

IDEAL

SPINNING MILLS LIMITED



IdealGroup



33rd
Annual Report

2021

CONTENTS**PAGE NO.**

VISION & MISSION	2
COMPANY INFORMATION	3
NOTICE OF MEETING	4-7
CHAIRMAN'S REVIEW	8-9
DIRECTOR'S REPORT	10-24
STATEMENT OF COMPLIANCE	25-28
KEY OPERATING AND FINANCIAL DATA	29
REVIEW REPORT	30
AUDITOR'S REPORT	31-37
STATEMENT OF FINANCIAL POSITION	38
STATEMENT OF PROFIT OR LOSS	39
STATEMENT OF COMPREHENSIVE INCOME	40
STATEMENT OF CHANGES IN EQUITY	41
CASH FLOW STATEMENT	42
NOTES TO THE ACCOUNTS	43-74
PATTERN OF SHAREHOLDINGS	75-77
REQUEST FOR E-TRANSMISSION OF ANNUAL REPORT	78
ELECTRONIC CREDIT MANDATE FORM	79
PROXY FORM	79-80

VISION

To deliver innovation and quality to our customers by following a progressive and on time approach and further the cause of a sustainable future by promoting an eco friendly approach in all our operations.

MISSION

To be a foremost Company receptive to the needs of our customers, acknowledge for consistently providing fine quality products and services by understanding the customers behaviours and preparing fully to meet the challenges of global market and to maximize profit by making best efforts in production planning, quality of products and making strategies.

COMPANY INFORMATION

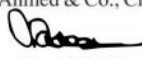
CHAIRMAN:	MR. MUHAMMAD SAEED
CHIEF EXECUTIVE OFFICER:	MR. AMJAD SAEED
DIRECTORS:	MRS. RUBINA AMJAD MR. OMER SAEED MR. AHSAN SAEED MR. KHIZER SAEED MR. MUHAMMAD ASIF (INDEPENDENT) MR. MUHAMMAD AZHAR (INDEPENDENT)
AUDIT COMMITTEE:	
CHAIRMAN	MR. MUHAMMAD AZHAR
MEMBER	MR. MUHAMMAD SAEED
MEMBER	MR. AHSAN SAEED
H.R. & REMUNERATION COMMITTEE:	
CHAIRMAN	MR. MUHAMMAD AZHAR
MEMBER	MR. AHSAN SAEED
MEMBER	MRS. RUBINA AMJAD
NOMINATION COMMITTEE:	
CHAIRMAN	MR. OMER SAEED
MEMBER	MR. AHSAN SAEED
MEMBER	MR. KHIZER SAEED
RISK MANAGEMENT COMMITTEE:	
CHAIRMAN	MR. AHSAN SAEED
MEMBER	MR. OMER SAEED
MEMBER	MR. KHIZER SAEED
CHIEF FINANCIAL OFFICER:	MR. MUHAMMAD KASHIF ZAHUR
COMPANY SECRETARY:	MR. MUHAMMAD NADEEM
SHARE REGISTRAR:	F. D. Registrar Services (SMC-Pvt.) Limited 17 th Floor, Saima Trade Tower-A, I. I. Chundrigar Road Karachi.
AUDITORS:	M/S RIAZ AHMAD & COMPANY. CHARTERED ACCOUNTANTS
BANKERS:	BANK AL-FALAH LIMITED BANK AL-HABIB LTD HABIB METROPOLITAN BANK THE BANK OF PUNJAB HABIB BANK LIMITED
REGISTERED OFFICE :	ROOM NO 404 & 405, 4 TH FLOOR, BUSINESS CENTRE, MUMTAZ HASSAN ROAD, KARACHI. www.idealsm.com
FACTORY:	35-K.M SHEIKHUPURA ROAD, TEHSIL JARANWALA, DISTT. FAISALABAD.

IDEAL SPINNING MILLS LIMITED

NOTICE OF 33RD ANNUAL GENERAL MEETING

Notice is hereby given that the 33rd Annual General Meeting of the Shareholders of IDEAL SPINNING MILLS LIMITED will be held at 404/5, Business Centre 4th Floor Mumtaz Hasan Road Near "SBP" Karachi on Thursday, October 28, 2021 at 11:30 a.m. to transact the following business:-

1. To confirm Minutes of the Last Annual General Meeting held on October 26, 2020
2. To receive, consider and adopt the audited accounts of the Company for the year ended on 30th June, 2021 together with the Directors' Report and Auditors' Report thereon.
3. To approve and declare final cash dividend of Rs. 1.80 per share i.e. @ 18.00 % as recommended by the Board of Directors for the year ended June 30, 2021.
4. To appoint Auditor for the year 2021-2022 and to fix their remuneration. The present auditors M/s. Riaz Ahmed & Co., Chartered Accountants, retire and being eligible have offered themselves for reappointment.
5. To transact any other business with the permission of the chair.


 By order of the Board
MUHAMMAD NADEEM
 Company Secretary

Karachi
Dated: September 30, 2021

NOTES:

1. In light of the threat by the evolving coronavirus (COVID-19) situation, the Securities & Exchange Commission of Pakistan vide Circular No. 5 dated March 17, 2020 has advised the Company to modify their usual planning for Annual General Meeting in order to protect the well-being of the shareholders.

The Shareholders who are interested to attend the AGM through Video Conference, are hereby requested to get themselves registered with the Company

Secretary office by providing the following detail at the earliest but not later than 48 hours before the time of AGM (i.e. before 11:30 am on October 26, 2021) through Email: nadeem@idealsm.com

Shareholders are advised to mention Name, CNIC Number, Folio/CDC Account Number, cell number and email ID for identification.

Upon receipt of the above information from the interested shareholders, the Company will send the login credentials at their e-mail address. On the date of AGM, shareholders will be able to login and participate in the AGM proceedings through their smartphone / computer devices.

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

In view of the above the Shareholders can also provide their comments/suggestions for the proposed agenda items of the AGM by using the aforesaid means:

2. The Share Transfer Books of the Company will remain closed from 19, October 2021 to 28, October 2021 (both days inclusive). Transfer received at the Share Registrar office M/s. F.D Registrar Services (SMC-Pvt) Ltd, 17th Floor Saima Trade Tower -A, I.I. Chundrigar Road Karachi 74000 at the close business on 18 October 2021 be treated in time.
3. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend the meeting and vote instead of him/her. The proxies in order to be effective must be received by the Company not less than 48 hours before the meeting. CDC Account holders will further have to follow the under mentioned guidelines as laid down in Circular No.1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

4. PARTICIPATION IN THE ANNUAL GENERAL MEETING

A member entitled to participate and vote at this meeting is also entitled to appoint another proxy to participate and vote on his/her behalf through video link. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not later than 48 hours before the time of the meeting

For appointing proxies

- a. In case of individuals, the account holders or sub account holders whose registration details are uploaded as per regulations, shall submit the proxy form as per the above requirements. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the proxy form. Copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form
- b. In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted (unless it has not been provided earlier) along with proxy form to the Company

5. CONFIRMATION OF "FILER" STATUS OF INCOME TAX RETURN FOR APPLICATION OF RATES PURSUANT TO THE PROVISIONS OF FINANCE ACT, 2021:

Pursuant to the provisions of Finance Act, 2021, effective July 01, 2021, reforms have been made with regards to deduction of income tax. For cash dividend, the rates of deduction of income tax, under section 150 of the Income Tax Ordinance, 2001 are as follows:

- a. Rate of tax deduction for filer of income tax returns 15.00%
- b. Rate of tax deduction for non filer of income tax returns 30.00%

In case of joint account, each holder is to be treated individually as either a filer or non filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing to the Company / Share Registrar. If no notification is received, each joint holder shall be assumed to have an equal number of shares.

The CNIC number / NTN detail is now mandatory and is required for checking the tax status as per the Active Taxpayers List (ATL) issued by the Federal Board of Revenue (FBR) from time to time

6. PAYMENT OF DIVIDEND THROUGH BANK ACCOUNT OF THE SHAREHOLDERS:

In accordance with the section 242 of the Companies Act, 2017 cash dividend can only be paid through electronic mode directly into the respective bank account designated by the entitled shareholder. Shareholders are requested to provide their bank account details (IBAN

format) directly to our share registrar (for physical shares) or to their respective participant / broker (for CDS shares) as the case may be. Form for updation of bank account details (IBAN Format) is available at Company's website i.e. <http://www.idealsm.com> In case of unavailability of IBAN, the Company would be constrained to withhold dividend in accordance with the Companies (Distribution of Dividends) Regulations, 2017.

7. EXEMPTION FROM DEDUCTION OF INCOME TAX / ZAKAT:

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduce rate are requested to submit a valid tax certificate or necessary documentary evidence as the case may be. Members desiring non-deduction of zakat are also requested to submit a valid declaration for non deduction of zakat.

CDC account holders are requested to submit their declaration for non-deduction of zakat to the relevant member stock exchange or to CDC if maintaining CDC investor account.

8. SUBMISSION OF COMPUTERIZED NATIONAL IDENTITY CARD (CNIC) FOR PAYMENT OF FINAL CASH DIVIDEND 2020-21:

Pursuant to the directives of SECP, CNIC number of shareholders is MANDATORILY required for payment of dividend. Shareholders are therefore, requested to submit a copy of their valid CNIC (if not already provided) to the Company on its registered address / Share Registrar. In the absence of a member's valid CNIC, the Company will be constrained to withhold payment of cash dividend to such members.

CDC account holders are requested to submit attested copy of their CNIC to the relevant member stock exchange or to CDC if maintaining CDC investor account.

9. Circulation of Annual Financial Statements through Email

SECP through its Notification SRO 787(I)/2014 dated September 8, 2014, has allowed the circulation of Audited Financial Statements along with the Notice of Annual General Meeting to the shareholders of the Company through email. Therefore, shareholders who wish to receive the soft copy of Annual Report are requested to send their email address. The consent form for electronic transmission can be downloaded from the Company's website. The Company shall, however, continue to provide hard copy of the Audited Financial Statements to its shareholders, on request, free of cost, within seven days of receipt of such request.

10. Placement of Financial Accounts on Website

Pursuant to the notification of the SECP (SRO 634(I)/2014) dated: 10th July 2014 the financial Statements of the Company have been placed on Company's website at www.idealsm.com

11. DEPOSIT OF PHYSICAL SHARES INTO CENTRAL DEPOSITORY:

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

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

12. Unclaimed Dividends And Share Certificates

Shareholders of the Company are hereby informed that as per the record, there are some unclaimed/ uncollected /unpaid dividends and shares. Shareholders who could not collect their dividends/shares are advised to contact our Share Registrar M/s. F.D Registrar Services (SMC-Pvt) Ltd 17th Floor, Saima Trade Tower-A, I.I.Chundrigar Road, Karachi during working hours. Ph: 0092-21-32271905 Email: fdregistrar@yahoo.com to collect/enquire about their unclaimed dividend or shares, if any.

