1,268,832,350
Unclaimed Dividend		761,498	694,043
Current portion of long term borrowings	8	183,304,248	258,920,223
Total current liabilities		2,784,532,938	2,802,547,664
Contingencies and commitments	13	-	-
Total liabilities		3,117,035,771	3,290,022,937
Total equity and liabilities		5,176,667,085	5,201,061,326
Assets			
Non-current			
Property, plant and equipment	14	2,165,741,974	2,031,916,154
Capital work in progress	15	39,591,876	33,093,809
Intangible assets	16	3,924,394	3,633,180
Long term deposits	17	24,783,801	22,739,301
Total non-current assets		2,234,042,045	2,091,382,444
Current			
Stores, spare parts and loose tools		252,184,855	173,818,512
Stock in trade	18	1,341,658,731	1,411,063,195
Trade debts	19	661,414,117	823,673,013
Loans and advances	20	90,558,985	133,825,882
Trade deposits, prepayments and balances with statutory authorities	21	474,236,111	347,015,479
Other receivables	22	56,453,074	137,443,759
Short Term Investments	23	1,422,015	3,965,854
Cash and bank balances	24	64,697,152	78,873,188
Total current assets		2,942,625,040	3,109,678,882
Total assets		5,176,667,085	5,201,061,326

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

Statement of Profit or Loss

For the year ended June 30, 2022

	Note	2022 (Rupees)	2021 (Rupees)
Sales - net	25	7,384,164,107	6,128,887,901
Cost of sales	26	(6,645,016,034)	(5,321,341,965)
Gross profit		739,148,073	807,545,936
Distribution cost	27	(334,449,905)	(210,881,723)
Administrative expenses	28	(98,350,516)	(89,516,995)
Other operating expenses	29	(46,055,750)	(47,712,263)
Operating profit		260,291,902	459,434,955
Other income	30	99,200,771	13,526,478
Operating profit before finance cost		359,492,673	472,961,433
Finance cost	31	(98,263,024)	(111,992,545)
Profit before tax		261,229,649	360,968,888
Taxation	32	(70,765,045)	(58,891,984)
Profit after taxation		190,464,604	302,076,904
Earnings per share:			
Basic and diluted earnings per share	33	3.20	5.08

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

Statement of Comprehensive Income

For the year ended June 30, 2022

	Note	2022 (Rupees)	2021 (Rupees)
Profit after taxation		190,464,604	302,076,904
Other comprehensive income / loss			
Items that will not be reclassified to profit and loss account:			
Gains / (losses) on remeasurement of staff retirement benefit plan	9.4	(12,157,288)	(4,299,412)
Total comprehensive income for the year		178,307,316	297,777,492

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

Statement of Cash Flows

For the year ended June 30, 2022

	Note	2022 (Rupees)	2021 (Rupees)
Cash flows from operating activities			
Cash generated from operations	34	684,112,889	428,608,917
Finance cost paid		(99,665,788)	(106,005,165)
Taxes paid		(91,665,562)	(72,027,464)
Staff retirement benefits - gratuity paid		(31,550,989)	(34,623,447)
Exchange Loss		89,330,088	(15,681,983)
Net cash flow from operating activities		550,560,638	200,270,858
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		5,390,150	4,815,000
Purchase of property, plant and equipment		(326,278,575)	(278,906,075)
Purchase of intangible assets		(1,499,386)	(4,541,475)
Long term deposits		(2,044,500)	(274,000)
Purchase of short term investments - net		2,543,840	59,200,041
Dividend - net		(28,239,959)	(2,060,247)
Net cash flow from investing activities		(350,128,430)	(221,766,756)
Cash flows from financing activities			
Long term financing obtained		17,874,944	187,027,110
Long term financing repaid		(258,556,960)	(107,089,445)
Short term borrowings - net		26,073,772	(51,353,859)
Net cash flow from financing activities		(214,608,244)	28,583,806
Net (decrease)/ increase in cash and cash equivalents		(14,176,036)	7,087,908
Cash and cash equivalents at beginning of the year		78,873,188	71,785,280
Cash and cash equivalents at end of the year		64,697,152	78,873,188

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

Statement of Changes in Equity

For the year ended June 30, 2022

	Share capital (Rupees)	Revaluation surplus (Rupees)	Accumulated profit/(loss) (Rupees)	Total equity (Rupees)
	Capital Reserves		Revenue Reserve	
Balance as at July 01, 2020	594,287,290	302,531,787	716,441,820	1,613,260,897
Total comprehensive income for the year	-	-	297,777,492	297,777,492
Transfer of surplus on revaluation on disposal of property, plant & equipment	-	917,772	(917,772)	-
Current year incremental depreciation - net of tax	-	(22,373,359)	22,373,359	-
Balance as at June 30, 2021	594,287,290	281,076,200	1,035,674,899	1,911,038,389
Balance as at July 1, 2021	594,287,290	281,076,200	1,035,674,899	1,911,038,389
Total comprehensive income for the year	-	-	178,307,316	178,307,316
Transfer of surplus on revaluation on disposal of property, plant & equipment	-	21,448	(21,448)	-
Final dividend at Rs. 0.5 per ordinary share	-	-	(29,714,391)	(29,714,391)
Current year incremental depreciation - net of tax	-	(20,365,832)	20,365,832	-
Balance as at June 30, 2022	594,287,290	260,731,816	1,204,612,208	2,059,631,314

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

Notes to the Financial Statements

For the year ended June 30, 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

Zephyr Textiles Limited ("the Company") was incorporated in Pakistan on February 26, 1999 as a private limited Company under the Companies Ordinance, 1984 (now Companies Act, 2017). Subsequently on October 04, 2004 it was converted into a public limited Company and its shares are quoted on Pakistan Stock Exchange Limited (PSX). The Company is principally engaged in the manufacturing, dying and trading of woven cloth which also includes towels.

Following are the geographical location and address of all business units of the Company:

Head office:

The registered office of the Company is situated at 3rd Floor, IEP Building, 97B/D-1, Gulberg III, Lahore, Punjab.

Manufacturing facilities:

a): Weaving unit and power plant: 1 KM, Balloki Bhai Pheru Road, Bhai Pheru.

b): Towel unit: 63 KM, Gulshan Adda, Jamber Khurd, District Kasur.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments, which are carried at fair values and / or amortized cost, staff retirement benefits - gratuity which is carried at present value of defined benefit obligation net of fair value of plan assets and certain items of property, plant and equipment at revalued amounts. In these financial statements, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee which is the Company's functional and presentation currency. Figures in the financial statements have been rounded off to the nearest Rupee unless otherwise stated.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses.

Notes to the Financial Statements

For the year ended June 30, 2022

The estimates and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances and are continually evaluated. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods. Judgments made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy note. The areas involving significant estimates or judgments are:

- (i) Estimate of payables and receivables in respect of staff retirement benefit schemes [notes 4.1];
- (ii) Estimated useful life of property, plant and equipment [notes 4.2];
- (iii) Provision for slow moving inventories [notes 4.5 and 4.6];
- (iv) Provision for expected credit loss [note 4.11].
- (v) Estimation of current and deferred tax [note 4.15].

3 NEW AND REVISED STANDARDS AND INTERPETATIONS

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

	Effective date (annual periods beginning on or after)
IAS 1 Presentation of Financial Statements (Amendments)	January 01, 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 01, 2023
IAS 12 Income Taxes (Amendments)	January 01, 2023
IFRS 4 Insurance Contracts (Amendments)	January 01, 2023
IAS 16 Property, Plant and Equipment (Amendments)	January 01, 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 01, 2022
IAS 41 Agriculture (Amendments)	January 01, 2022
IFRS 3 Business Combinations (Amendments)	January 01, 2022
IFRS 9 Financial Instruments (Amendments)	January 01, 2022
IFRS 16 Leases (Amendments)	January 01, 2022

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

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

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

The following interpretation issued by the IASB has been waived off by SECP:

- IFRIC 12 Service concession arrangements

Notes to the Financial Statements

For the year ended June 30, 2022

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Staff retirement benefits

Defined benefit plan _ gratuity

The Company operates an unfunded gratuity scheme (defined benefit plan) covering all eligible employees, payable at the cessation of employment. Contribution is made in accordance with actuarial recommendations. Actuarial valuation is conducted by an independent actuary, annually using projected unit credit method related details of which are given in note 9 to the financial statements. The obligation at the balance sheet date is measured at the present value of the estimated future cash outflows. All contributions are charged to profit or loss for the year.

Principal actuarial assumptions used in the actuarial valuation carried out as at June 30, 2022 are as follows:

- Discount rate	13.25% (2021: 10.25%)
- Expected rate of salary increase in future	12.25% (2021: 9.25%)

4.2 Property, plant and equipment

- Owned assets

Property, plant and equipment are initially recognized at acquisition cost. Subsequently, property, plant and equipment, except for free hold land are stated at cost less accumulated depreciation and impairment, if any. Free - hold land, building on free - hold land and plant & machinery are stated at revalued amounts less subsequently accumulated depreciation and impairment, if any.

Cost of property, plant and equipment consists of historical cost, borrowing costs pertaining to the erection and other directly attributable costs of bringing the assets to their working condition or for commencement of commercial production.

Depreciation on all the items of property, plant and equipment except for free - hold land is charged to income applying the reducing balance method at the rates specified in Note 14.

Depreciation on additions to property, plant and equipment is charged from the month in which asset become available for use, while on disposals depreciation is charged up to the month of disposal.

The assets' residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

Gain/loss on disposal of property, plant and equipment is credited or charged to income in the year of disposal. Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized.

Any surplus arising on revaluation of property, plant and equipment is credited to the surplus on revaluation of property, plant and equipment account. Revaluation is carried with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of incremental depreciation charged on the revalued assets, the related surplus on revaluation of property, plant and equipment (net of deferred tax) is transferred directly to accumulated (loss)/profit.

4.3 Intangible assets

Intangible assets (including computer software) acquired by the Company are stated at cost less accumulated amortization and impairment losses, if any.

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditures are expensed as incurred.

Notes to the Financial Statements

For the year ended June 30, 2022

Amortization is charged to statement of profit or loss on straight line basis over a period of five years. Amortization on addition is charged from the year the asset is put to use while no amortization is charged in the year the asset is disposed off.

4.4 Investments

Investments are stated at fair value plus directly attributable transaction costs. Subsequently investments which are traded in active market, fair value is determined by reference to quoted market price and the investments for which a quoted market price is not available, or the fair value cannot be reasonably calculated, are measured at cost, subject to impairment review at each balance sheet date.