13. Change of Address and Quote Folio No. in Correspondence

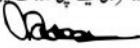
Members are also requested to notify any change in address immediately. The shareholders are further requested to quote their folio number in all correspondence with the Company and at the time of attending the Annual General Meeting.

آئیڈیل اسپننگ ملز لمیٹڈ

اطلاع برائے 33 واں سالانہ اجلاس

منظور کیا جاتا ہے کہ آئیڈیل اسپننگ ملز لمیٹڈ کے حصص یافتگان کا تیسواں (33) سالانہ اجلاس عام بروز جمعرات 28 اکتوبر 2021ء صبح 11:30 بجے 404/5 برنس سینٹر چوتھی منزل ممتاز حسن روڈ نزد "SBP" کراچی میں مندرجہ ذیل امور کی انجام دہی کیلئے منعقد کیا جائیگا۔

- ۱۔ آخری سالانہ اجلاس عام منعقدہ 26 اکتوبر 2020ء کی کارروائی کی توثیق۔
- ۲۔ 30 جون 2021ء کو مکمل ہونے والے سال کیلئے کمپنی کے آڈٹ شدہ اکاؤنٹس مع ڈائریکٹرز اور ڈائریکٹرز کی رپورٹس کی وصولی، مجموعہ خصوص اور منظوری۔
- ۳۔ 30 جون 2021ء کو مکمل ہونے والے سال کیلئے بورڈ آف ڈائریکٹرز کے سفارشات کے مطابق حتمی نقد منافع منقسمہ 1.80 روپے فی حصص (18.00 فیصد) شرح کی منظوری اور اعلان
- ۴۔ مالی سال 2021-22ء کیلئے ڈائریکٹرز کی تقرری اور ان کے مشاہرے کا تعین۔ موجودہ ڈائریکٹرز میز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس سید شہزاد ہونگے ہیں اور اہلیت کی بنیاد پر دوبارہ تقرری کیلئے اپنی خدمات پیش کریں۔
- ۵۔ چیئر مین کی اجازت سے دیگر امور کی انجام دہی۔



بحکم بورڈ

محمد ندیم

کمپنی سیکریٹری

کراچی 30 ستمبر 2021ء

- ۱۔ کورونا وائرس (کووڈ-19) کی صورتحال کے خطرے میں سیکورٹی اینڈ ایگزیکٹو کمیٹی آف پاکستان نے بذریعہ سرکل نمبر 5 بتاريخ 17 مارچ 2020ء حصص یافتگان کی بھلائی اور تحفظ کے پیش نظر کمپنی کو اپنی سالانہ اجلاس عام سے متعلق منصوبہ بندی میں ترمیم کا مشورہ دیا ہے۔
- شیرز ہولڈرز جو سالانہ اجلاس عام (AGM) میں ویڈیو کانفرنس کے ذریعے شرکت کرنے کے خواہشمند ہیں ان سے درخواست ہے کہ کمپنی سیکریٹری کے آفس میں AGM کے انعقاد سے کم از کم 48 گھنٹے قبل یعنی (اکتوبر 26، 2021ء صبح 11:30 بجے سے پہلے) بذریعہ ای میل nadeem@idealsm.com پر مندرجہ ذیل تفصیلات فراہم کر کے اپنا اندراج کرائیں۔
- شیرز ہولڈرز کو مشورہ دیا جاتا ہے کہ وہ شناخت کیلئے اپنا نام، شناختی کارڈ نمبر، بھونڈی ڈی وی ای کا ڈنٹ نمبر، موبائل نمبر اور ای میل ایڈریس کا ذکر کریں۔
- خواہشمند شیرز ہولڈرز سے مذکورہ بالا تفصیلات کی وصولی کے بعد کمپنی لاگ ان تفصیلات ان کے ای میل ایڈریس پر ارسال کر دے گی۔
- AGM کے دن شیرز ہولڈرز بذریعہ اپنے اسمارٹ فون اور کمپیوٹر آلات سے AGM کی کارروائی میں لاگ ان کر کے شرکت کر سکتے ہیں۔
- لاگ ان سہولت اجلاس کے وقت سے 30 منٹ قبل کھول دی جائیگی تاکہ شناخت اور تصدیق کے عمل کے بعد شرکت کا ہاکی اجلاس میں شرکت کو یقینی بنایا جاسکے۔
- مذکورہ بالا کی روشنی میں شیرز ہولڈرز مذکورہ بالا ذرائع کا استعمال کر کے AGM کے مجوزہ ایجنڈا آئیٹمز کیلئے اپنے تاثرات اور مشورے بھی پیش کر سکتے ہیں۔
- ۲۔ کمپنی کی حصص منگلی کی کتاب 19 اکتوبر 2021ء 28 اکتوبر 2021ء (بشمول دونوں ایام) بند رہیں گی۔ شیرز رجسٹر اریمرز ایف۔ ڈی رجسٹر اریمرز (ایس ایم سی)۔ پرائیوٹ لمیٹڈ ستر ہوسیز منزل صائم ٹریڈ ناوارا، آئی آئی چندر گھوڑ کراچی میں 18 اکتوبر 2021ء کو کارروا کے اختتام کا تک موصول ہونے والی منتقلیاں اچھدیہ بروقت بھی جائیں گی۔
- ۳۔ کمپنی کا ہر ممبر اس اجلاس میں شرکت اور ووٹ ڈالنے کا حق رکھتا ہے اور وہ اپنی جگہ اپنا پراکسی مقرر کر سکتا/کرتی ہے۔ پراکسی کی تقرری کی اطلاع کمپنی کو اجلاس سے کم از کم 48 گھنٹے قبل دینی ہوگی۔ ڈی۔ سی۔ ڈی۔ سی۔ اکاؤنٹس رکھنے والوں کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان سے جاری سرکل نمبر 1 بتاريخ جنوری 2000، 26 میں دی گئی ہدایات پر عملدرآمد کرنا ہوگا۔
- ۴۔ اجلاس میں شرکت:
- کمپنی کا ہر ممبر اس اجلاس میں شرکت اور ووٹ ڈالنے کا حق رکھتا ہے اور وہ اپنی جگہ بذریعہ ویڈیو لنک اجلاس میں شرکت اور ووٹ دینے کے لئے اپنا پراکسی مقرر کر سکتا/کرتی ہے۔ پراکسی کی تقرری کی اطلاع کمپنی کے رجسٹرڈ آفس کو اجلاس سے کم از کم 48 گھنٹے قبل دینی ہوگی۔

پراکسی کی تقرری کیلئے:

- (a) انفرادی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور یا خود کسی سیکورٹیز رجسٹرڈ گروپ اکاؤنٹس میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے تحت اپلوڈ کی گئی ہوں پراکسی فارم مذکورہ ضروریات کے تحت جمع ہونے چاہئے۔ پراکسی فارم اور فراوانی جانب سے گواہی کے ساتھ ہونا چاہئے، جیسے نام، پتے، اور سی۔ این۔ آئی۔ سی نمبر فارم پر درج ہونے چاہئے۔ پراکسی فارم کے ساتھ سی۔ این۔ آئی۔ سی۔ صمد کے پاپا یا حق دار مالکان کا پاسپورٹ اور پراکسی پیش کرنا ہوگا۔
- (b) کارپوریٹ ادارے کی صورت میں کمپنی کو پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹران کی قرارداد اور پاور آف اٹارنی مع کارپوریٹ ادارے کی جانب سے ووٹ ڈالنے کیلئے نامزد کئے گئے فرد کے مخصوص دستخط جمع کرانے ہونگے۔ (اگر یہ اس سے قبل فراہم نہیں کئے گئے)
- ۵۔ فنس ایکٹ 2021ء کے تحت انکم ٹیکس ریٹرن "فائلر" برائے ریٹرن کی تصدیق
- بذریعہ فنس ایکٹ 2021ء حکومت پاکستان، یکم جولائی 2021ء کے تحت انکم ٹیکس آرڈیننس 2001ء کے سیکشن 150 میں خصوصی ترمیم کی ہیں جس کے تحت نقد منافع منقسمہ پراکسی کی کوئی بھی مختلف شرحیں بیان کی گئی ہیں۔ محصولات کی شرح حسب ذیل ہیں:

(a) انکم ٹیکس ریٹرن کے فائلر کیلئے ٹیکس کوئی کی شرح: ۱۵ فیصد

(b) انکم ٹیکس ریٹرن کے فائلر کیلئے ٹیکس کوئی کی شرح: ۳۰ فیصد

- مشترکہ اکاؤنٹ کی صورت میں ہر اکاؤنٹ ہولڈر کو انفرادی حیثیت میں زیر غور لایا جائیگا کہ اس کا نام فعال ٹیکس دہندگان کی فہرست میں شامل ہے یا نہیں اور ہر حصہ داری کی تفصیلات کوئی کی بنیاد پر ٹیکس کوئی کی جائیگی جیسا کہ حصص دار نے تحریری طور پر کمپنی / شیرز رجسٹر اریمرز کو دی ہوگی یا اطلاع نامہ ہونے کی صورت میں ہر مشترکہ اکاؤنٹ ہولڈر کے حصص برابر کے جائیں گے۔
- اب کمپیوٹرائزڈ ڈیجیٹل شناختی کارڈ نمبر این آئی این کی تفصیلات لازمی ہوں گی اسٹیٹس معلوم کرنے کیلئے فیڈ بیل بورڈ آف ریونیو (ایف بی آر) کی جانب سے وقتاً فوقتاً جاری کردہ فعال ٹیکس دہندگان فہرست کیلئے ضروری ہے۔
- ۶۔ منافع منقسمہ کی ادائیگی بذریعہ بینک اکاؤنٹ:

کمپنی ایکٹ 2017ء کی سشن 242 کے مطابق استحقاق شدہ حصص کنندگان کو منافع کی ادائیگی صرف براہ راست ان کے ممبر کے بینک اکاؤنٹ میں کی جاسکتی ہے۔ حصص کنندگان سے درخواست ہے کہ وہ اپنے بینک اکاؤنٹ کی تفصیلات کمپنی کے شیرز رجسٹر اریمرز (بصورت فزیکل شیرز) یا اپنے متعلقہ بروکر (بصورت CDS شیرز) کو مہیا کریں۔ متعلقہ فارم کمپنی کی ویب سائٹ <http://www.idealsm.com> پر مہیا کر دیا گیا ہے۔ بینک اکاؤنٹ کی تفصیلات مع IBAN موصول نہ ہونے کی

صورت میں کمینیز (ڈسٹری بیوشن آف ڈیوڈینڈز) ریگولیشنز، 2017 کی رو سے کمپنی ان کے نقد منافع منقسمہ اپنے پاس روک لینے پر مجبور ہوگی۔

۷۔ انکم ٹیکس ازکوة کی کوئی سے استثناء:

ممبران جو انکم ٹیکس کی کوئی سے متعلق استثنائی چاہتے ہیں یا تخفیف شدہ ریٹ پر مہمانی کیلئے اہل ہیں ان سے التماس ہے کہ وہ ضروری دستاویزی ثبوت پیش کریں۔ جو ممبران ازکوة نہ کوانے کے خواہشمند ہیں ان سے بھی التماس ہے کہ وہ ازکوة کی کوئی نہ کرنے کیلئے اقرار نامہ جمع کروائیں۔

سی ڈی سی اکاؤنٹ ہولڈرز سے درخواست کی جاتی ہے کہ وہ ازکوة کی عدم کوئی کیلئے اپنا اقرار نامہ متعلقہ ممبر اسٹاک ایچینج یا سی ڈی سی کو بھیجیں اگر سی ڈی سی انویسٹرا کاؤنٹ کو برقرار رکھتے ہیں۔

۸۔ حتمی نقد منافع منقسمہ 2020-2021 کی ادائیگی کیلئے کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) جمع کرانا:

ایس ای سی پی کی ہدایات کے مطابق، منافع منقسمہ کی ادائیگی کیلئے حصص یافتگان کے CNIC نمبر لازمی ہیں۔ شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے درست CNIC کی ایک کاپی (اگر پہلے سے فراہم نہیں کی گئی ہے) کمپنی کو اس کے رجسٹرڈ ایڈریس / شیئر رجسٹر پر جمع کرائیں۔

کسی بھی ممبر کی درست CNIC کی عدم موجودگی پر کمپنی ایسے ممبران کی نقد منافع منقسمہ کی ادائیگی روکنے پر مجبور ہوگی۔

سی ڈی سی اکاؤنٹ ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنی CNIC کی مصدقہ کاپی متعلقہ ممبر اسٹاک ایچینج یا سی ڈی سی کو بھیجیں اگر سی ڈی سی انویسٹرا کاؤنٹ کو برقرار رکھتے ہیں۔

۹۔ ای میل کے ذریعے سالانہ مالی کھاتوں کی گروٹ

سیکیورٹیز اینڈ ایچینج کمیشن آف پاکستان (ایس۔ای۔سی۔پی) نے بذریعہ ایس کے نوٹیفیکیشن SRO 787(I)/2014 بتاریخ ستمبر 2014.08 کمپنی کے حصص یافتگان کو بذریعہ ای میل سالانہ اجلاس عام کے نوٹس کے ساتھ کمپنی کے آڈٹ شدہ مالیاتی گوشوارے تقسیم کرنے کی اجازت دی ہے۔ لہذا وہ حصص یافتگان جو سالانہ رپورٹ کی برقی نقل کی کاپی حاصل کرنا چاہتے ہوں سے درخواست کی جاتی ہے کہ وہ اپنا ای میل ایڈریس روانہ کریں۔ انکمٹروک سالانہ آڈٹ شدہ مالیاتی گوشوارے منتقل کرنے کیلئے رضامندی فراہم کرنے کی ویب سائٹ سے ڈاؤن لوڈ کیا جاسکتا ہے۔ تاہم کمپنی اپنے حصص یافتگان کو ان کی درخواست پر سالانہ آڈٹ شدہ مالیاتی گوشواروں کی بلڈ کاپی یا معاونہ فراہم کرے گی۔ جو کہ ان کی درخواست کی وصولی کے اندر نہ سات پیسہ میں کر دی جائیگی۔

۱۰۔ کمپنی کی ویب سائٹ مالیاتی اکاؤنٹس کی پالیسی میٹ

سیکیورٹیز اینڈ ایچینج کمیشن آف پاکستان کے نوٹیفیکیشن (SRO 634(I)/2014) بتاریخ جولائی 2014.10 کے مطابق کمپنی کے سالانہ آڈٹ شدہ مالیاتی گوشوارے کمپنی کی ویب سائٹ www.idealsm.com پر آویزاں کر دیئے گئے ہیں۔

۱۱۔ فزیکل شیئرز کی سنٹرل ڈیپازٹری میں منتقلی:

کمپنی ایکٹ 2017 کی شق 72 کے تحت، تمام لسٹڈ کمپنیوں کو ایکٹ کے نفاذ (30 مئی، 2017) کے عرصہ چار سال کے دوران اپنے فزیکل شیئرز کو مہیا کئے جانے والے طریقہ کار کے مطابق بک اینٹری میں منتقل کرنے کا پابند کیا گیا ہے۔ مزید یہ کہ SECP نے اپنے خط بتاریخ 26 مارچ 2021 کے ذریعے کمپنیز کوٹا کیڈ کی ہے کہ ایکٹ کی شق 72 کی تعمیل کریں اور حصص کنندگان کو اپنے شیئرز بک اینٹری میں منتقل کرنے کی ترغیب دیں۔

اس کی رو سے، وہ حصص کنندگان جن کے پاس فزیکل شیئرز ہوں، ان سے درخواست ہے کہ وہ اپنے شیئرز کو بروکرز کے ساتھ سب اکاؤنٹ یا CDC کے ساتھ براہ راست انویسٹرا کاؤنٹ کھول کر سنٹرل ڈیپازٹری میں اپنے فزیکل شیئرز کو منتقل کرویں۔ اس سے حصص کنندگان کی نمبرز رجسٹر میں تفصیلات اپڈیٹ ہو جائیگی جس سے کمپنی کو حصص کنندگان کے ساتھ موثر رابطہ کرنے میں مدد ملے گی اور منافع جات کی بروقت ترسیل ممکن ہو سکے گی۔ مزید برآں، سنٹرل ڈیپازٹری میں شیئرز رکھنا زیادہ محفوظ ہے اور

شیئرز کی خرید و فروخت باآسانی کی جاسکتی ہے۔

۱۲۔ غیر رجسٹرڈ شدہ منافع منقسمہ اور شیئرز

کمپنی کے شیئرز ہولڈرز کو بذریعہ ہڈا مطلع کیا جاتا ہے کہ ریکارڈ کے مطابق کچھ غیر رجسٹرڈ غیر وصول شدہ / غیر ادا شدہ منافع منقسمہ ہیں۔ ایسے شیئرز ہولڈرز جنہوں نے اپنے منافع منقسمہ / شیئرز وصول نہیں کئے انہیں ہدایت کی جاتی ہے کہ وہ اپنے غیر رجسٹرڈ منافع منقسمہ / شیئرز، اگر ہوں، سے متعلق وصول / اجاڑ پر تال کرنے کیلئے ہمارے شیئرز رجسٹر اریمرز ایف ڈی رجسٹر اریمرز (ایس ایم سی) پراجیکٹ لیٹنڈ 17 ویں منزل، صائبر ٹریڈ ٹاور - A آئی آئی چندر گھروڑ، کراچی سے فون نمبر

10092-21-32271905 ای میل fdregistrar@yahoo.com پر دوران ایام کار رابطہ کریں۔

۱۳۔ پیٹہ کی تبدیلی اور خط و کتابت میں فوٹیو نمبر کا اندراج

ممبران سے یہ بھی درخواست ہے کہ پیٹہ میں کسی تبدیلی سے فوری مطلع کریں۔ مزید برآں حصص یافتگان سے کمپنی کے ساتھ خط و کتابت میں اور سالانہ اجلاس عام میں شرکت کے موقع پر فوٹیو نمبر درج کریں۔

CHAIRMAN'S REVIEW**FOR THE YEAR ENDED JUNE 30, 2021**

I am pleased to present performance of the Company and board for the year ended June 30, 2021.

The financial year under review faced severe pressure due to external business environment, there was shortage of vessels, therefore shipments were delayed and inventory cost became extraordinary high. However, the Company's sound financial policies, outstanding products, pioneering technologies and efficient production processes were the key elements in managing the Company's stability.

By the Grace of Allah Almighty, despite above mentioned factors, operational performance of the Company was admirable during the year and achieved production targets with exceptional quality. In the year under review, Company has managed to increase exports of fabric and socks.

Financial performance of the Company was also very good. Company achieved gross profit of 16.50% as compared to 14.07% in the last financial year. Earnings per share increased to Rs. 20.39 from 10.78 per share as compared to the last financial year. After tax profit remained at Rs. 202.303 million with 22.16% increase in sales revenue.

By the grace of blessings of Almighty Allah, above stated factors give a promising outlook, therefore management of the Company foresees the profitability for the coming year if other factors remain positive.

The Board during the year played a pivotal role in steering the Company forward in a progressively challenging landscape. Through the commitment and effective oversight of the Directors, your Company ensured transparency of Corporate Governance and compliance. The Board's overall performance and effectiveness remained satisfactory during the year ended June 30, 2021.

We offer special thanks to our bankers, financial institutions, employees, shareholders and other stakeholder for providing continued support and valuable services.

We continue to pray to Almighty Allah for the continued success of your Company and the benefit of all stakeholders, as well as for Pakistan in general.


Muhammad Saeed

Chairman

Faisalabad

September 30, 2021

چیرمین کا جائزہ

30 جون 2021ء کے سال کیلئے

میں 30 جون 2021ء کو ختم ہونے والے سال کیلئے کمپنی کی کارکردگی پیش کرنے پر خوش ہوں۔

زیر نگرانی مالی سال میں بیرونی کاروباری ماحول کی وجہ سے شدید دباؤ کا سامنا کرنا پڑا، کنٹینرز کی کمی تھی، اس لیے ترسیل میں تاخیر ہوئی اور انٹرنیٹری لاگت غیر معمولی زیادہ ہو گئی۔ تاہم، کمپنی کی مستحکم مالی پالیسیاں، بہترین مصنوعات، سرخیل ٹیکنالوجی اور موثر پیداواری عمل کمپنی کے استحکام کو سنبھالنے میں اہم عناصر تھے۔

اللہ تعالیٰ کے فضل سے مذکورہ بالا عوامل کے باوجود سال کے دوران کمپنی کی آپریشنل کارکردگی قابل ستائش رہی اور اس نے غیر معمولی معیار کے ساتھ پیداواری ہدف حاصل کیے۔ زیر نظر سال میں، کمپنی نے کپڑے اور موزوں کی برآمدات میں اضافہ کیا ہے۔

کمپنی کی مالی کارکردگی بھی بہت اچھی رہی۔ کمپنی نے گزشتہ مالی سال میں 14.07 فیصد کے مقابلے میں 16.50 فیصد مجموعی منافع حاصل کیا۔ فی شیئر آمدنی پچھلے مالی سال کے مقابلہ میں 10.78 روپے فی شیئر سے بڑھ کر 20.39 روپے فی شیئر ہو گئی۔ ٹیکس کے بعد منافع سیلز ریونیو میں 22.16 فیصد اضافے کے ساتھ 202.303 روپے میں رہا۔