4.5 Stores, spare parts and loose tools

Useable stores, spare parts and loose tools are valued principally at lower of moving average cost, or net realizable value (NRV), while items considered obsolete are carried at nil value. Goods in transit are stated at cost comprising invoice value plus other charges paid thereon.

4.6 Stock in trade

Stock in trade is valued at lower of cost and net realizable value (NRV), except waste which is valued at net realizable value. Materials in transit are stated at cost comprising invoice value plus other charges paid thereon.

Cost of major components of stock in trade is determined as follows:-

- Raw material - at weighted average cost
- Work in process and finished goods - at prime cost plus appropriate production overheads determined on weighted average basis.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred to make the sale.

4.7 Trade and other receivables

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

4.8 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

4.9 Borrowing cost

Interest, markup and other charges on finances are capitalized up to the date of commissioning of respective qualifying asset acquired out of the proceeds of such finances. All other interest, markup and other charges are recognized in profit and loss account.

4.10 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

4.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Notes to the Financial Statements

For the year ended June 30, 2022

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

- i) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- ii) 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 amortised cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes long term deposits, trade debts, trade deposits and other receivables.

Notes to the Financial Statements

For the year ended June 30, 2022

Financial assets at fair value through OCI (debt instruments)

The Company measures financial assets at fair value through OCI if both of the following conditions are met:

- i) The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- ii) 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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

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

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

This category includes listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's consolidated statement of financial position) when:

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

Notes to the Financial Statements

For the year ended June 30, 2022

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are significantly past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Off-setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle either on a net basis, or to realize the asset and settle the liability simultaneously.

Financial liabilities

Initial recognition and measurement

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

Notes to the Financial Statements

For the year ended June 30, 2022

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

The Company's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

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

Financial liabilities at amortized cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective interest rate (EIR) method.

Gains and losses are recognized in statement of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

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

This category generally applies to the liabilities as disclosed in Note 35.

4.12 Capital work in progress

Capital work in progress is stated at cost less impairment, if any. Cost of property, plant and equipment consists of historical cost, borrowing costs pertaining to the erection/construction period and other directly attributable costs of bringing the assets to their working condition or for commencement of commercial production. 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.

4.13 Foreign currency translation

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currencies during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the profit and loss account.

4.14 Revenue recognition

Revenue from different sources is recognized as under:

Local sales are recognised as revenue when invoiced with the transfer of control of goods, which coincides with delivery.

Notes to the Financial Statements

For the year ended June 30, 2022

Export sales are recognised as revenue when invoiced with the transfer of control of goods, which coincides either with the date of bill of lading or upon delivery to customer or its representative, based on the terms of arrangement.

Export rebates are accounted for on accrual basis. Investment and interest income is recognized on time proportion basis.

Dividend income on ordinary shares is recognized when the right to receive dividend has been established.

Capital gains or losses arising on sale of investments are taken to income in the period in which they arise.

Rebate income is recognized on accrual basis.

4.15 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

The Company recognises deferred tax liability on surplus on revaluation of property, plant and equipment which is adjusted against the related surplus.

4.16 Impairment

Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each balance sheet date to determined whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determined the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

Notes to the Financial Statements

For the year ended June 30, 2022

4.17 Provisions

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

4.18 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

4.19 Related party transactions

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

4.20 Dividend and other appropriations

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

	2022 (Number of shares)	2021	2022 (Rupees)	2021 (Rupees)
5 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL				
Ordinary shares of Rs. 10 each fully paid up in cash	51,901,483	51,901,483	519,014,830	519,014,830
Ordinary shares of Rs. 10 each issued as fully paid bonus shares	7,527,246	7,527,246	75,272,460	75,272,460
	59,428,729	59,428,729	594,287,290	594,287,290

5.1 All ordinary share holders has same rights regarding voting, board selection and entitlement of dividend.

6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Surplus arising on revaluation	6.1	379,873,551	408,530,813
Less: Deferred tax arising on surplus on revaluation	6.2	119,141,735	127,454,613
		260,731,816	281,076,200

	2022 (Rupees)	2021 (Rupees)
6.1 Surplus on revaluation of property plant and equipment		
Opening surplus on revaluation of property plant and equipment	408,530,813	438,724,855
Surplus arising on revaluation	-	-
	408,530,813	438,724,855
Incremental depreciation on :		
Buildings on freehold land	(5,157,938)	(5,429,408)
Non factory building	(4,256,062)	(4,728,958)
Plant and machinery	(19,270,270)	(21,353,407)
	(28,684,270)	(31,511,773)
Adjustment on disposal of property, plant and equipment	27,008	1,317,731
	(28,657,262)	(30,194,042)
	379,873,551	408,530,813

Notes to the Financial Statements

For the year ended June 30, 2022

This represents surplus over book value resulting from the revaluation of land - freehold, buildings on freehold land, non factory building and plant and machinery. The valuation was carried out on June 30, 2018 by Unicorn International Surveyors an independent valuer not connected with the Company and is on the panel of Pakistan Bankers Association and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations.

	2022 (Rupees)	2021 (Rupees)
6.2 Relating deferred tax liability		
Relating deferred tax liability as on July 1,	127,454,613	136,193,068
Tax effect on incremental depreciation	(8,312,878)	(8,738,455)
	119,141,735	127,454,613

7 LONG TERM FINANCING- SECURED

Facility	Note	Repayment commencement	Mark up	Sanctioned limit (Rs. in million)	Number of installments	2022 (Rupees)	2021 (Rupees)
Long Term Finance	7.1	January-17	SBP Rate + 2.5%	300	20 Quarterly	44,760,468	100,483,476
Term Finance	7.1	January-19	3 months Kibor + 2%	36	36 monthly	5,000,000	15,000,000
Term Finance _ SBP refinance							
Scheme (salaries & wages)	7.1	January-21	SBP Rate + 3%	153.77	08 Quarterly	38,442,496	115,327,500
Long Term Finance	7.1	April-21	SBP Rate + 3%	67	38 Quarterly	57,415,923	31,415,921
Term Finance	7.1	September-21	3 months Kibor + 2%		38 Quarterly	-	14,042,782
Term Finance	7.1	April-21	SBP Rate + 4%	36.78	38 Quarterly	31,892,765	35,758,553
Subtotal - BOP						177,511,652	312,028,232
Demand Finance - III	7.1 & 7.2	Dec-15	3 months Kibor + 1%	327.502	28 Quarterly	68,767,262	143,507,366
Frozen Markup	7.1 & 7.3	Dec-15	Interest free	219.977	28 Quarterly	15,712,342	45,058,826
Subtotal - NBP						84,479,604	188,566,192
Total						261,991,256	500,594,424
Current portion	8					(183,304,248)	(238,146,989)
Overdue portion	8					-	(20,773,234)
Total current portion						(183,304,248)	(258,920,223)
Total long term portion						78,687,008	241,674,201

Notes to the Financial Statements

For the year ended June 30, 2022

- 7.1** It represents long term financing from commercial banks (stated above) and the amounts claimed by such institutions. Markup is leviable along with installment (except interest free loans) as per schedule stated above. These loans are secured against first ranking pari passu charge over current and fixed assets of the Company executed through the joint pari passu agreement with the lenders of the Company and joint memorandum of deposit of title deeds, equitable mortgage charge on land and personal guarantees of the directors of the Company.
- 7.2** It represents loan from National Bank of Pakistan which was restructured on terms agreed between the parties.
- 7.3** It represents restructured loan converted from mark up payable on the facilities from National Bank of Pakistan till June 30, 2015.

	Note	2022 (Rupees)	2021 (Rupees)
8 CURRENT PORTION OF LONG TERM BORROWINGS			
Current portion of long term borrowing	7	183,304,248	238,146,989
Overdue portion of long term borrowing	7	-	20,773,234
		183,304,248	258,920,223
9 DEFERRED LIABILITIES			
Deferred tax relating to surplus on revaluation of property, plant and equipment	6	119,141,735	127,454,613
Employee retirement benefits- gratuity	9.1 to 9.10	134,674,090	118,346,459
		253,815,825	245,801,072
9.1 The scheme provides for gratuity benefits for all the permanent employees of the Company who attain the minimum qualifying period of one year. Provision has been made on the basis of latest actuarial valuation made as on June 30, 2022 using projected unit credit (PUC) actuarial cost method by an approved actuary. The Company does not have any plan assets covering its defined benefit obligation.			
9.2 The amount recognized in the balance sheet			
Present value of defined benefit obligations		134,674,090	118,346,459
Less: Fair value of plan assets		-	-
		134,674,090	118,346,459
9.3 Charge for the year			
Current service cost		25,207,808	21,915,359
Interest cost		10,513,524	8,573,908
		35,721,332	30,489,267

Notes to the Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees)	2021 (Rupees)
9.4 Movement in liability			
Balance at beginning of year		118,346,459	118,181,227
Charge for the year		35,721,332	30,489,267
Benefits paid during the year		(31,550,989)	(34,623,447)
Unrecognised actuarial (gains) / losses		12,157,288	4,299,412
		134,674,090	118,346,459
9.5 Allocation of charge for the year			
Cost of sales	26.2	30,122,888	24,357,076
Distribution Cost	27.1	2,271,283	2,114,792
Administrative expenses	28.1	3,327,161	4,017,399
		35,721,332	30,489,267

9.6 Risks on account of defined benefit plan

The Company faces the following risks on account of defined benefit plan:

Interest rate risk -The present value of the defined benefit liability is calculated using a discount rate determined by reference to the market yields at the end of the reporting period on high quality corporate bonds, or where there is no deep market in such bonds, by reference to market yields on government bonds. Currencies and terms of bond yields used must be consistent with the currency and estimated term of the post-employment benefit obligations being discounted. A decrease in bond interest rates will increase the liability, and vice versa.

Salary risk - The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the liability and vice versa.

Withdrawal rate risk -The present value of the defined benefit liability is calculated by reference to the best estimate of the withdrawal rate / attrition rate of plan participants. As such, an increase in the withdrawal rate will decrease the liability and vice versa.

Mortality rate risk -The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants both during employment. An increase in the life expectancy of the participants will increase the liability and vice versa.

9.7 Expected expense for the next year

The Company expects to charges Rs. 49.318 million of profit and loss account on account of defined benefit plan gratuity for the year ending June 30, 2023.

9.8 Sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the impact on present value of the defined benefit obligation as at June 30, 2022 would have been as follows:

Notes to the Financial Statements

For the year ended June 30, 2022

	Rupees	Rupees
	Gratuity	
	Increase / (decrease) on present value of defined benefits obligation due to	
	Increase	Decrease
Discount rate 100 bps movement	121,917,199	148,762,152
Future salary 100 bps movement	148,765,807	121,918,697

There is no significant change in the obligation if the life expectancy increases by 1 year.