اللہ رب العزت کے فضل و کرم سے، مذکورہ بالا عوامل ایک وابستہ نظریہ پیش کرتے ہیں، لہذا کمپنی کی انتظامیہ آئندہ سال کیلئے منافع کی پیش گوئی کرتی ہے اگر دوسرے عوامل مثبت رہیں۔

سال بھر کے دوران بورڈ نے کمپنی کو آگے بڑھنے میں ایک اہم کردار ادا کیا تاکہ اسے ترقی پذیر چیلنجنگ مناظر میں آگے بڑھا جا سکے۔ ڈائریکٹرز کے عزم اور موثر نگرانی کے ذریعے، آپ کی کمپنی نے کارپوریٹ گورننس اور تعمیل کی شفافیت کو یقینی بنایا۔ 30 جون 2021 کو ختم ہونے والے سال کے دوران بورڈ کی مجموعی کارکردگی اور تاخیر تسلی بخش رہی۔

ہم اپنے مینیکرز، مالیاتی اداروں، ملازمین، شیئرز ہولڈرز اور دیگر اسٹیک ہولڈرز کو مسلسل حمایت اور قیمتی خدمات فراہم کرنے پر خصوصی شکریہ ادا کرتے ہیں۔

ہم آپ کی کمپنی کی مستقل کامیابی اور تمام اسٹیک ہولڈرز کے ساتھ ساتھ عام طور پر پاکستان کیلئے بھی اللہ تعالیٰ سے دعائیں مانگتے رہیں گے۔

Muhammad Sajid

محمد سعید

چیرمین

فیصل آباد

ستمبر 2021ء

DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors of Ideal Spinning Mills Limited feel pleasure to present 33rd Annual Report accompanied by the Audited Financial Statements of the company for the year ended June 30, 2021.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW:

Despite challenging business environment, the current financial year was the most successful year of your company by the grace of Allah Almighty. Sales revenue of your company increased by 22.16% to the highest ever sales figure of Rs. 4,793.145 million in last five years, as compared to Rs. 3,924.725 million during the corresponding period. Your company earned profit after tax of Rs 202.304 million for the year under review as compared to Rs 106.947 million during the previous year. The net profit translated into Earnings per Share (EPS) of Rs.20.39 as against Rs.10.78 of last year.

The operating results of the company are summarized as follows:

FINANCIAL RESULTS	2021	2020
	(RUPEES IN THOUSANDS)	
Revenue	4,793,145	3,923,725
Cost of Sales	(4,002,325)	(3,371,776)
Gross Profit	790,820	551,949
Distribution Cost	(127,336)	(87,586)
Administrative Expenses	(248,665)	(192,513)
Other Expenses	(31,627)	(12,473)
Other Income	7,681	11,389
Finance Cost	(94,096)	(124,098)
Profit before Taxation	296,777	146,668
Taxation	(94,473)	(39,721)
Profit after Taxation	202,304	106,947
Earnings Per Share - Basic and Diluted (Rupees)	20.39	10.78

ECONOMIC AND INDUSTRY OVERVIEW:

COVID-19 has emerged as one of the biggest challenges to global and domestic economy, bringing economic activities to a standstill. The situation was more challenging for manufacturing sector of Pakistan due to two reasons: First, many manufacturing jobs are on-site and cannot be carried out remotely. Second, slowdown of manufacturing activities due to high trade & production linkages with the hardest hit countries. However, government envisaged the situation well in time and adopted requisite measures i.e., earlier resumption of businesses, smart lockdowns, relief to export-oriented industries and construction & industrial packages. These measures reversed the scenario and Large Scale Manufacturing (LSM) appeared to be one of the most resilient sectors during pandemic. Broad-based growth in Large Scale Manufacturing (LSM) originated from strong performance of Textile, Food, Beverages & Tobacco, Non-Metallic Mineral Products and Automobile.

Nevertheless, a fourth and more contagious wave of the pandemic has begun spreading in the country, which may smother this economic recovery. Fortunately, vaccination drive has played a significant role in mitigating the virus-uncertainty this time and has given a sigh of relief to business community. Further, well-coordinated fiscal and monetary policies also bode well for future prospects of manufacturing.

PRINCIPAL RISKS AND UNCERTAINTIES:

Risk assessment is an on-going process that highlights numerous uncertainties that poses potential threats which may hinder the accomplishment of objectives of the Company. If these risks are not being addressed in timely manner, may culminate in loss. Such risks and uncertainties can arise both from external as well as internal factors within the Company. Risks which may hinder operations of the Company are as follows:

Strategic Risks: Strategic risks can be defined as the uncertainties and untapped opportunities embedded in strategic intent. These risks are key matters for the Board of Directors, and impinge on the whole business, rather than just an isolated unit.

Commercial Risks: Commercial risks refer to potential losses arising from the trading partners or the market in which the Company operates.

Operational Risks: Operational risks refer to risks resulting from breakdowns in internal procedures, people and system.

Financial Risks: Financial risk is an umbrella term for multiple types of risk associated with

Health Safety and Environment:

Company believes in and is fully committed to improve Health, Safety and Environment standards to achieve sustainable performance. Your Company was quick to implement the Standard Operating Procedures (SOPs) to combat COVID-19 & continued its operations with strict adherence to the SOPs.

Corporate Social Responsibility:

The Company admits its Corporate Social Responsibility (CSR) towards the society and believes in supporting the community.

Internal Control System:

The Board of Directors understands their responsibility towards system of internal control and has implemented sound, efficient and effective controls and regularly monitors the same.

Thus, the Company maintains established control framework comprising clear structures, authority limits and accountabilities within the ambit of well understood policies and procedures.

The internal control system implemented is fully adequate for ensuring effective and efficient conduct of operations, safeguarding of Company assets, compliance with applicable laws and regulations and reliable financial reporting.

Statement of Compliance with The Code of Corporate Governance:

The company has fully complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. A statement to this effect is annexed with this annual report.

FUTURE OUTLOOK

It is hoped that the financial results of the Company will continue to improve in the coming year, as the Company plans to heavily invest in modernizing and Replacement of machinery during the upcoming year which will continue to bear fruits in future. The company has decided to enhance self-energy generation to lower production costs. As the global economy recovers from the effects of the pandemic, we remain hopeful that the Government continues its business supportive policies for textile sector which will go a long way in supporting the Country's exporting industries.

BOARD COMPOSITION, REMUNERATION AND MEETINGS:

The Board's composition and detail of the directors and meetings attended is as under:

Composition of the Board:

Category	Male	Female	Total
Executive Director	2	-	2
Non-Executive Director	3	1	4
Independent Director	2	-	2
Total	7	1	8

Detail of the directors and meetings attended:

Name of Directors	Designation	Attendance
Mr. Muhammad Saeed	Chairman (Non-Executive Director)	4
Mr. Amjad Saeed	Chief Executive Officer	4
Mr. Omer Saeed	Executive Director	4
Mrs. Rubina Amjad (Female)	Non-Executive Director	4
Mr. Ahsan Saeed	Non-Executive Director	4
Mr. Khizer Saeed	Non-Executive Director	4
Mr. Muhammad Asif	Independent Director	4
Mr. Muhammad Azhar	Independent Director	4

The company has a formal policy and transparent procedures for remuneration of its Directors in accordance with the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019.

The remuneration, including the Directors fee for attending the board meetings paid to the Directors and Chief Executive Officer is disclosed in Note 35 of the financial statements

CHAIRMAN'S REVIEW

The Directors hereby endorse the Chairman's review report on performance of the company.

OUTSTANDING STATUTORY PAYMENTS:

All outstanding payments are nominal and of routine nature.

RETIREMENT BENEFITS FUNDS:

The Company operates un-funded gratuity scheme for its employees as reflected in the financial statements.

AUDITORS:

The present auditors M/S RIAZ AHMAD & CO. Chartered Accountants, being eligible offered themselves for re-appointment for the year 2021-2022 as recommended by the audit committee.

PATERN OF SHAREHOLDING:

Pattern of shareholding as on June 30, 2021 is annexed.

RELATED PARTY TRANSACTIONS:

All transactions with related parties are carried out at arm's length basis in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act 2017. The prices are determined in accordance with comparable un-controlled price method. The company has complied with best practices on transfer pricing as contained in listing regulations of Stock Exchanges of Pakistan (PSX).

BOARD COMMITTEES:

The Board in compliance with the Code of Corporate Governance has established following committees and their composition is as under:

A. Audit Committee:

Name	Designation
Mr. Muhammad Azhar	Chairman
Mr. Muhammad Saeed	Member
Mr. Ahsan Saeed	Member

B. Human Resource And Remuneration Committee:

Name	Designation
Mr. Muhammad Azhar	Chairman
Mr. Ahsan Saeed	Member
Mrs. Rubina Amjad	Member

C. Nomination Committee:

Name	Designation
Mr. Omer Saeed	Chairman
Mr. Ahsan Saeed	Member
Mr. Khizer Saeed	Member

A. Risk Management Committee:

Name	Designation
Mr. Ahsan Saeed	Chairman
Mr. Omer Saeed	Member
Mr. Khizer Saeed	Member

CORPORATE GOVERNANCE:

The Board recognizes that well defined corporate governance processes are vital to enhancing accountability. We are committed to ensuring high standards of corporate governance to maintain stakeholder value. The Board has been diligent and has contributed effectively in guiding the Company in all its strategic affairs. The Company keeps close co-ordination with the Securities and Exchange Commission of Pakistan and the Pakistan Stock Exchange and complies with the Code of Good Corporate Governance in the letter and spirit. The statement of compliance of best practices of Corporate Governance is annexed.

CORPORATE AND FINANCIAL REPORTING FRAME WORK

In compliance with listing regulations of Pakistan Stock Exchange and as required under the Companies ACT, 2017; your directors are pleased to state as under:

1. The financial statements prepared by the management of your company present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
2. Proper books of accounts of the company have been maintained.
3. Appropriate accounting policies have been consistently applied 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. The system of internal control is sound in design and has been effectively implemented and monitored.
5. There is no doubt upon the company's ability to continue as a going concern.
6. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
7. Key operating and financial data of last six years in summarized form is annexed.

EVENTS AFTER THE REPORTING PERIOD**Appropriations:**

The Board of Directors in its meeting held on 30-09-2021 proposed final cash dividend of Rs.1.8 per share, for approval of the members in Annual General Meeting.

Other events:

Except above, there is no material change and commitment affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statement relates and the date of the report.