The sensitivity analysis are based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

	Year	Value (Rupees)
9.9 Historical information		
Present value of defined benefit obligation		
	2022	134,674,090
	2021	118,346,459
	2020	118,181,227
	2019	95,309,300
	2018	86,519,195

	Note	2022 (Rupees)	2021 (Rupees)
9.10 Maturity profile _ un-discounted EOS benefit payments in future			
1 to 5 years		76,278,302	68,369,417
6 to 10 years		139,475,510	115,219,539

10 TRADE AND OTHER PAYABLES

Creditors		1,001,464,443	959,923,522
Accrued liabilities		166,262,931	142,516,884
With holding tax		44,489,567	51,616,228
Retention money payable		700,000	700,000
Workers' funds	10.1 & 10.2	51,275,584	41,558,571
		1,264,192,525	1,196,315,205

10.1 Workers' funds

Workers' profit participation fund

Opening balance		28,629,630	25,705,077
Provision for the year		13,782,737	19,059,803
Payment during the year		(6,445,890)	(19,259,188)
Interest on funds utilized in Company's business	31	1,737,819	3,123,938
		37,704,295	28,629,630

Workers' welfare fund

Opening balance		12,928,941	11,761,569
Provision for the year		642,348	1,167,372
		13,571,289	12,928,941
		51,275,584	41,558,571

10.2 Mark up on Workers' Profit Participation Fund has been provided @ 6.070% per annum (2021: 12.153% per annum).

Notes to the Financial Statements

For the year ended June 30, 2022

		2022 (Rupees)	2021 (Rupees)
11	ACCRUED MARK-UP		
	Long term financing	4,776,276	7,183,503
	Short term borrowings	11,828,435	14,640,634
		16,604,711	21,824,137

12 SHORT TERM BORROWINGS

Facility	Note	Sanctioned limit Rupees (M)	Markup rate (Matching KIBOR/ LIBOR+)	Repayment terms	2022 (Rupees)	2021 (Rupees)
From banking companies _ secured:						
Pre - shipment	12.1 & 12.3	1,272	3.00% to 5.50%	Half yearly	1,272,000,000	1,170,600,000
Cash / running finance	12.2 & 12.3	118.430	8.75% to 9.09%	One year	-	98,232,350
From related parties _ unsecured:						
Loan from directors	12.4	22.906	Interest free	On demand	22,906,119	-
					1,294,906,119	1,268,832,350

12.1 The Company has aggregated sanctioned limits of pre - shipment facilities amounting to Rs. 1,272.00 million (2021: Rs. 1,172.00 million). The Company has availed these limits amounting to Rs. 50.00 million from United Bank Limited, Rs. 237.00 million from Habib Bank Limited, Rs. 420.00 million from National Bank of Pakistan Limited and Rs. 565.00 million from Bank of Punjab.

12.2 The Company has aggregated sanctioned limit of cash / running finance facility amounting to Rs. Nil million (2021: Rs. 118.430 million) The Company has availed Rs. Nil million (2021: Rs. 98.232 million) from National Bank of Pakistan Limited.

12.3 These facilities are secured against first ranking pari passu charge over current assets of the Company executed through joint pari passu agreement with the lenders of the Company, hypothecation of stocks, lien on confirmed export orders and personal guarantees of the directors.

12.4 It represents interest free loan from the directors of the Company to meet the working capital requirements and repayable on demand.

13 CONTINGENCIES AND COMMITMENTS

Contingencies

13.1 The Company has filed a recovery suit against the Punjab Cotton Mills Limited for Rs. 5.107 million along with interest. The execution was filed which is still pending.

13.2 M/s. M. J. Industries had filed a suit against the Company for declaration for Rs. 0.545 million. The case was dismissed by the Honorable Civil Judge, Lahore. M/s. M. J. Industries had filed an application for the restoration of the suit which was also rejected by the Civil Judge, Lahore.

The Company has filed a recovery suit against the M/s M. J. Industries for Rs. 0.545 million. The summon and notices have been issued to the defendant and the case is pending due to non appearance of the defendant before the Honorable Civil Judge, Lahore. The Company is hopeful of settlement of the case in its favor.

13.3 The Company has filed a recovery suit against the M/s. Amtex Limited for Rs. 2.917 million. The case is decreed in favour of Zephyr Textiles Limited by the Honorable Judge, high Court, Lahore. The case is pending for execution.

Notes to the Financial Statements

For the year ended June 30, 2022

- 13.4** M/s. Sitara Textiles has filed a suit against the Company for recovery of damages against non performance of contract no. LO417 for supply of fabric. According to legal confirmation status, suit is pending for framing of issues.
- The Company has filed a suit against M/s. Sitara Textiles Limited for financial loss, cost of sales loss, loss of business and loss due to breach of contract for Rs. 37.680 million. Company is hopeful of settlement of the case in its favor.
- M/s. Sitara Textiles has filed an other suit against the Company for financial loss and loss due to breach of contract for Rs. 65.724 million. The case is pending before Supreme Court of Pakistan.
- The Company has again filed an other suit against M/s. Sitara Textiles Limited for financial loss and loss due to breach of contract for Rs. 65.724 million. The case is pending before Supreme Court of Pakistan.
- 13.5** The Company has filed suit for Recovery of Rs. 34.027 Millions for unauthorized sale of shares by First Pakistan Capital Limited. The case is pending before Senior Civil Judge Lahore.
- 13.6** The Company has filed a suit against old tenants for vacation of property purchased by the Company situated at Ek Moria Pull Lahore. The matter is pending for adjudication. Certain suits were filed against the Company regarding the said property which are as under:
- Muhammad Sajid (the plaintiff) has filed a suit for permanent injunctions and declaration against interfering the possession of plaintiff property by pretending that the suit property has been purchased by Zephyr Textiles Limited (the defendant) through registered sales deed bearing distavez no. 2775 dated 01-09-2010, whereas the purchased property of the defendant is separate and different from the suit property of the plaintiff. The case is dismiss by the Court during the year.
 - Sh. Zafar Iqbal v/s. M/s Zephyr Textiles Limited. Sh. Zafar Iqbal has filed a suit for cancelation of registry with respect to the said property purchased by the Company. The case is pending for adjudication.
- The Company is hopeful for settlement of the above stated suits in its favor.
- 13.7** Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies aggregate to Rs. 58.533 million (2021: Rs. 53.533 million).
- 13.8** Foreign bills purchased by banks amounting to Rs. 372.572 million (2021: Rs. 273.143 million).

Commitments

- 13.9** Contracts for capital expenditure are Rs. 5.270 million (2021: Rs. 21.389 million).
- 13.10** Letters of credit other than for capital expenditure are Rs. 136.685 million (2021: Rs. 57.391 million).
- 13.11** Outstanding foreign currency forward contracts of Rs. 861.754 million (2021: Rs. 344.478 million).

Notes to the financial statements

For the year ended June 30, 2022

14. PROPERTY, PLANT AND EQUIPMENT

Particulars	Land - freehold	Buildings on freehold land	Link road	Non factory building	Plant and machinery	Furniture and fittings	Vehicles	Electrical installation	Office equipments	Total
COST										
Balance as at July 01, 2020	176,946,000	327,382,048	29,702,478	78,740,094	1,541,506,810	8,930,873	69,308,512	71,413,690	35,465,984	2,339,396,488
Additions during the year	-	5,092,159	633,460	-	283,055,316	1,913,725	12,641,995	118,500	5,675,518	309,130,673
Disposals	-	-	-	-	(2,249,873)	-	(3,032,190)	-	(32,000)	(5,314,063)
Balance as at June 30, 2021	176,946,000	332,474,207	30,335,938	78,740,094	1,822,312,253	10,844,588	78,918,317	71,532,190	41,109,502	2,643,213,098
Additions during the year	-	61,719,640	617,380	15,102,855	198,676,697	622,350	31,893,778	7,768,548	3,379,260	319,780,508
Disposals	-	-	-	-	(133,217)	-	(4,686,920)	-	-	(4,820,137)
Balance as at June 30, 2022	176,946,000	394,193,847	30,953,318	93,842,949	2,020,855,733	11,466,948	106,125,175	79,300,738	44,488,762	2,958,173,469
DEPRECIATION										
Balance as at July 01, 2020	-	31,906,468	14,726,998	14,940,635	266,173,263	4,682,903	36,922,983	47,942,130	18,661,499	435,956,879
Accumulated depreciation eliminated on disposal	-	-	-	-	(503,409)	-	(2,540,516)	-	(3,916)	(3,047,841)
Depreciation expense	-	14,878,884	767,250	6,379,946	143,332,092	482,959	8,256,141	2,353,723	1,936,911	178,387,906
Balance as at June 30, 2021	-	46,785,352	15,494,248	21,320,581	409,001,946	5,165,862	42,638,608	50,295,853	20,594,494	611,296,944
Accumulated depreciation eliminated on disposal	-	-	-	-	(38,523)	-	(3,564,393)	-	-	(3,602,916)
Depreciation expense	-	15,341,182	760,092	6,470,284	147,204,380	602,688	9,753,925	2,392,795	2,212,122	184,737,467
Balance as at June 30, 2022	-	62,126,534	16,254,340	27,790,865	556,167,803	5,768,550	48,828,140	52,688,648	22,806,616	792,431,495
Written down value as at June 30, 2022	176,946,000	332,067,313	14,698,978	66,052,084	1,464,687,930	5,698,398	57,297,035	26,612,090	21,682,146	2,165,741,974
Written down value as at June 30, 2021	176,946,000	285,688,855	14,841,690	57,419,513	1,413,310,307	5,678,736	36,279,709	21,236,337	20,515,008	2,031,916,154
Rate of depreciation	0%	5%	5%	10%	10%	10%	20%	10%	10%	

Notes to the Financial Statements

For the year ended June 30, 2022

- 14.1** Land - freehold of the Company is located at Bhai Pheru and Jumber, Punjab, Pakistan, with an area of 96 kanals and 9.988 acres. Details of factory and residential buildings of the company constructed on this land are as follows:

Location	Particulars	Covered area Sqft
Weaving Unit, Bhai Pheru	Industrial: Lintals, pre stress, TR girder, power house/chiller area, looms shed, production area and godowns. Non - industrial: Senior staff residential flats, labour colony, office block, canteen and baths.	409,326
Towel Unit, Jumber	Industrial: Lintals, pre stress, TR girder, stitching & dyeing hall, godown hall, store, workshop and shed. Non - industrial: Office block, canteen and rooms.	110,318

- 14.2** The basis used for the revaluation of land - freehold, buildings on freehold land, non factory building and plant and machinery were as follows:

Land - freehold

Fair market rate of the land was assessed through inquiries in the vicinity of land and information obtained through property owners of the area.