ACKNOWLEDGEMENT

The Board places on record its appreciation for loyalty and devotion to work, by staff and workers for the company. The relationship between management and workers remained very cordial and we hope that these will further improve in the years to come.

On Behalf of the Board



Amjad Saeed

Chief Executive Officer

Date: September 30, 2021.



Omer Saeed

Director

شیر ہولڈرز کیلئے بورڈ آف ڈائریکٹرز کی رپورٹ

آئیڈیل اسپننگ ملز لمیٹڈ کے ڈائریکٹرز 30 جون 2021 کو ختم ہونے والے سال کیلئے کمپنی کی آڈٹ شدہ مالی گوشواروں کے ساتھ 33 ویں سالانہ رپورٹ پیش کرنے پر خوشی محسوس کرتے ہیں۔

مرکزی سرگرمیوں اور کاروبار کا جائزہ

مشکل کاروباری صورت حال کے باوجود، اللہ تعالیٰ کے فضل و کرم سے آپ کی کمپنی کے لیے موجودہ مالی سال، کامیاب ترین سال رہا۔ فروخت سے 4,793,145 ملین روپے آمدنی حاصل ہوئی، جو پانچ سال کی بلند ترین سطح ہے اور یہ گزشتہ سال کی 3,924,725 ملین روپے آمدنی کے مقابلے میں 22.16% زیادہ ہے۔ آپ کی کمپنی کا منافع بعد از ٹیکس 202,304 ملین روپے رہا جو گزشتہ سال 106,947 ملین روپے تھا۔ خالص منافع، فی حصص آمدنی کے لحاظ سے 20.39 روپے بنتا ہے جو گزشتہ سال 10.78 روپے فی حصص تھا۔

کمپنی کے آپریٹنگ نتائج کا خلاصہ مندرجہ ذیل ہے:

2020	2021	مالی نتائج
3,923,725	4,793,145	آمدنی
<u>(3,371,776)</u>	<u>(4,002,325)</u>	کاسٹ آف سیلز
551,949	790,820	مجموعی منافع
(87,586)	(127,336)	ڈسٹری بیوشن اخراجات
(192,513)	(248,665)	انتظامی اخراجات
(12,473)	(31,627)	متفرق اخراجات
11,389	7,681	دیگر آمدنی
<u>(124,098)</u>	<u>(94,096)</u>	فائننس اخراجات
146,668	296,777	منافع قبل از ٹیکس
<u>(39,721)</u>	<u>(94,473)</u>	ٹیکس
<u>106,947</u>	<u>202,304</u>	منافع بعد از ٹیکس
<u>10.78</u>	<u>20.39</u>	فی شیر آمدنی - بنیادی

معاشی اور صنعتی جائزہ

کووڈ-19 ملکی اور عالمی معیشت کے لیے ایک بڑی چیلنج کے طور پر سامنے آیا ہے، جس کے باعث دنیا بھر میں معاشی سرگرمیوں کا پھیلاؤ کم ہو کر رہ گیا ہے۔ دو وجوہات کی بنا پر یہ صورت حال پاکستان کے مینوفیکچرنگ کے شعبہ کے لیے زیادہ مشکل ثابت ہوئی۔ اول، زیادہ تر مینوفیکچرنگ آن سائٹ کی جاتی ہے اور دور دراز سے نہیں کی جاسکتی۔ دوم، مینوفیکچرنگ سرگرمیوں کا وبائی مرض سے شدید متاثر ہونے والے ممالک سے تجارتی اور پیداواری تعلق اور اس کے نتیجے میں مینوفیکچرنگ کی سرگرمیوں کا ماند پڑنا۔ البتہ، حکومت نے صورت حال کا بروقت تدارک کرتے ہوئے ضروری اقدامات لیے، جیسے کاروبار کی جلد بحالی، اسمارٹ لاک ڈاؤن، برآمدی صنعت کو رعایات اور تعمیراتی و صنعتی بحالی کے پیکیج۔ ان اقدامات کے نتیجے میں صورت حال نے پلٹا کھلایا اور بڑے پیمانے پر مینوفیکچرنگ کی صنعتیں وبائی مرض کے دوران سب سے زیادہ مضبوط اور چکدار ثابت ہوئیں۔ بڑے پیمانے پر مینوفیکچرنگ کی صنعتوں میں زبردست نمونیکسٹائل، نوڈ، بیورٹجز اینڈ ٹوبیکو، نان۔ مینٹا لک منرل پراڈکٹ اور آٹوموبائل شعبہ جات کی زبردست کارکردگی کے باعث دیکھی گئی۔

تاہم، وبائی مرض کی چوتھی اور زیادہ خطرناک لہر ملک بھر میں پھیلنا شروع ہو گئی ہے، جس کے باعث معاشی سرگرمیاں ایک بار پھر متاثر ہونے کا خدشہ ہے۔ خوش قسمتی سے، اس دفعہ ویکسینیشن میں اضافہ نے وائرس کے باعث پیدا ہونے والی غیر یقینی کو کم کرنے میں اہم کردار ادا کیا ہے اور کاروباری طبقہ کو ریلیف فراہم ہوا ہے۔ مزید برآں، حکومت کی سہولت کار مالی اور زرعی پالیسیاں مینوفیکچرنگ کے شعبہ کے مستقبل کے لیے مثبت ثابت ہو رہی ہیں۔

اہم خطرات اور غیر یقینیاں

خطرات کا جائزہ لینا ایک جاری رہنے والا عمل ہے، جس کے ذریعے ممکنہ غیر یقینی صورت حال کی نشاندہی ہوتی ہے جو کمپنی کے اہداف کے حصول میں رکاوٹ بننے کا باعث بن سکتی ہے۔ اگر ان خطرات کا بروقت تدارک نہ کیا جائے تو اس کا نتیجہ نقصان کی صورت میں نکلتا ہے۔ ایسے خطرات اور غیر یقینی، بیرونی عناصر کے ساتھ ساتھ کمپنی کے داخلی عناصر کے باعث پیدا ہوتے ہیں۔ وہ خطرات جو کمپنی کے معمولات پر اثر انداز ہو سکتے ہیں، وہ درج ذیل ہیں:

اسٹریٹجک رسکس: اسٹریٹجک رسکس سے مراد وہ غیر یقینی اور نا حاصل کردہ مواقع ہیں جو کمپنی کی حکمت عملی میں شامل ہوتے ہیں۔ یہ رسکس (خطرات) بورڈ آف ڈائریکٹرز کے اہم معاملات میں شامل ہوتے ہیں، جو کسی ایک مخصوص یونٹ پر اثر انداز ہونے کے بجائے پورے کاروبار کو اپنی لپیٹ میں لے سکتے ہیں۔

کمرشل رسکس: کمرشل رسکس ان ممکنہ نقصانات کا احاطہ کرتا ہے جو کاروباری شراکت داروں یا جس منڈی میں کمپنی کاروبار کرتی ہے، وہاں کے حالات کے باعث پیش آسکتے ہیں۔

آپریٹنگ رسکس: آپریٹنگ رسکس داخلی طریقہ کار، افرادی قوت اور نظام (سسٹم) میں تعطل آنے کی صورت میں اٹھنے والے خطرات کا احاطہ کرتا ہے۔ فنانسنگ رسکس: فنانسنگ رسکس، کمپنی کی فنانسنگ، منافع، سیالیت اور قرض سے منسلک خطرات کیلئے مجموعی اصطلاح کے طور پر استعمال ہوتا ہے۔

صحت کی حفاظت اور ماحولیات:

پائیدار کارکردگی کو حاصل کرنے کیلئے کمپنی صحت، حفاظت اور ماحولیات اور ماحولیاتی معیار کو بہتر بنانے میں یقین رکھتی ہے اور پوری طرح پر عزم ہے۔ آپ کی کمپنی نے COVID-19 کا مقابلہ کرنے کیلئے معیاری آپریٹنگ طریقہ کار (SOPs) کو نافذ کرنے میں تیزی لائی۔ ایس او پیز (SOPs) پر سختی سے عمل پیرا ہونے کے ساتھ کمپنی نے وبائی امراض کے دوران اپنی کارروائیاں جاری رکھیں۔

کارپوریٹ سماجی ذمہ داری:

کمپنی معاشرے کی طرف اپنی کارپوریٹ سماجی ذمہ داری (CSR) کو تسلیم کرتی ہے اور معاشرے کی حمایت پر یقین رکھتی ہے۔

اندرونی کنٹرول سسٹم

بورڈ آف ڈائریکٹرز اندرونی کنٹرول کے نظام کے بارے میں اپنی ذمہ داری کو سمجھتے ہیں اور انہوں نے درست اور موثر کنٹرولز نافذ کئے ہیں اور باقاعدگی سے اس کی نگرانی کرتے ہیں۔

اس طرح، کمپنی اچھی طرح سے سمجھی جانے والی پالیسیوں اور طریقہ کار کے دائرے میں واضح ڈھانچے، اتھارٹی کی حدود اور ذمہ داریوں پر مشتمل قائم کنٹرول فریم ورک کو برقرار رکھتی ہے۔

کمپنی کے معمولات کو موثر، منظم انداز میں جاری رکھنے، اثاثہ جات کی حفاظت، قابل اطلاق قوانین اور قواعد و ضوابط، اور قابل اعتماد مالیاتی رپورٹنگ کو یقینی بنانے کے لیے کمپنی کا نافذ کردہ داخلی کنٹرول سسٹم مکمل طور پر مناسب ہے۔

کوڈ آف کارپوریٹ گورننس پر عمل درآمد کا بیان

کمپنی نے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 پر مکمل طور پر عمل درآمد کیا ہے۔ اس سلسلے میں ایک بیان ہذا سالانہ رپورٹ کے ساتھ منسلک ہے۔

مستقبل سے توقعات

یہ توقع کی جاتی ہے کہ آئندہ سال بھی کمپنی کے مالیاتی نتائج میں بہتری دیکھی جائے گی کیونکہ آئندہ سال کے دوران کمپنی، مشینری بدلنے اور جدید طرز پر لانے میں بھاری سرمایہ کاری کا منصوبہ رکھتی ہے، جس کا پھل مستقبل میں ملتا رہے گا۔ پیداواری لاگت کم کرنے کے لیے کمپنی نے اپنی توانائی کی پیداوار بڑھانے کا فیصلہ کیا ہے۔ جیسے جیسے عالمی معیشت و وبائی مرض کے اثرات سے نکلے گی، ہمیں توقع ہے کہ حکومت ٹیکسٹائل شعبہ کے لیے کاروبار دوست پالیسیاں جاری رکھے گی، جو طویل مدت میں ملک کی برآمدات بڑھانے میں مددگار ثابت ہوں گی۔

بورڈ کی ترتیب، معاوضہ اور اجلاس
بورڈ کی ترتیب، ڈائریکٹرز اور اجلاسوں کی تفصیل درج ذیل کے مطابق ہے:

بورڈ کی تشکیل			
عہدہ	مرد	خواتین	کل
ایگزیکٹو ڈائریکٹر	2	-	2
نان ایگزیکٹو ڈائریکٹر	3	1	4
آزاد ڈائریکٹر	2	-	2
کل	7	1	8

ڈائریکٹرز اور مینیجنگز میں شرکت کی تفصیل:

ڈائریکٹرز کے نام	عہدہ	حاضری
جناب محمد سعید	چیئر مین (نان ایگزیکٹو ڈائریکٹر)	4
جناب امجد سعید	چیف ایگزیکٹو آفیسر	4
جناب عمر سعید	ایگزیکٹو ڈائریکٹر	4
مسز روبینہ امجد (خاتون)	نان ایگزیکٹو ڈائریکٹر	4
جناب احسن سعید	نان ایگزیکٹو ڈائریکٹر	4
جناب خضر سعید	نان ایگزیکٹو ڈائریکٹر	4
جناب محمد آصف	آزاد ڈائریکٹر	4
جناب محمد اظہر	آزاد ڈائریکٹر	4

کمپنی نے کمپنیز ایکٹ، 2017 اور لہڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے مطابق اپنے ڈائریکٹرز کے معاوضے کیلئے باقاعدہ پالیسی اور شفاف طریقہ کار رکھا ہے۔

ڈائریکٹرز اور چیف ایگزیکٹو آفیسر کو دیئے جانے والے معاوضے بشمول بورڈ مینٹنز میں شرکت کیلئے معاوضے کی تفصیل مالی گوشواروں کے نوٹ 35 میں انکشاف کیا گیا ہے۔

چیسر مین کا جائزہ:

ڈائریکٹرز کمپنی کی کارکردگی سے متعلق چیسر مین کی نظر ثانی رپورٹ کی توثیق کرتے ہیں۔

آؤٹ اسٹینڈنگ اسٹیٹیوری ادائیگیاں:

تمام بقایا ادائیگیاں معمولی اور معمول کی نوعیت کی ہیں۔

ریٹائرمنٹ پیفٹ فنڈز:

کمپنی اپنے ملازمین کیلئے ان فنڈز گریجویٹ اسکیم چلا رہی ہے جیسا کہ مالی گوشوارے میں ظاہر ہے۔

آڈیٹرز:

موجودہ آڈیٹرز میسرز ریاض احمد اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، اہل ہونے کی حیثیت سے سال 2021-2022 کیلئے دوبارہ تقریری کیلئے خود کو پیش کرتے ہیں جیسا کہ آؤٹ کمیٹی نے تجویز کی ہے۔

شیئر ہولڈنگ کی ترتیب

شیئر ہولڈنگ کی ترتیب بمطابق 30 جون 2021 منسلک ہے

متعلقہ پارٹی کی ٹرانزیکشنز:

متعلقہ پارٹی سے تمام کیساتھ تمام ٹرانزیکشنز میں عام کاروباری اوپینینز ایکٹ 2017 کی قابل اطلاق شقوں کے مطابق ہوتے ہیں۔ قیمتوں کا تعین قابل تقابل ان کنٹرولڈ پرائس طریقہ کار کے تحت کیا گیا۔ کمپنی نے اسٹاک ایکسچینج آف پاکستان (پی ایس ایکس) کے لسٹنگ ضوابط کی فہرست میں شامل ٹرانسفر پرائسنگ کے بہترین طریقوں کی تعمیل کی ہے۔

بورڈ کمیٹیٹیز:

کوڈ آف کارپوریٹ گورننس کی تعمیل میں بورڈ نے مندرجہ ذیل کمیٹیاں تشکیل دی ہیں اور ان کی تشکیل مندرجہ ذیل ہے:

1- آڈٹ کمیٹی:

عہدہ	نام
چیئرمین	مسٹر محمد ظہر
ممبر	مسٹر محمد سعید
ممبر	مسٹر احسن سعید

2- افرادی وسائل اور معاوضہ کمیٹی:

عہدہ	نام
چیئرمین	مسٹر محمد ظہر
ممبر	مسٹر احسن سعید
ممبر	مسز روبینہ امجد

3- نامزدگی کمیٹی:

عہدہ	نام
چیئرمین	مسٹر عمر سعید
ممبر	مسٹر احسن سعید
ممبر	مسٹر حفص سعید

4- رسک مینجمنٹ کمیٹی:

عہدہ	نام
چیئرمین	مسٹر احسن سعید
ممبر	مسٹر عمر سعید
ممبر	مسٹر حفص سعید

کارپوریٹ گورننس:

بورڈ تسلیم کرتا ہے کہ کارپوریٹ گورننس کے بہتر عوامل احتساب کو بڑھانے کیلئے بہت ضروری ہے۔ ہم اسٹیک ہولڈر و بلیو کو برقرار رکھنے کیلئے کارپوریٹ گورننس کے اعلیٰ معیار کو یقینی بنانے کیلئے پرعزم ہیں۔ بورڈ مستعد رہا ہے اور اس نے اپنے تمام اسٹریٹجک امور میں کمپنی کی رہنمائی کرنے میں موثر کردار ادا کیا ہے۔ کمپنی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج کے ساتھ قریبی رابطہ رکھتی ہے اور خط اور روح کے مطابق اچھے کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل کرتی ہے۔ کارپوریٹ گورننس کے بہترین طریقوں کی تعمیل کے بیان منسلک ہے۔

کارپوریٹ اور فنانسئل رپورٹنگ فریم ورک:

پاکستان اسٹاک ایکسچینج کے لسٹنگ ضوابط کی تعمیل اور کمپنیز ایکٹ، 2017 کے تحت ضرورت کے مطابق آپ کے ڈائریکٹرز مندرجہ ذیل بیان کرنے پر خوش ہیں:

- ۱- آپ کی کمپنی کے انتظامیہ کے ذریعہ تیار کردہ مالی گوشوارے اس کے امور کی منصفانہ حیثیت، اس کی کاروائیوں، نقد بہاؤ اور ایکویٹی میں بدلاؤ کا نتیجہ پیش کرتے ہیں۔
- ۲- کمپنی کے اکاؤنٹس کی مناسب کتابیں برقرار رکھی گئی ہیں۔
- ۳- مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو کی گئیں اور اکاؤنٹنگ کے تخمینے معقول اور محتاط فیصلے پر مبنی ہیں۔
- ۴- بین الاقوامی فنانسئل رپورٹنگ معیارات، جیسا کہ پاکستان میں قابل اطلاق ہیں، مالی گوشواروں کی تیاری میں ان پر عمل کیا گیا ہے۔ اندرونی کنٹرول کا نظام ڈیزائن میں مستحکم ہے اور اسے موثر انداز میں نافذ اور نگرانی کی جا رہی ہے۔
- ۵- کمپنی کی جاری رہنے کی حیثیت سے اس کی صلاحیت پر کوئی شک نہیں ہے۔
- ۶- کارپوریٹ گورننس کے بہترین طریقوں سے کوئی انحراف نہیں ہے، جیسا کہ لسٹنگ کے ضوابط میں تفصیل ہے۔
- ۷- گذشتہ چھ سالوں کے اہم آریٹنگ اور مالی اعداد و شمار خلاصہ کی شکل میں ضم کیا گیا ہے۔

رپورٹنگ مدت کے بعد کی تقریبات

منافع کی تقسیم:


بورڈ آف ڈائریکٹرز نے 30 ستمبر 2021 کو منعقدہ اپنے اجلاس میں 1.80 روپے فی سٹر کے حتمی نقد منافع منقسمہ کی منظوری کیلئے ممبران کو سالانہ اجلاس عام میں تجویز پیش کی۔


دیگر تقریبات:

مذکورہ بالا کے علاوہ، کمپنی کی مالی پوزیشن کو متاثر کرنے والی کوئی مادی تبدیلی اور وابستگی نہیں ہے جو کمپنی کے مالی سال کے اختتام کے درمیان واقع ہوئی ہے جس سے مالی بیان اور رپورٹ کی تاریخ کا تعلق ہو۔

اعتراف:

بورڈ کمپنی کے عملے اور کارکنوں کے کام کرنے کی لگن اور وفاداری کو سراہتا ہے۔ انتظامیہ اور کارکنوں کے مابین تعلقات انتہائی خوشگوار رہے اور ہم امید کرتے ہیں کہ آنے والے سالوں میں ان میں مزید بہتری آئے گی۔
بورڈ آف ڈائریکٹرز کی جانب سے


عمر سعید
ڈائریکٹر


امجد سعید
چیف ایگزیکٹو آفیسر
ستمبر 30، 2021

Statement of Compliance

With Listed Companies (Code of Corporate Governance) Regulations, 2019

IDEAL SPINNING MILLS LIMITED FOR THE YEAR ENDED JUNE 30, 2021

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

1. The total number of directors is eight as per the following,-
 - a. Male: Seven
 - b. Female: One
2. The composition of the board is as follows:

Category	Name
a. Independent Directors	Mr. Muhammad Azhar Mr. Muhammad Asif
b. Non-executive directors	Mr. Muhammad Saeed Mr. Ahsan Saeed Mr. Khizer Saeed
c. Executive directors	Mr. Amjad Saeed Mr. Omer Saeed
d. Female Directors	Mrs. Rubina Amjad

Board of Directors is of the view that considering the volume of business, independent directors should not be more than two as required by these regulations. Hence, the fraction of independent directors has not been rounded up.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures ;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Companies Act 2017 "the Act" and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, the director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations ;
4. The Board has already arranged Directors' Training program for the following:

Name	Category
Mr. Omer Saeed	Executive Director
Mrs. Rubina Amjad	Non-Executive Director
Mr. Ahsan Saeed	Non-Executive Director
Mr. Khizer Saeed	Non-Executive Director

Moreover, our following two directors meet the exemption criteria of minimum 14 years of education and 15 years of experience on the boards of listed companies, hence exempt from Directors' Training Program:

Mr. Muhammad Saeed	Non-Executive Director
Mr. Amjad Saeed	Executive Director

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below.-
 - a. Audit Committee

Mr. Muhammad Azhar	Chairman
Mr. Muhammad Saeed	Member
Mr. Ahsan Saeed	Member

Mr. Muhammad Azhar	Chairman
Mr. Ahsan Saeed	Member
Mrs. Rubina Amjad	Member
a. Nomination Committee	
Mr. Omer Saeed	Chairman
Mr. Ahsan Saeed	Member
Mr. Khizer Saeed	Member
b. Risk Management Committee	
Mr. Ahsan Saeed	Chairman
Mr. Omer Saeed	Member
Mr. Khizer Saeed	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 aforesaid committees during the financial year ended June 30, 2021, were as per following;
- Audit Committee: Quarterly
 - HR and Remuneration Committee: Annually
 - Nomination Committee: Annually
 - Risk Management Committee: Annually
15. The Board has set up an effective internal audit function who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



Signatures

MUHAMMAD SAEED

Date: September 30, 2021.