Buildings on freehold land and non factory building

New construction value (new replacement value of each item of the buildings) was arrived at by looking at the condition of the buildings. Valuer has noted the type of construction and current construction status and then worked out the current cost of the like construction and have determined the ageing effect on the super structure and applied cost on sqft., basis as depreciated value.

Plant and machinery

For the valuation of the plant and machinery a depreciation factor of 5% and appreciation factor of 4% applied due to inflation in prices of imported as well as local machinery. Value of plant and machinery assessed on lump sum basis.

- 14.3** **Forced sale value**

The forced sale value of the revalued land - freehold has been assessed at Rs. 150.404 million, buildings (*buildings on freehold land and non factory building*) Rs. 365.075 million and plant and machinery has been assessed at Rs. 1.055 billion.

	Note	2022 (Rupees)	2021 (Rupees)
14.4	Depreciation for the year has been allocated as under :		
Cost of sales	26	172,168,732	167,711,895
Distribution cost	27	6,284,367	5,338,005
Administrative expenses	28	6,284,367	5,338,005
		184,737,467	178,387,906

- 14.5** Land - freehold, buildings on freehold land, non factory building and plant and machinery represents values subsequent to revaluation as at June 30, 2022. Had there been no revaluation, the cost, accumulated depreciation, and book value of the revalued property, plant and equipment as on June 30, 2022 would have been as follows:

Notes to the Financial Statements

For the year ended June 30, 2022

	Cost as at June 30, 2022	Accumulated depreciation as at June 30, 2022	Book value as at June 30, 2022	Book value as at June 30, 2021
Land - freehold	106,864,276	-	106,864,276	106,864,276
Buildings on freehold land	375,086,869	206,814,383	168,272,486	177,128,932
Non factory building	62,567,053	49,282,405	13,284,648	14,760,720
Plant and machinery	2,254,724,403	1,581,098,012	673,626,391	748,596,244
	2,799,242,601	1,837,194,800	962,047,801	1,047,350,172

14.6 Disposal of Property, Plant and Equipment

The following is the detail of disposals during the year:

Particulars	Cost/ Assessed value	Book value	Sale proceed	Gain / (loss)	Mode of disposal	Name and Address of Buyers
Vehicles						
Honda City LEE-16-2373	1,697,340	510,463	1,965,150	1,454,687	Negotiation	Mr. Rao Muhammad Naseer s/o Mr. Rao Muhammad Bashir, Bhupalwala, Dakkhana Khas, Tehsil Daska, District Sialkot.
Honda City LE-15A-5145	1,691,760	432,552	1,750,000	1,317,448	Negotiation	Mr. Mukarram Khurshid Warraich s/o Mr. Khurshid Alam Warraich , Behind Shah Kaki Peer, Jhalaran Road Shahdara Town, Lahore.
Suzuki Swift LEB-13-8252	1,297,820	179,513	1,275,000	1,095,487	Negotiation	Mr. Mukarram Khurshid Warraich s/o Mr. Khurshid Alam Warraich , Behind Shah Kaki Peer, Jhalaran Road Shahdara Town, Lahore.
Plant and Machinery						
Bailing Press	133,217	94,693	400,000	305,307	Negotiation	Mr. Abdul Rasheed s/o Mr. Muhammad Ramzan, Dak Khana Khas, Chuk No. 52/3 R, Tehsil and District Okara.
2022	4,820,137	1,217,221	5,390,150	4,172,929		
2021	5,314,063	2,266,222	4,815,000	2,548,778		

Notes to the Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees)	2021 (Rupees)
15 CAPITAL WORK IN PROGRESS			
Plant and machinery		39,466,414	-
Building		125,462	33,093,809
	15.1	39,591,876	33,093,809
15.1 Movement in the account is as follows			
Opening balance as at July 01,		33,093,809	63,318,407
Addition made during the year:			
- Plant and machinery		178,559,699	87,721,013
- Building		44,471,528	8,608,862
		223,031,227	96,329,875
Capitalized during the year:			
- Plant and machinery		139,093,285	125,921,013
- Building		77,439,875	633,460
		216,533,160	126,554,473
		39,591,876	33,093,809
16 INTANGIBLE ASSETS			
Software:			
Net carrying value basis:			
Opening balance		3,633,180	-
Additions during the year _ at cost		1,499,386	4,541,475
Amortization for the year		1,208,172	908,295
		3,924,394	3,633,180
Gross carrying value basis:			
Cost		6,040,861	4,541,475
Accumulated amortization		2,116,467	908,295
		3,924,394	3,633,180
17 LONG TERM DEPOSITS			
Security deposits - <i>WAPDA</i>		9,230,022	9,230,022
Security deposits - <i>Others</i>		15,553,779	13,509,279
		24,783,801	22,739,301
18 STOCK IN TRADE			
Raw material		220,671,232	289,810,464
Work in process		161,794,567	148,794,875
Finished goods		959,192,932	972,457,856
		1,341,658,731	1,411,063,195

18.1 Finished goods includes stock in transit amounting to Rs. 171.036 million (2021: Rs. 264.839 million).

18.2 Finished goods includes stock held by third parties amounting to Rs. 30.884 million (2021: Rs. 35.321 million).

Notes to the Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees)	2021 (Rupees)
19 TRADE DEBTS			
Considered good			
Export - secured against letters of credit		217,020,076	142,017,528
Local - Unsecured		444,938,952	682,200,396
Considered doubtful			
Local - Unsecured		-	-
Less: provision for expected credit loss	19.1	544,911	544,911
		661,414,117	823,673,013

	2022 (Rupees)	2021 (Rupees)
19.1 Movement in provision for expected credit loss		
Balance at the beginning of the year	544,911	-
Charged during the year	-	544,911
Written off during the year	-	-
	544,911	544,911

20 LOANS AND ADVANCES

Considered good:			
Loan due from employees - interest free		23,809,496	34,098,802
Advances to:			
- Suppliers		46,963,105	39,381,045
- Suppliers against letters of credit		19,786,384	60,346,035
		90,558,985	133,825,882

21 TRADE DEPOSITS, PREPAYMENTS AND BALANCES WITH STATUTORY AUTHORITIES

Prepayments		1,659,473	1,710,520
Advance income tax		59,607,969	47,020,330
Margin deposits		9,970,921	8,289,747
Sales tax refundable		388,415,460	276,037,083
Export rebate receivable		14,582,288	13,957,799
		474,236,111	347,015,479

22 OTHER RECEIVABLES

Other receivables		56,453,074	137,443,759
		56,453,074	137,443,759

	Note	2022 Number of shares / units	2021 Number of shares / units	2022 (Rupees)	2021 (Rupees)
23 SHORT TERM INVESTMENTS					
Investment in Funds	23.1				
Atlas Money Market Fund		118	108	59,708	54,759
Faysal Money Market Fund		700	700	71,321	71,319
JS Growth Fund		4,744	4,744	705,472	884,379
NBP Financial Sector Income Fund		31,006	261,380	327,148	2,755,308
		36,568	266,932	1,163,650	3,765,764

Notes to the Financial Statements

For the year ended June 30, 2022

Note	2022 Number of shares / units	2021 Number of shares / units	2022 (Rupees)	2021 (Rupees)
Investments at fair value through profit or loss - listed securities				
Pak Electron Limited	944	944	15,000	33,097
Attock Refinery Limited	13	13	2,285	3,334
Samba Bank Limited	24,500	24,500	241,080	163,660
	25,457	25,457	258,365	200,090
	62,025	292,389	1,422,015	3,965,854

23.1 Atlas Money Market Fund, Faysal Money Market Fund, JS Growth Fund and NBP Financial Sector Income Fund are an open ended money market mutual funds. The said investment is valued at fair value and any gain or loss resulting from fair value adjustment is charged to profit or loss.

Note	2022 (Rupees)	2021 (Rupees)
24 CASH AND BANK BALANCES		
Cash in hand	1,564,741	752,702
Cash at banks - local currency		
- current accounts	24.1	61,941,108
- saving account	24.2	18,868
Cash at banks - foreign currency	1,172,435	1,278,123
	64,697,152	78,873,188

24.1 This includes amount held in Habib Metropolitan Bank escrow account against dividend payable amounting to Rs. 78,619 (2021: Rs. 66,876).

24.2 The balance in saving account carry rate of profit @ 0% (2021: 7.40%).

25 SALES - NET

Gross local sales	4,374,192,231	3,676,034,712
Sales tax	(634,521,010)	(534,444,737)
Net local sales	3,739,671,221	3,141,589,975
Export	3,694,880,264	2,919,202,858
Total sales	7,434,551,485	6,060,792,833
Export rebate	57,200,574	134,740,255
Commission and claims	(103,662,527)	(58,175,227)
Trade discount	(3,925,425)	(8,469,960)
	7,384,164,107	6,128,887,901

26 COST OF SALES

Raw material consumed	26.1	4,335,146,634	3,594,298,841
Stores, spare parts and lose tools consumed		169,613,635	106,773,038
Packing, sizing and lubricants consumed		628,805,232	523,410,515
Fuel and power		640,980,403	411,846,294
Salaries, wages and other benefits	26.2	511,932,851	430,298,557
Processing charges		123,480,734	139,318,552
Insurance		11,294,719	11,037,122
Repairs and maintenance		9,072,274	9,934,208
Traveling and conveyance		5,987,475	5,453,876
Depreciation	14.4	172,168,732	167,711,895
Amortization	16	1,208,172	908,295
Other production overheads		35,059,941	26,838,000
		6,644,750,802	5,427,829,193

Notes to the Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees)	2021 (Rupees)
Adjustment of work-in-process			
Opening stock		148,794,875	95,669,862
Closing stock		(161,794,567)	(148,794,875)
		(12,999,692)	(53,125,013)
		6,631,751,110	5,374,704,180

Adjustment of finished goods and waste

Opening stock		972,457,856	919,095,641
Closing stock		(959,192,932)	(972,457,856)
		13,264,924	(53,362,215)
		6,645,016,034	5,321,341,965

26.1 Raw material consumed

Opening stock		289,810,464	89,163,484
Purchases		4,297,318,235	3,803,897,228
Return / discount on purchases		(44,078,961)	(23,371,194)
		4,253,239,274	3,780,526,034
Freight		12,768,128	14,419,787
		4,555,817,866	3,884,109,305
Closing stock		(220,671,232)	(289,810,464)
		4,335,146,634	3,594,298,841