**KEY OPERATING & FINANCIAL DATA
FOR LAST SIX YEARS**

PARTICULARS	2021	2020	2019	2018	2017	2016
	(Rupees in Millions)					
<u>FINANCIAL POSITION</u>						
Paid up capital	99.200	99.200	99.200	99.200	99.200	99.200
Fixed assets at cost / revalued amount	2,312.58	1,997.710	1,941.467	1,970.104	1,725.353	1,487.173
Fixed assets (Lease) at cost	-	-	-	-	-	-
Accumulated depreciation	1,039.79	946.906	852.366	882.118	810.784	787.983
Current assets	1,492.735	1,053.24	965.143	707.269	567.733	516.494
Current liabilities	1,474.098	1,102.113	1,152.62	888.029	710.435	579.177
<u>INCOME</u>						
Sales	4,793.15	3,923.725	3,512.935	2,718.918	2,202.691	2,378.758
Other income	7.681	11.389	30.040	6.421	3.654	1.416
Pre tax Profit/(loss)	296.777	146.668	96.039	24.182	(114.562)	(110.704)
Taxation	(94.473)	(39.721)	(36.924)	(18.963)	(2.776)	44.876
<u>STATISTICS AND RATIOS</u>						
Pre tax profit/(loss) to sales %	6.19	3.74	2.734	0.89	(5.200)	(4.650)
Pre tax profit/(loss) to capital %	299.17	147.85	96.81	24.37	(115.486)	(111.590)
Current ratio	1:01	0.9557	1:84	1:80	1:80	1:89
Paid up value per share (Rs.)	10	10.00	10.00	10.00	10.00	10.00
Earnings after tax per share (Rs.)	20.39	10.78	5.96	0.53	(11.828)	(6.640)
Cash dividend %	18	13	12	7.50	-	-
Break up value per share (Rs.)	103.42	69.58	55.36	50.92	40.950	30.780

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Ideal Spinning Mills Limited

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

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

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

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

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

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Riaz Ahmad & Co.

Faisalabad

Date: September 30, 2021.

INDEPENDENT AUDITOR'S REPORT

To the members of Ideal Spinning Mills Limited

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1.	<p>Capital expenditure</p> <p>The Company is investing significant amounts in its operations and there are a number of areas where management judgment impacts the carrying value of property, plant and equipment and its respective depreciation profile. These include among others, the decision to capitalize or expense costs; and review of useful life of the assets including the impact of changes in the Company's strategy.</p> <p>We focused on this area since the amounts have a significant impact on the financial position of the Company and there is significant management judgment required that has significant impact on the reporting of the financial position for the Company. Therefore, considered as one of the key audit matters.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Property, Plant, Equipment and Depreciation (Note 2.2 to the financial statements). - Property, Plant and Equipment (Note 14 to the financial statements). 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Assessed, on a sample basis, costs capitalized during the year by comparing with the relevant underlying documentation, which included purchase invoices and other related documents; • Assessed whether the costs capitalized met the relevant criteria for capitalization as per the applicable financial reporting framework; • Evaluated management's estimation of economic useful lives and residual values by considering our knowledge of the business and practices adopted in the relevant industry; • Assessed whether the disclosures are made in accordance with the applicable financial reporting framework;
2.	<p>Inventory existence and valuation</p> <p>Inventories as at 30 June 2021 amounting to Rupees 830.954 million, break up of which is as</p>	<p>Our procedures over existence and valuation of inventory included, but were not limited to:</p>

Sr. No.	Key audit matters	How the matter was addressed in our audit
	<p>follows:</p> <ul style="list-style-type: none"> - Stores, spare parts and loose tools of Rupees 79.099 million - Stock-in-trade of Rupees 751.855 million <p>Inventories are stated at lower of cost and net realizable value.</p> <p>We identified existence and valuation of inventories as a key audit matter due to their size, representing 29.37% of the total assets of the Company as at 30 June 2021, and the judgment involved in valuation.</p> <p>For further information on inventories, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Inventories (Note 2.7 to the financial statements). - Stores, spare parts and loose tools (Note 18) and Stock-in-trade (Note 19) to the financial statements. 	<ul style="list-style-type: none"> • To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management. • For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any. • We also made inquiries from management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required. • We also assessed the adequacy of the disclosures made in respect of the accounting policies and related notes to the financial statements.
3.	<p>Revenue recognition</p> <p>The Company recognized net revenue of Rupees 4,793.145 million for the year ended 30 June 2021.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls

Sr. No.	Key audit matters	How the matter was addressed in our audit
	<p>Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> <p>For further information on revenue recognition, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Revenue from contracts with customers (Note 2.20 to the financial statements). - Revenue (Note 25 to the financial statements). 	<p>over recording of revenue;</p> <ul style="list-style-type: none"> • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents; • We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period; • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'; • We also considered the appropriateness of disclosures in the financial statements.

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 auditor's report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

a) Zakat deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

RIAZ AHMAD & COMPANY

Chartered Accountants

Riaz Ahmad & Co.

Faisalabad

Date: September 30, 2021.

**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2021 (RUPEES IN THOUSAND)	2020
REVENUE	25	4,793,145	3,923,725
COST OF SALES	26	(4,002,325)	(3,371,776)
GROSS PROFIT		<u>790,820</u>	<u>551,949</u>
DISTRIBUTION COST	27	(127,336)	(87,586)
ADMINISTRATIVE EXPENSES	28	(248,665)	(192,513)
OTHER EXPENSES	29	(31,627)	(12,473)
OTHER INCOME	30	7,681	11,389
FINANCE COST	31	(94,096)	(124,098)
PROFIT BEFORE TAXATION		<u>296,777</u>	<u>146,668</u>
TAXATION	32	(94,473)	(39,721)
PROFIT AFTER TAXATION		<u><u>202,304</u></u>	<u><u>106,947</u></u>
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	33	<u><u>20.39</u></u>	<u><u>10.78</u></u>

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


 AMJAD SAEED
 CHIEF EXECUTIVE OFFICER


 OMER SAEED
 DIRECTOR


 MUHAMMAD KASHIF ZAHOOR
 CHIEF FINANCIAL OFFICER
 (ACTING)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

	2021	2020
	(RUPEES IN THOUSAND)	
PROFIT AFTER TAXATION	202,304	106,947
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of staff retirement gratuity	13,960	10,181
Deferred income tax related to remeasurements	(2,964)	(2,289)
	10,996	7,892
Surplus on revaluation of freehold land	135,280	-
	146,276	7,892
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year - net of deferred income tax	146,276	7,892
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	348,580	114,839

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


AMJAD SAEED
 CHIEF EXECUTIVE OFFICER


OMER SAEED
 DIRECTOR


MUHAMMAD KASHIF ZAHOOR
 CHIEF FINANCIAL OFFICER
 (ACTING)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

ISSUED, SUBSCRIBE D AND PAID UP SHARE CAPITAL	SPONSORS' LOANS	RESERVES			REVENUE DECEASE (Accumulated loss) / unappropriated profit	TOTAL	TOTAL EQUITY
		CAPITAL RESERVES		Sub total			
		Equity portion of shareholders' loan	Surplus on revaluation of freehold land				
99,200	241,800	121,209	100,577	221,786	(13,581)	208,205	549,205
-	-	-	-	-	(11,904)	(11,904)	(11,904)
-	-	-	-	-	106,947	106,947	106,947
-	-	-	-	-	7,892	7,892	7,892
-	-	-	-	-	114,839	114,839	114,839
-	-	38,149	-	38,149	-	38,149	38,149
99,200	241,800	159,358	100,577	259,935	89,354	349,289	690,289
-	-	-	-	-	(12,896)	(12,896)	(12,896)
-	-	-	-	-	202,304	202,304	202,304
-	-	-	135,280	135,280	10,996	146,276	146,276
-	-	-	135,280	135,280	213,300	348,580	348,580
99,200	241,800	159,358	235,857	395,215	289,758	684,973	1,025,973

Balance as at 01 July 2019

Transaction with owners - Final cash dividend for the year ended 30 June 2019 at the rate of Rupees 1.20 per share

Profit after taxation for the year
Other comprehensive income for the year

Total comprehensive income for the year

Equity portion of shareholder's loan

Balance as at 30 June 2020

Transaction with owners - Final cash dividend for the year ended 30 June 2020 at the rate of Rupees 1.30 per share

Profit after taxation for the year
Other comprehensive income for the year

Total comprehensive income for the year

Balance as at 30 June 2021

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



AIMJAD SAEED
CHIEF EXECUTIVE OFFICER



OMER SAEED
DIRECTOR



MUHAMMAD KASHIF ZAHOOR
CHIEF FINANCIAL OFFICER
(ACTING)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2021 (RUPEES IN THOUSAND)	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	320,907	426,336
Finance cost paid		(78,346)	(107,624)
Income tax paid		(65,641)	(54,450)
Staff retirement gratuity paid		(21,788)	(13,802)
Net decrease in long term loans		87	88
Workers' profit participation fund paid		(8,201)	(5,680)
Net (increase) / decrease in long term deposits and prepayments		(112)	120
Net cash generated from operating activities		146,906	244,988
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment and intangible asset		(243,688)	(59,507)
Proceeds from disposal of property, plant and equipment		6,059	30
Net cash used in investing activities		(237,629)	(59,477)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(93,753)	(85,778)
Long term financing obtained		26,399	52,719
Dividend paid		(12,684)	(11,330)
Short term borrowings - net		293,424	(134,800)
Net cash from / (used in) financing activities		213,386	(179,189)
NET INCREASE IN CASH AND CASH EQUIVALENTS		122,663	6,322
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		44,336	38,014
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 24)		166,999	44,336

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


AMJAD SAEED
 CHIEF EXECUTIVE OFFICER


OMER SAEED
 DIRECTOR


MUHAMMAD KASHIF ZAHOOR
 CHIEF FINANCIAL OFFICER
 (ACTING)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

1. THE COMPANY AND ITS OPERATIONS

Ideal Spinning Mills Limited (the Company) is a public limited company incorporated in Pakistan on 08 June 1989 under the Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The principal activity of the Company is manufacturing and sale of yarn, cloth and hosiery products. The Company's registered office is situated at Room No. 404-405, 4th Floor, Business Centre, Mumtaz Hassan Road, Karachi.