26.2 This includes employee benefits amounting to Rs. 30.123 million (2021: Rs. 24.357 million).

27 DISTRIBUTION COST

Salaries, wages and other benefits	27.1	27,676,114	22,815,254
Traveling and conveyance		1,859,356	430,166
Sales promotion		3,206,639	4,975,488
Communication		7,659,074	7,984,416
Vehicles running and maintenance		4,714,635	2,873,485
Freight		252,807,730	143,371,934
Clearing and forwarding		11,562,438	9,242,512
Depreciation	14.4	6,284,367	5,338,005
Others		18,679,552	13,850,463
		334,449,905	210,881,723

27.1 This includes employee benefits amounting to Rs. 2.271 million (2021: Rs. 2.115 million).

Notes to the Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees)	2021 (Rupees)
28 ADMINISTRATIVE EXPENSES			
Directors' remuneration		5,400,000	5,100,000
Salaries and other benefits	28.1	42,091,654	38,111,838
Traveling and conveyance		6,792,215	7,026,973
Rent, rates and taxes		5,095,764	4,868,366
Printing and stationery		3,400,008	2,421,162
Communication		3,979,522	3,161,031
Vehicle running and maintenance		6,227,706	4,689,325
Repairs and maintenance		2,191,503	1,378,535
Auditors' remuneration	28.2	954,250	954,250
Fee and subscription		2,297,432	2,157,065
Legal and professional		3,405,985	6,968,771
Electricity, gas and water		4,780,170	4,112,226
Insurance		2,082,440	1,411,141
Advertisement		141,800	122,500
Depreciation	14.4	6,284,367	5,338,005
Provision for expected credit loss	19.1	-	544,911
Others		3,225,700	1,150,896
		98,350,516	89,516,995
28.1	This includes employee benefits amounting to Rs. 3.327 million (2021: Rs. 4.430 million).		
28.2 Auditors' remuneration			
Audit fee		726,000	726,000
Half yearly review		137,500	137,500
Code of corporate governance review		90,750	90,750
		954,250	954,250
29 OTHER OPERATING EXPENSES			
Exchange loss		-	15,681,983
Provision for workers' profit participation fund		13,782,737	19,059,803
Provision for workers' welfare fund		642,348	1,167,372
Loss on investments at fair value		908,698	-
Others		30,721,967	11,803,105
		46,055,750	47,712,263
30 OTHER INCOME			
Income from financial assets			
Exchange gain		89,330,088	-
Dividend income		1,406,977	2,104,817
Profit on investments		2,363,980	-
Gain on investments at fair value		-	89,935
Income from non financial assets			
Gain on disposal of property, plant and equipment	14.6	4,172,929	2,548,778
Other Income - fair price shop		-	2,567,463
Others		1,926,797	6,215,485
		99,200,771	13,526,478

Notes to the Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees)	2021 (Rupees)
31 FINANCE COST			
Mark-up on long term financing		22,318,620	26,251,146
Mark-up on short term borrowings		48,501,942	53,918,358
Interest on Workers' Profit Participation Fund	10.1	1,737,819	3,123,938
Bank charges and others		23,625,800	23,556,362
Unwinding of discount		2,078,844	5,142,741
		98,263,024	111,992,545
32 TAXATION			
Provision for taxation- current		79,077,923	67,630,439
Deferred taxation		(8,312,878)	(8,738,455)
		70,765,045	58,891,984
32.1	The Company is under the ambit of final tax up to the extent of export sales under Section 169 of Income Tax Ordinance 2001. Provision for income tax is made accordingly. Income tax provision for income which is not subject to final tax under Section 169 of Income Tax Ordinance, 2001 has been calculated in accordance with Section 113 of the Income Tax Ordinance, 2001.		
32.2	No numeric tax rate reconciliation has been given in these financial statements as provisions made during the current and preceding financial years mainly represent either alternative corporate tax or minimum tax payable under section 113.		
33 EARNING/(LOSS) PER SHARE - BASIC AND DILUTED			
Earnings attributable to ordinary shareholders		190,464,604	302,076,904
Weighted average number of ordinary shares	5	59,428,729	59,428,729
		3.20	5.08
33.1	There is no dilutive effect on the basic earning per share.		
34 CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the year before taxation		261,229,649	360,968,888
Adjustments for:			
Depreciation on property, plant and equipment	14.4	184,737,467	178,387,906
Amortization	16	1,208,172	908,295
Provision for expected credit loss		544,911	544,911
Loss/ (gain) on disposal property, plant and equipment		(4,172,929)	(2,548,778)
Gain on sale of investments		-	(89,935)
Dividend income		(1,406,977)	(2,104,817)
Staff retirement benefits - gratuity		35,721,332	30,489,267
Provision for WPPF & WWF		14,425,085	20,227,175
Interest on Workers' Profit Participation Fund		1,737,819	3,123,938
Unwinding of discount		2,078,844	5,142,741
Finance cost		94,446,362	103,725,866
Exchange Loss/(gain)		(89,330,088)	15,681,983
Profit before working capital changes		501,219,646	714,457,440

Notes to the Financial Statements

For the year ended June 30, 2022

	2022 (Rupees)	2021 (Rupees)
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(78,366,343)	(34,000,995)
Stock in trade	69,404,464	(307,134,208)
Trade debts	161,713,985	(115,347,471)
Loans and advances	43,266,897	(57,088,111)
Other receivables	80,990,685	(57,411,593)
Trade deposits, prepayments and balances with statutory authorities	(114,632,993)	(96,567,100)
Increase / (decrease) in current liabilities		
Trade and other payables	58,160,307	373,945,695
Contract liabilities	(31,197,869)	27,014,448
Payment of workers' profit participation fund	(6,445,890)	(19,259,188)
Net changes in working capital	182,893,243	(285,848,523)
	684,112,889	428,608,917

35 FINANCIAL ASSETS AND LIABILITIES

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

Fair value hierarchy

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

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

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

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

- Level 1: Fair value measurements using quoted (unadjusted) in active markets for identical asset or liability.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

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

Notes to the Financial Statements

For the year ended June 30, 2022

	Mark-up bearing		Non mark-up bearing		TOTAL 2022	TOTAL 2021
	Maturity up to one year (Rupees)	Maturity after one year (Rupees)	Maturity up to one year (Rupees)	Maturity after one year (Rupees)		
Financial Assets						
- Loans and receivables						
Long term deposits	-	-	-	24,783,801	24,783,801	22,739,301
Trade debts	-	-	661,414,117	-	661,414,117	823,673,013
Loans and advances	-	-	23,809,496	-	23,809,496	34,098,802
Trade deposits	-	-	9,970,921	-	9,970,921	8,289,747
Cash and bank balances	1,191,303	-	63,505,849	-	64,697,152	78,873,188
- At fair value through profit or loss						
Investments	1,422,015	-	-	-	1,422,015	3,965,854
	2,613,318	-	758,700,383	24,783,801	786,097,502	971,639,905

Financial Liabilities

- At amortized cost

Long term financing	183,304,248	78,687,008	-	-	261,991,256	500,594,424
Unclaimed Dividend	-	-	761,498	-	761,498	694,043
	183,304,248	78,687,008	761,498	-	262,752,754	501,288,467
On balance sheet gap	(180,690,930)	(78,687,008)	757,938,885	24,783,801	523,344,748	470,351,438

Off balance sheet items

Bills discounted with recourse					372,571,685	273,143,214
Bank guarantees issued in the ordinary course of business					58,533,073	53,533,073
Letters of credit					141,954,552	78,780,576

36 FINANCIAL RISK MANAGEMENT

Effective interest rates

Financial liabilities

Long term financing	3.00% to 13.95% (2021: 3.00% to 9.59%) per annum
Short term borrowings	3.00% to 13.91% (2021: 3.00% to 9.09%) per annum

Notes to the Financial Statements

For the year ended June 30, 2022

36.1 Financial risk factors

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

- Credit risk
- Liquidity risk
- Market risk (Currency risk, other price risk and interest rate risk)

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

Concentration and management of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted.

Credit risk from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institution, as well as credit exposures to customers, including trade receivables and committed transactions. Out of total financial assets of Rs. 786.098 million (2021: Rs. 971.640 million), the financial assets that are subject to credit risk amounted to Rs. 719.978 million (2021: Rs. 888.801 million).

For trade receivables, internal risk assessments process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings in accordance with the limits set by the management. The utilization of credit limit is regularly monitored. Accordingly, the credit risk is minimal and the Company also believes that it is not exposed to major concentration of credit risk.

Concentration of the credit risk arises when the number of counter parties engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration risk.

The Company monitors the credit quality of the financial assets with reference to the historical performance of such assets and available external credit ratings. The carrying value of financial assets which are neither past due nor impaired are as under:

	2022 (Rupees)	2021 (Rupees)
Long term deposits	24,783,801	22,739,301
Trade debts	661,414,117	823,673,013
Loans and advances	23,809,496	34,098,802
Trade deposits and other receivables	9,970,921	8,289,747
Bank balances	63,132,411	78,120,486
	783,110,746	966,921,349

The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history. The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Notes to the Financial Statements

For the year ended June 30, 2022

	Rating agency	Long term Rating	Short term Rating
Bank Alfalah Limited	PACRA	AA+	A-1+
Askari Bank Limited	PACRA	AA+	A-1+
Faysal Bank Limited	PACRA	AA	A-1+
Meezan Bank Limited	JCR-VIS	AA	A-1+
Meezan Bank Limited	JCR-VIS	AAA	A-1+
MCB Bank Limited	PACRA	AAA	A-1+
Habib Metropolitan Bank Limited	PACRA	AA+	A-1+
National Bank of Pakistan	PACRA	AAA	A-1+
National Bank of Pakistan	JCR-VIS	AAA	A-1+
Bank of Punjab	PACRA	AA+	A-1+
United Bank Limited	JCR-VIS	AAA	A-1+
Soneri Bank Limited	PACRA	AA-	A-1+
Habib Bank Limited	JCR-VIS	AAA	A-1+
Allied Bank Limited	PACRA	AAA	A-1+
Bank Al Habib Limited	PACRA	AAA	A-1+

Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as the Company has obtained short term borrowings from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments. In addition, the Company uses different methods including restructuring and rescheduling of existing loan facilities which assists it in monitoring cash flow requirements. Therefore, the management envisages that sufficient financial resources will be available for the continuing operations of the Company.

Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company is exposed to market risk on account of foreign currency balances, interest bearing borrowings, investments and foreign currency receivables.

Currency risk

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

The Company is exposed to currency risk on import of raw materials and stores and spares and export of goods mainly denominated in US dollars and on foreign currency bank accounts. The Company's exposure to foreign currency risk for US Dollars, Pound Sterling and Euro is as follows:

Notes to the Financial Statements

For the year ended June 30, 2022

	2022 (Rupees)	2021 (Rupees)
Foreign debtors	217,020,076	142,017,528
Foreign currency bank account	1,172,435	1,278,123
Gross balance sheet exposure	218,192,511	143,295,651
Letters of credit	141,954,552	78,780,576
	360,147,063	222,076,227

	Average rate		Reporting date rate	
	2022	2021	2022	2021
Rupees per USD	175.68	158.30	206.00	154.95
Rupees per Euro	199.13	188.71	215.75	189.53
Rupees per GBP	234.27	219.28	249.92	220.65

As at reporting date, had the exchange of USD, Euro and Pound Sterling depreciated or appreciated by 10% against the currency with all other variables held constant, the change in post tax profit/(loss), mainly as a result of foreign exchange gain/loss on translation of foreign currency denominated payables, would have been as follows:

	30-Jun-22		30-Jun-21	
	% Change (+ -)	Impact (+ -)	% Change (+ -)	Impact (+ -)

Effect on profit or loss

USD	10	11,878,701	10	8,351,531
Euro	10	8,435,055	10	1,275,345
Pound Sterling	10	-	10	-

The sensitivity analysis prepared is not necessarily indicative of the effects on profit/(loss) for the year and assets/liabilities of the Company.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rate.

At the reporting date the variable interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2022 Effective interest rate %	2021	2022 Carrying value in Rupees	2021
Long term financing	3.00% to 13.95%	3.00% to 9.59%	261,991,256	500,594,424
Short term financing	3.00% to 13.91%	3.00% to 9.09%	1,294,906,119	1,268,832,350

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased/(increased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2022.

Notes to the Financial Statements

For the year ended June 30, 2022

	Profit and loss 100 BPS	
	Increase	decrease
As at 30 June 2022		
Cash flow sensitivity-Variable rate financial liabilities	15,568,974	(15,568,974)
As at 30 June 2021		
Cash flow sensitivity-Variable rate financial liabilities	17,694,268	(17,694,268)

The sensitivity analysis prepared is not necessarily indicative of the effects on loss for the year and assets/ liabilities of the Company.

Past due balances

	2022	2021
	(Rupees)	(Rupees)
The aging of trade receivable at the reporting date is:		
Past due 1-30 days	658,106,584	813,257,171
Past due 30-150 days	3,307,533	10,415,842
Past due 150 days	544,911	544,911
Less: provision for expected credit loss	(544,911)	(544,911)
	661,414,117	823,673,013

36.2 Capital risk management

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, appropriation of amounts to capital reserves or/and issue new shares, as the case may be.

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 borrowings ("long term financing" and "short term borrowings" as shown in the balance sheet). Total capital comprises shareholders' equity as shown in the balance sheet under "share capital and reserves" and net debt.

The salient information relating to capital risk management of the Company as of June 30, 2022 and June 30, 2021 were as follows:

Total borrowings	1,556,897,375	1,769,426,774
Cash and bank balances	(64,697,152)	(78,873,188)
	1,492,200,223	1,690,553,586
Total equity	2,059,631,314	1,911,038,389
	3,551,831,537	3,601,591,975
Gearing ratio %	42.01	46.94

Notes to the Financial Statements

For the year ended June 30, 2022

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Description	2022			2021		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Managerial remuneration	2,000,000	1,600,000	17,916,800	2,000,000	1,400,000	8,968,000
House rent allowance	800,000	640,000	7,166,720	800,000	560,000	3,587,200
Utilities	200,000	160,000	1,791,680	200,000	140,000	896,800
	3,000,000	2,400,000	26,875,200	3,000,000	2,100,000	13,452,000
No. of persons	1	1	11	1	1	6

37.1 Some of the Directors and the Executives are provided with free use of Company cars as per rules.

37.2 No meeting fee was paid to the Directors for attending the meetings of the Board.

38 TRANSACTIONS WITH RELATED PARTIES

There were no related parties other than those as disclosed in notes no.12 and 37 above.

39 ENTITY-WIDE INFORMATION

39.1 The Company markets and sells fabric and towel. Breakdown of net revenues for both the products of the Company is as follows:

	2022 (Rupees)	2021 (Rupees)
Fabric	2,975,842,575	2,666,116,253
Towel	4,458,708,910	3,394,676,580
	7,434,551,485	6,060,792,833

39.2 Major export sales are made to Germany, USA and Italy which represents 72% of total export sales (2021: 97%).

39.3 All the non-current assets of the Company are located in Pakistan.

39.4 The Company's customer base is diverse with no single customer accounting for more than 9.16% of net revenue.

	2022 (Number)	2021 (Number)
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40 PLANT CAPACITY AND PRODUCTION

Greige fabric unit

No. of looms installed	199	199
No. of looms worked	199	199
Shifts per day	3	3
No. of days actually worked	365	365
Installed capacity (square meters in millions @ 50 picks)	84.62	84.62
Actual production (square meters in millions @ 50 picks)	69.79	74.67

Towel unit

No. of looms installed	45	45
No. of looms worked	45	45
Shifts per day	3	3
No. of days actually worked	365	365
Installed capacity (Tons)	4,835	4,835
Actual production (Tons)	3,953	4,614

Notes to the Financial Statements

For the year ended June 30, 2022

	2022 (Number)	2021 (Number)
Towel and yarn dyeing and processing unit		
Towel dyeing installed capacity (Tons)	6,372	6,245
Towel dyeing actual production (Tons)	4,783	4,556
Yarn dyeing installed capacity (Tons)	783	-
Yarn dyeing actual production (Tons)	318	-

40.1 It is difficult to determine precisely the production capacity in textile weaving mills since it fluctuates widely depending on various factors such as speed, width and construction of cloth woven etc.

40.2 Difference is due to the supply demand situation in the market.

41 NUMBER OF EMPLOYEES

Number of employees as on June 30,	1085	1068
Average number of employees during the year	1086	1056

42 EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company in its meeting held on September 28, 2022 has proposed cash dividend of Rs. 29.714 million (2021: Rs. 29.714 million) at Rs. 0.5 per ordinary share of Rs. 10 each for the year ended June 30, 2022 subject to the approval of shareholders in the Annual General Meeting to be held on October 28, 2022. These financial statements do not reflect these appropriations.

43 DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

With reference to circular no. 14 of 2016 dated April 21, 2016, issued by the Securities and Exchange Commission of Pakistan relating to "All Shares Islamic Index", the Company does not have investment, bank balance or other operations having Islamic mode therefore, individual items required by circular no. 14 of 2016 have not been disclosed.

44 IMPACT OF COVID-19 (CORONA VIRUS)

The spread of Covid - 19 as a pandemic and consequently imposition of lock down by Federal and Provincial Governments of Pakistan (Authorities) caused an overall economic slow down and disruption to various businesses. However, as a result of steps taken by the Authorities, the businesses have substantially resumed with corresponding positive impact on demand of petroleum products. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

45 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors of the Company and authorised for issue on September 28, 2022.

46 FIGURES

Figures have been rounded off to the nearest Rupee.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

ڈائریکٹرز کا بیان

- کوڈ آف کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل میں، کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر بیانات درج ذیل ہیں:
1. فنانشل سٹیٹمنٹ کمپنی کی انتظامیہ نے تیار کی ہے۔ کمپنی کے معاملات، عملی کارکردگی کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کو خوش اسلوبی سے پیش کیا گیا ہے۔
 2. کمپنی کے حسابات کی کتابیں حسب ضابطہ برقرار رکھی گئیں۔
 3. مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو ہوتی ہیں اور محاسبہ کا تخمینہ معقول اور محتاط فیصلے پر مبنی ہوتا ہے۔
 4. بین الاقوامی مالیاتی رپورٹنگ معیارات، جیسا کہ پاکستان میں قابل اطلاق ہیں، مالی گوشوارے کی تیاری میں ان پر عمل کیا گیا ہے اور اگر اس کے علاوہ کچھ ہوا ہے تو اسے ظاہر کیا گیا ہے۔
 5. کمپنی کے اندرونی کنٹرول نظام کا ڈیزائن مستحکم ہے اور اس کو موثر انداز میں مناسب نگرانی کے ساتھ نافذ کیا گیا ہے۔
 6. کمپنی کے کاروبار کو جاری رکھنے کی صلاحیت شہادت سے بالاتر ہے۔
 7. کارپوریٹ گورننس کے اصولوں کے منافی کوئی اقدام نہیں کیا گیا ہے۔

بیرونی آڈیٹرز

بورڈ آف ڈائریکٹرز نے کمپنی کی آڈٹ کمیٹی کی سفارش پر میسرز بی ڈی او ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹینٹس کی بطور بیرونی آڈیٹرز تقرری کی تجویز پیش کی ہے۔ ریٹائرڈ ہونے والے آڈیٹرز میسرز اظہر ظفر اینڈ کمپنی آئینہ سالانہ اجلاس عام میں دوبارہ تقرری کے لیے اہل ہیں۔ تاہم کمپنی کے ایک حصص دار کی طرف سے کمپنی ایکٹ 2017 کی دفعہ 246 کے تحت آڈیٹرز کی تبدیلی کے لیے ایک نوٹس موصول ہوا ہے۔

اعتراف

بورڈ اپنے قابل قدر حصص داران، بینکیں، مالیاتی اداروں اور صارفین کا تہہ دل سے شکریہ ادا ہے۔ جن کے مستقل تعاون اور سرپرستی کی بدولت کمپنی کو مستحکم بہتری کے لئے جدوجہد کرنے میں مدد ملی ہے۔ زیر جائزہ مدت کے دوران، انتظامیہ اور ملازمین کے مابین تعلقات خوشگوار رہے اور ہم کمپنی کے عملے اور کارکنوں کی لگن، استقامت اور مستعدی کا برملا اعتراف کرتے ہیں۔



محترم ارباب محمد خان
ڈائریکٹر



محترم مسعود حنیف
چیف ایگزیکٹو

لاہور

28 ستمبر، 2022

انسانی وسائل اور معاوضہ کمیٹی

انسانی وسائل اور معاوضہ کمیٹی میں تین ممبر شامل ہیں جن میں سے دو نان ایگزیکٹو ڈائریکٹر ہیں اور چیئر پرسن آزاد ڈائریکٹر ہیں۔ یہ کمیٹی اپنے ریفرنس کی شرائط کے مطابق اپنے فرائض سرانجام دے رہی ہے جیسا کہ بورڈ آف ڈائریکٹرز نے طے کیا ہے۔ زیر جائزہ مدت کے دوران اس کمیٹی کا صرف 1 اجلاس منعقد ہوا اور حاضری کی پوزیشن درج ذیل ہے:

نام	عہدہ	اجلاس میں شمولیت
محترمہ نزہت کامران	چیئر پرسن / رکن	1
محترم ارباب محمد خان	رکن	1
محترمہ صباح برہان	رکن	1

بورڈ آف ڈائریکٹرز کے اجلاس

زیر غور سال کے دوران، کمپنی کے بورڈ آف ڈائریکٹرز کے 4 اجلاس ہوئے تھے۔ اور حاضری کی پوزیشن درج ذیل ہے۔

نمبر شمار	ڈائریکٹرز کے نام	اجلاس میں شمولیت
.1	محترمہ مساعدا حنیف	4
.2	محترم ارباب محمد خان	3
.3	محترم رانا کمال الدین	4
.4	محترمہ نزہت کامران	4
.5	محترمہ تہنیت مساعدا	4
.6	محترمہ صباح برہان	4
.7	محترمہ سارہ نیوی والا	3

ڈائریکٹرز کے معاوضے

بورڈ ممبروں کے معاوضے کی منظوری بورڈ ہی دیتا ہے۔ تاہم، کارپوریٹ گورننس کے کوڈ کے مطابق، یہ یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے معاوضے کے فیصلے میں حصہ نہیں لے گا۔ کمپنی غیر ایگزیکٹو ڈائریکٹرز اور خود مختار ڈائریکٹر کو بالترتیب معاوضہ اور میٹنگ فیس ادا نہیں کرتی ہے۔ چیف ایگزیکٹو اور دیگر ایگزیکٹو ڈائریکٹرز کے معاوضے کے پیکج کو مالی گوشوارے کے نوٹ نمبر 37 بیان کر دیا گیا ہے۔

ڈائریکٹرز کا تربیتی پروگرام

کمپنی کے بورڈ آف ڈائریکٹرز میں 7 ڈائریکٹرز شامل ہیں جن میں سے مندرجہ ذیل پانچ ڈائریکٹرز نے مقامی اداروں کے ذریعہ پیش کردہ ڈائریکٹرز کے ٹریننگ پروگرام کے لئے سند حاصل کی ہے جو سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان "ایس ای سی پی" کے ذریعہ متعین کردہ معیار پر پورا اترتی ہے:

- محترمہ تہنیت مسعود
- محترمہ صباح برہان
- محترم ارباب محمد خان
- محترمہ سارہ نیوی والا
- محترمہ نزہت کامران

کمپنی کے چیف ایگزیکٹو سمیت بقیہ دو ڈائریکٹرز DTP کے اسٹینی کے مطلوبہ معیار پر پورا اترتے ہیں۔

کارپوریٹ بریفنگ سیشن

کمپنی کی کارکردگی اور مستقبل کا لائحہ عمل سرمایہ کاروں کو بریف کرنے کے لیے ہر سال کارپوریٹ بریفنگ سیشن منعقد کیا جاتا ہے۔

کارپوریٹ اور مالی رپورٹنگ فریم ورک کی تعمیل

ہم اچھی کارپوریٹ گورننس کے لئے پرعزم ہیں اور پاکستان اسٹاک ایکسچینج لمیٹڈ کے کوڈ آف کارپوریٹ گورننس کی فہرست میں شامل قواعد ریگولیشن 2019 (سی سی جی 2019) کی ضروریات کی تعمیل کرتے ہیں۔ سی سی جی 2019 کی تعمیل کا بیان منسلک ہے۔

بورڈ کمیٹیاں

آڈٹ کمیٹی

یہ آڈٹ کمیٹی بورڈ کے تینوں غیر ایگزیکٹو اراکان پر مشتمل ہے۔ کمیٹی کی چیئر پرسن ایک آزاد ڈائریکٹر ہے۔ آڈٹ کمیٹی اپنے ضابطہ کی شرائط کے مطابق اپنے فرائض سرانجام دے رہی ہے جیسا کہ بورڈ آف ڈائریکٹرز نے طے کیا ہے۔ زیر غور سال کے دوران، آڈٹ کمیٹی کے چار اجلاس ہوئے، حاضری کی پوزیشن درج ذیل ہے:

نام	عہدہ	اجلاس میں شمولیت
محترمہ نزہت کامران	چیئر پرسن / رکن	4
محترمہ تہنیت مسعود	رکن	4
محترمہ رانا کمال الدین	رکن	4

پاکستان کی معیشت سیاسی انتشار کی وجہ سے خراب ہوئی۔ اور جی ڈی پی کی شرح نمو 2022ء میں 6.03 فیصد سے کم ہو کر 2023ء کی پہلی سہ ماہی میں 4.30 فیصد رہ گئی۔ سیاسی عدم استحکام کے علاوہ قدرتی موسمیاتی آفات کی وجہ سے زرعی اجناس کی تباہی نے پاکستانی معیشت کو مزید مشکلات سے دوچار کر دیا ہے۔ جس کی وجہ سے آئیندہ عرصے میں ملک کو خوراک اور کپاس کی شدید قلت کا سامنا ہوگا۔ ٹیکسٹائل انڈسٹری کو اپنی فروخت کے معاہدوں کو مکمل کرنے کے لیے درآمد شدہ خام مال جیسے کپاس اور دھاگہ پر انحصار کرنا پڑتا ہے۔ جس کی وجہ سے منافع کا مارجن کم ہوگا اور ہو سکتا ہے کہ یہ مارجن آئندہ عرصے کے دوران نقصان میں تبدیل ہو جائے۔ حکومت نے 30 جون 2022ء کو اختتام پذیر مدت کے لیے گیس اور بجلی کے استعمال کے لیے علاقائی طور پر مسابقتی ٹیرف کے ساتھ ٹیکسٹائل کی برآمدی صنعت کو یہ سہولت فراہم کی تھی جس سے ٹیکسٹائل کی صنعت کو رواں رکھنے میں مدد ملی۔ اس مسئلے پر چند قدم کی کھینچا تانی کے بعد اگلے سال کے لیے بھی یہی اسکیم جاری ہے مستحکم ٹیرف پالیسی کے ساتھ توانائی کی مسلسل فراہمی کا میاب آپریشنز کے لیے بہت ضروری ہے۔

کارپوریٹ گورننس

بورڈ آف ڈائریکٹرز

کمپنی کے ڈائریکٹرز مندرجہ ذیل ہیں:

1.	محترم مساعد حنیف	ایگزیکٹو ڈائریکٹر/سی ای او
2.	محترم ارباب محمد خان	ایگزیکٹو ڈائریکٹر
3.	محترم رانا کمال الدین	خود مختار ڈائریکٹر
4.	محترمہ تہنیت مساعد	ڈائریکٹر/چیئر پرسن
5.	محترمہ نزہت کامران	خود مختار ڈائریکٹر
6.	محترمہ صباح برہان	ڈائریکٹر
7.	محترمہ سارہ نیوی والا	ڈائریکٹر

سرمایہ داری اخراجات

کمپنی نے 326.28 ملین روپے فکسڈ کیپٹل اخراجات (CAPEX) میں لگائے جو کہ گذشتہ سال کے (CAPEX) کے مقابلے میں 17 فیصد زیادہ ہیں۔ اس 326.28 ملین روپے میں سے 224.36 ملین روپے کی سرمایہ کاری، کاروباری امور سے حاصل ہونے والی نقد رقم سے کی گئی ہے۔ یہ بی ایم آر موجودہ آلات کی جدید کاری اور نئے آلات جیسے وائینڈرز، ٹوئیسٹر اور 2.0 میگا واٹ گیس جزیٹر کی شمولیت دونوں کا احاطہ کرتا ہے۔ یہ عمل کمپنی کی اپنی مینوفیکچرنگ سہولیات کو باقاعدگی سے وسیع کرنے، مزید بہتر کرنے، اور جدت پسندی کے عزم کو ظاہر کرتا ہے۔

منظم کاروباری سرمایہ

وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ کے مہیا کردہ اعداد و شمار کے مطابق کمپنی کا موجودہ تناسب 1.06 ہے۔ جو کہ سال 2021 میں 1.11 تھا۔ طویل اور مختصر مدت کے قرضوں کی درجہ بندی بالترتیب BBB+ اور A-2 ہے۔ جو کہ طویل اور مختصر مدت کے قرضوں کے لیے اپنے فرائض اور ذمہ داریوں پر پورا اترنے کی صلاحیت کو ثابت کرتی ہے۔ کمپنی نے اپنے کاروباری سرمائے کو موثر انداز میں استعمال کیا۔ جس کے نتیجے میں کمپنی کو اپنی فروخت آمدنی میں 20.48 فیصد اضافہ کا حصول ممکن ہوا۔ ای بی آئی ٹی ڈی اے (EBITDA) 447.17 ملین روپے رہا۔ جبکہ گذشتہ برس اسی مدت میں یہ 540.26 ملین روپے تھا۔ ای بی آئی ٹی ڈی اے فروخت کا تناسب گذشتہ برس 8.80 فیصد کے مقابلے میں 6.05 فیصد تھا۔

منافع

کمپنی کی ضروریات اور مستقبل میں سرمائے کے حصول کی صلاحیت کو مدنظر رکھتے ہوئے کمپنی کے بورڈ آف ڈائریکٹرز خوشی سے 30 جون 2022ء کو اختتام پذیر مدت کے لیے اپنے معزز حصص داران کو 5 فیصد منافع دینے کی سفارش کرتے ہیں۔ جبکہ گذشتہ سال 30 جون 2021ء میں بھی یہ شرح 5 فیصد تھی۔

فی حصص آمدنی

کمپنی نے اپنی فی حصص آمدنی (EPS) کا مثبت سلسلہ برقرار رکھا ہے۔ جو کہ اپنے حصص داران کی قدر بڑھانے کے لیے کمپنی انتظامیہ کی بہترین حکمت عملی کے اثر کو ظاہر کرتا ہے۔ 30 جون 2022ء کے لیے فی حصص آمدنی (EPS) 3.20 روپے ہے جو گذشتہ سال اسی مدت میں 5.08 روپے تھی۔

مارکیٹ کا عمومی جائزہ اور مستقبل کے امکانات

اشیاء کی تنزلی کا رجحان پچھلی سہ ماہی کے دوران شروع ہوا اور ابھی تک جاری ہے۔ مہنگائی پر قابو پانے کے لیے عالمی سطح پر اور پاکستان میں بھی شرح سود بڑھ رہی ہے۔ وبائی امراض کے بعد منڈیوں کے کھلنے سے سامان کی خرید و فروخت میں ایک تیزی پیدا ہوئی جو اب اتنی ہی تیزی کے ساتھ ختم ہو رہی ہے۔ چونکہ ہمارے گاہک اعلیٰ درجے کے سامان کی ترسیل کرتے ہیں لہذا اس وقت وہ مزید کاروبار کرنے سے گریزاں ہیں۔ ہو سکتا ہے یہ رجحان سال 2022-23ء کی پہلی اور دوسری سہ ماہی کے دوران جاری رہے۔ ہم امید کرتے ہیں کہ آنے والے کرسمس سیزن کے دوران فروخت بڑھ جائے گی اور اسٹاک انونٹریز ختم ہو جائیں گی۔

شرح سود میں اضافہ، دو ہندسوں کا افراط زر، ملکی کپاس کی شدید قلت اور شرح مبادلہ کی غیر یقینی صورتحال جیسے معاشی عوامل، کاروباری منصوبہ بندی میں سنگین رکاوٹ پیدا کر رہے ہیں مزید برآں ملک میں جاری سیاسی عدم استحکام موسمیاتی قدرتی آفات ان پریشانیوں میں مزید اضافہ کا باعث ہیں۔ یہ تمام خدشات غیر ملکی خریداروں کے لیے پریشان کن ہیں۔ اور ان کو پاکستان کے پروسی ممالک سے ٹیکسٹائل مصنوعات اور ملبوسات خریدنے کی وجوہات کا باعث بن رہے ہیں۔

معزز اراکین

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2022ء کو اختتام پزیر مدت کے لیے آپ کے سامنے خود مختار آڈیٹرز کی غیر جانب دار رپورٹ کے ساتھ آڈٹ شدہ سالانہ رپورٹ پیش کرتے ہیں۔

مالیاتی جائزہ

کمپنی نے 7.38 ارب روپے کی خالص فروخت ریکارڈ کی۔ زیر جائزہ مدت میں مجموعی منافع 739.15 ملین روپے رہا۔ جبکہ خالص منافع 190.46 ملین روپے رہا۔ جو کہ گذشتہ سال کی اسی مدت میں بالترتیب 6.13 ارب روپے کی خالص فروخت پر مجموعی منافع 807.55 ملین روپے اور خالص منافع 302.08 روپے تھا۔ طویل مدتی قرضوں کی اقساط کی ادائیگی کی بدولت مالیاتی لاگت میں گذشتہ سال کے مقابلہ میں 12.26 فیصد کمی واقع ہوئی ہے۔ مالیاتی خلاصہ درج ذیل ہے۔

تفصیل	2022	2021	اضافہ/ (کمی) فیصد
خالص فروخت	7,384,164,107	6,128,887,901	20.48
مجموعی منافع	739,148,073	807,545,936	(8.47)
ای بی آئی ٹی ڈی اے	447,175,288	540,265,089	(17.23)
فرسودگی	185,945,639	179,296,201	3.71
مالی لاگت	98,263,024	111,992,545	(12.26)
منافع بمعدہ ٹیکس	261,229,649	360,968,888	(27.63)
منافع علاوہ ٹیکس	190,464,604	302,076,904	(36.95)
فی حصص آمدنی	3.20	5.08	(36.95)

فروخت آمدنی میں 20.48 فیصد اضافے کے باوجود منافع کے مارجن میں کمی واقع ہوئی۔ مارجن میں کمی کی وجہ مختلف خام مال جیسے کپاس، رنگ، کیمیکلز، اور پیکنگ میٹریل کی لاگت پر افراط زر کا دباؤ ہے۔ سمندری مال برداری میں غیر معمولی اضافے کی وجہ سے منافع میں نمایاں کمی واقع ہوئی۔ کم از کم اجرت میں اضافے کی وجہ سے تنخواہوں میں 19 فیصد اضافہ ہوا ہے۔

کمپنی نے اپنے واجبات اور مارک اپ لاگت کو کم کرنے کے لیے 258.56 ملین روپے کے طویل مدتی قرضوں کی ادائیگی کی جو کہ گذشتہ سال کی اسی مدت میں 107 ملین روپے تھی۔ دوسری طرف اسٹیٹ بینک آف پاکستان کی جانب سے جون 2021ء میں 7.45 فیصد سے جون 2022ء میں 15.32 فیصد تک پالیسی ریٹ میں بتدریج اضافے کی وجہ سے مختصر مدت کے قرضوں پر مالیاتی لاگت بڑھ گئی۔ زیر جائزہ مدت کے دوران اسٹیٹ بینک آف پاکستان نے ایکسپو رٹ ری فنانس کی لاگت میں بھی 3 فیصد سے 10 فیصد تک کا اضافہ کر دیا۔ شرح سود میں زبردست اضافے کے باوجود کمپنی بہتر مالی منصوبہ بندی کے ساتھ اپنے واجبات کو کم کر کے اپنی مجموعی لاگت میں کمی لانے میں کامیاب رہی۔

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی ضروریات کے مطابق زیفر ٹیکسٹائلز لمیٹڈ کے بورڈ آف ڈائریکٹرز کا سالانہ جائزہ لیا جاتا ہے۔ اس تجزیے کا مقصد اس بات کو یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور تاثیر کو کمپنی کے لیے مقرر کردہ مقاصد کے تناظر میں وابستہ توقعات کے مطابق مپا جائے۔

بورڈ کی کارکردگی

30 جون 2022ء کو اختتام پذیر مالی سال کے لیے بورڈ کی مجموعی کارکردگی اور تاثیر کو تسلی بخش قرار دیا گیا ہے۔ بہتری ایک جاری عمل ہے جس کے نتیجے میں تمام منصوبے ترتیب دیے جاتے ہیں۔ مندرجہ بالا مجموعی تشخیص لازمی اجزاء، بشمول وژن، مقصد اور اقدار، اسٹریٹجک منصوبہ بندی میں شمولیت، پالیسیوں کی تشکیل، کمپنی کی کاروباری سرگرمیوں کی نگرانی، مالی وسائل کے انتظام کی نگرانی، موثر مالیاتی نگرانی، تمام ملازمین کے ساتھ مساوی سلوک اور بورڈ کی ذمہ داری کو نبھانے کی کارکردگی پر مشتمل ہے۔ آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کو بورڈ اور اس کی ذیلی کمیٹیوں کے اجلاس منعقد ہونے سے تسلی بخش وقت سے پہلے ان اجلاسوں کے متعلق ان کا ایجنڈا اور معاون تحریری مواد موصول ہوا۔ بورڈ کی کامیابی کی نمایاں تفصیل درج ذیل ہے۔

- روٹین بی ایم آر
- سہ ماہی اور سالانہ مالی گوشوارے
- سالانہ اور سہ ماہی گوشواروں میں مالی رپورٹنگ کو معیاری اور موزوں طریقے سے بیان کرنے کی شفافیت کو یقینی بنانا
- اندرونی آڈٹ اور آڈٹ کمیٹی کی رپورٹیں اور نتائج اور اندرونی کنٹرول سسٹم کی تاثیر کا جائزہ لیا گیا۔
- بیرونی آڈیٹرز کی تقرری اور
- ڈبلیو پی پی ایف (WPPF) کی تقسیم

بورڈ اپنی ذمہ داریوں کو مناسب طریقے سے ادا کرنے کے لیے اکثر غیر رسمی ملاقاتیں کرتا ہے۔ نان ایگزیکٹو اور آڈیٹرز، اہم فیصلوں میں برابر کے شریک ہوتے ہیں۔ میں تمام عملے کے اراکین، صارفین، سپلائرز، بینکرز، حصص داران اور بورڈ آف ڈائریکٹرز کا ان کے عزم اور محنت کے لیے ان سب کا شکریہ ادا کرنا اور ان کی تعریف کرنا چاہوں گی۔

A. Nuzaid

محترمہ تہنیت مسعود
چیئر پرسن

لاہور

28 ستمبر، 2022

ZEPHYR TEXTILES LIMITED

3rd Floor IEP Building 97-B/D-1, Gulberg III, Lahore

PROXY FORM

I/ We,

Of

Being a member of ZEPHYR TEXTILES LTD, hereby appoint

Being a member of ZEPHYR TEXTILES LTD, hereby appoint
(NAME)

Of _____ another member of the company

Or failing him/ her _____

(NAME)

Of _____ another member of the company

(being member of the company) as my/ our proxy to attend vote for and on my / our behalf at the Annual General Meeting of the company held at its Registered Office, 3rd Floor IEP Building 97/B/D-1, Gulberg III, Lahore on October 28, 2022 at 10:30 AM and at every adooornments thereof.

As witnessed given under my / our hand (s) this _____ day of _____ 2022.

1. Witness: _____
Signature: _____
Name: _____
Address: _____

Affix
Revenue
Stamps of
Rs. 5/-

Signature of Member

2. Witness: _____
Signature: _____
Name: _____
Address: _____

Shares held _____
Shareholders' _____
CDC A/c # _____

CNIC #: _____

Notes:

1. Proxies, in order to effective, must be reached at the Company's Registed Office, not less than 48 hours the time of holding the meeting and must be duly stamped, signed and witnessed.
2. CDC shareholders, entitled to attend and vote at this meeting, must bring with them their National identity card / passport in original to prove his / her identity, and in case of proxy, must enclosed an attested copies of his/her NIC or passport. Representative of Corporate members should bring the usual documents required for such purpose.

زیفرٹیکسٹائلز لمیٹڈ

پراکسی فارم

میں اہم سہمی اسماءہ ----- ساکن ----- ضلع -----
بحیثیت ممبر کمپنی پراکسی اسماءہ ----- ساکن ----- کمپنی ممبر یا اسکی عدم موجودگی کی صورت میں
سہمی اسماءہ ----- ساکن ----- کمپنی ممبر کو بطور مختار (پراکسی) مقرر کرتا کرتی ہوں تاکہ وہ میری اجازت جگہ اور میری
اجازت کی طرف سے کمپنی کے سہما: سہما اجلاس عام جو کہ بتاریخ 28 اکتوبر 2022 بوقت صبح 10:30 کمپنی کے رجسٹرڈ آفسس تیسری منزل IEP بلاک 97-B/D-1 گلبرگ
لاہور میں منعقد ہو رہا ہے میں بول سکے اور ووٹ ڈال سکے۔

دستخط بتاریخ ----- دن ----- 2022

گواہ کے کوائف

دستخط: -----
نام: -----
پتہ: -----
کمپیوٹر آئڈنٹیفیکیشن کارڈ کا نمبر: -----
فون نمبر: -----
سی ڈی سی اکاؤنٹ نمبر: -----
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