Geographical location and addresses of all business units of the Company, except for the registered office given above are as follows:

Offices and manufacturing units	Address
Head Office	1088, Jail Road, Faisalabad
Spinning and Weaving Units	32-KM Sheikhpura Road, Tehsil Jaranwala, District Faisalabad
Socks Unit	Bawa Chak Seim Nala, Nalka Kohala, Sargodha Road, Faisalabad
Socks Unit	5-KM Cantt. Road, Shorkot City
Regional Office	506-D, 5th Floor, City Tower, 6-K, Main Boulevard, Gulberg-II, Lahore

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

a) Statement of compliance

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

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

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

b) Accounting convention

These financial statements have been prepared under the historical cost convention, except as otherwise stated in the respective accounting policies.

c) Critical accounting estimates and judgments

The preparation of these financial statements in conformity with the approved accounting and reporting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairments

The estimate for revalued amount of freehold land is based on valuation performed by external professional valuer. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment along with intangible asset with a corresponding effect on the depreciation charge and impairment.

Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date.

Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

Income tax

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgement as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, based on the Company's experience of actual credit loss in past years.

Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Staff retirement gratuity

Certain actuarial assumptions have been adopted as disclosed in Note 8.1.4 to the financial statements for determination of present value of staff retirement gratuity. Any change in these assumptions in future years might affect the current and remeasurement gains and losses in those years.

d) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2020:

- IAS 1 (Amendments) 'Presentation of Financial Statements' and IAS 8 (Amendments) 'Accounting Policies, Changes in Accounting Estimates and Errors';
- International Accounting Standards Board's revised Conceptual Framework – March 2018
- IFRS 16 (Amendments) 'Leases';
- Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures'

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognized in prior period and are not expected to significantly affect the current or future periods.

e) Amendments to published approved accounting standards that are effective in current year but not relevant to the Company

There are amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2020 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) Amendments to published approved accounting standards that are not yet effective but relevant to the

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2021 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 01 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarify what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 01 January 2022, clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022:

IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

IFRS 16 'Leases' – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 states that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

Covid-19-Related Rent Concessions (Amendment to IFRS 16 'Leases') effective for annual reporting periods beginning on or after 01 April 2021. These amendments permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors') effective for annual periods beginning on or after 01 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' is applicable for annual financial periods beginning on or after 01 January 2021. The changes made relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

The above amendments and improvements are likely to have no significant impact on the financial statements.

g) Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2021 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Property, plant, equipment and depreciation

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss, while capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use. Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to the construction / erection period of qualifying assets and other directly attributable cost of bringing the assets to working condition.

Increases in the carrying amounts arising on revaluation of freehold land are recognized in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss.

Valuations are performed frequently enough to ensure that the fair value of the revalued asset does not differ materially from its carrying amount.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Major renewals and improvements, if any, are capitalized in accordance with IAS 16 and are depreciated in a manner which represents the consumption pattern. All other repair and maintenance costs are charged to the statement of profit or loss during the period in which they are incurred.

Depreciation

Depreciation on property, plant and equipment is charged to the statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 14.1. The Company charges the depreciation on additions from the month when the asset is available for use and on deletions upto the month preceding the month of disposal. The assets' residual values, useful lives and depreciation methods are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is de-recognized.

2.3 Intangible asset

Computer software acquired by the Company is stated at cost less accumulated amortization. Software's costs are only capitalized when it is probable that future economic benefits attributable to the software will flow to the Company and the same is amortized applying the straight line method at the rate stated in Note 15 to these financial statements.

2.4 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss.

2.5 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

2.6 Borrowing cost

Interest, mark-up and other charges on long-term financing are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long-term financing. All other interest, mark-up and other charges are recognized in statement of profit or loss.

2.7 Inventories

Inventories, except for stock in transit and waste stock, are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spare parts and loose tools

Usable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. In transit stores, spare parts and loose tools are valued at invoice amount plus other charges paid thereon.

Stock-in-trade

Cost of raw materials, work-in-process and finished goods is determined as follows:

- | | |
|--|---|
| (i) For raw materials: | Weighted average cost. |
| (ii) For work-in-process and finished goods: | Average manufacturing cost including a portion of production overheads. |

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock is valued at net realizable value.

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

2.8 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.

2.9 Staff retirement benefit

The Company operates defined benefit plan - unfunded gratuity scheme for its permanent employees, who have completed the minimum qualifying period of service as defined under the scheme. The liabilities relating to defined benefit plan are determined through actuarial valuation using the Projected Unit Credit Method. Latest actuarial valuation has been carried on 30 June 2021. Significant assumptions used to carry out the actuarial valuation have been disclosed in Note 8.1.4 to these financial statements.

Remeasurements changes which comprise actuarial gains and losses are recognized immediately in other comprehensive income.

2.10 Provisions

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

2.11 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

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

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

2.12 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which it is declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

2.13 Financial Instruments

i) Recognition, classification and measurement of financial instruments

Financial assets

a) Recognition

The Company initially recognizes financial assets on the date when they are originated.

b) Classification

The Company classifies its financial assets at amortized cost. A financial asset is measured at amortized cost if both of following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that the solely payments of principal and interest on the principal amount outstanding.

c) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset. Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments at amortized cost. Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on de-recognition is recognized directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses.

Financial liabilities

Financial liabilities are classified and measured at amortized cost or at Fair Value Through Profit or Loss (FVTPL). A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

ii) Impairment of financial assets

The Company recognizes loss allowances for ECLs on financial assets measured at amortized cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

At each reporting date, the Company assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is probable that the debtor will enter bankruptcy or other financial reorganization.

iii) De-recognition**Financial assets**

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. On de-recognition of a financial asset, in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in the statement of profit or loss.

Financial liabilities

The Company de-recognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as de-recognition of the original liability and the recognition of a new liability, and the difference in respective carrying amount is recognized in the statement of profit or loss.

iv) Offsetting of financial instruments

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

2.14 Borrowings

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

2.15 Government grants

Grants from the Government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

2.16 Trade and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses.

The Company has applied the simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

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

2.17 Derivative financial instruments

Derivatives are initially recognized at fair value. Any directly attributable transaction costs are recognized in the statement of profit or loss as incurred. They are subsequently remeasured at fair value on regular basis and at each reporting date as a minimum, with all their gains and losses, realized and unrealized, recognized in the statement of profit or loss.

2.18 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method.

2.19 Functional and presentation currency along with foreign currency transactions and translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction.

2.20 Revenue from contracts with customers**i) Revenue recognition****Sale of goods**

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

Rendering of services

Revenue from a contract to provide services is recognized over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Return on bank deposits is accounted for on accrual basis.

Other revenue

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

ii) Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

iii) Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

iv) Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

2.21 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those income, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has three reportable business segments: Spinning (Producing different quality of yarn using natural and artificial fibres), Weaving (Producing different quality of greige fabric using yarn) and Socks (Manufacturing socks from yarn, elastic and other ancillary materials).

Transactions among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases are eliminated from the total.

2.22 Earnings per share

The Company presents Earnings Per Share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

2.23 Contingent assets

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes certain.

2.24 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

3. SPONSORS' LOANS

These loans are interest free and payable at the discretion of the Company.

4. EQUITY PORTION OF SHAREHOLDERS' LOANS

	2021	2020
	(RUPEES IN THOUSAND)	
Balance as at 01 July	159,358	121,209
Gain on recognition of shareholders' loans at fair value	-	38,149
Balance as at 30 June	<u>159,358</u>	<u>159,358</u>

5. SURPLUS ON REVALUATION OF FREEHOLD LAND

Balance as at 01 July	100,577	100,577
Surplus arisen on revaluation of freehold land during the year (Note 14.1)	135,280	-
Balance as at 30 June	<u>235,857</u>	<u>100,577</u>

2021 **2020**
(RUPEES IN THOUSAND)

LONG TERM FINANCING

Secured

From banking companies (Note 6.1)

92,598 158,009

Unsecured

From sponsor director / shareholder (Note 6.2)

180,733 165,416
273,331 323,425

Less: Current portion shown under current liabilities

72,812 93,743
200,519 229,682

From banking companies

LENDER	2021	2020	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
(RUPEES IN THOUSAND)							
Habib Bank Limited - Loan under SBP Refinance Scheme (Note 6.1.1)	38,138	48,735	SBP rate + 3%	Eight equal quarterly installments commencing on 01 January 2021 and ending on 01 October 2022.	-	Quarterly	Joint pari passu charge of Rupees 267 million over fixed assets of the Company along with personal guarantee of all directors of the Company.
Habib Bank Limited - Loan under SBP Refinance Scheme (Note 6.1.1)	19,160	-	SBP rate + 3%	Eight equal quarterly installments commencing on 01 January 2021 and ending on 01 October 2022.	-	Quarterly	
The Bank of Punjab	23,895	83,634	3 Month KIBOR + 2%	Sixteen equal quarterly installments commenced on 31 March 2018 and ending on 31 December 2021.	Quarterly	Quarterly	First joint pari passu charge for Rupees 267 million on all present and future current assets of the Company along with the personal guarantee of the Chief Executive Officer of the Company.
Bank Alfalah Limited	2,830	8,490	3 Month KIBOR + 2%	Twenty equal quarterly installments commenced on 28 February 2017 and ending on 29 November 2021.	Quarterly	Quarterly	First joint pari passu charge over fixed assets of the Company for Rupees 268 million with the personal guarantee of Chief Executive Officer and one Director of the Company.
Bank Alfalah Limited	8,575	17,150	3 Month KIBOR + 2%	Twenty equal quarterly installments commenced on 19 August 2017 and ending on 19 May 2022.	Quarterly	Quarterly	
	92,598	158,009					

These term finance facilities amounting to Rupees 52.719 million and 26.399 million are obtained by the Company under SBP Refinance Scheme for payment of wages and salaries to workers and employees of business concerns. These loans are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rate of 9.26% and 8.68% per annum respectively. As per the covenants given in facility letter of these finances, any kind of loan obtained from directors / sponsors shall not be repaid before complete repayment of these facilities.

	2021 (RUPEES IN THOUSAND)	2020
6.2 From sponsor director / shareholder		
Opening balance	165,416	178,346
Add: Fair value adjustment (Note 31)	<u>15,317</u>	<u>25,219</u>
	180,733	203,565
Less: Gain on recognition of shareholder's loan at fair value	-	38,149
Closing balance	<u>180,733</u>	<u>165,416</u>

6.2.1 This represents unsecured interest free loan obtained from a sponsor director / shareholder of the Company. This loan of Rupees 203.565 million will be repaid in one bullet installment on 31 October 2022. A portion of this loan along with the sponsors' loan shown in Note 3 are subordinated to bank borrowings amounting to Rupees 306.616 million. Fair value of this loan was estimated at the present value of future cash flows discounted at effective rate of 9.26% (2020: 9.26%) per annum.

7. DEFERRED INCOME TAX LIABILITY

Taxable temporary difference

Difference in tax and accounting bases of operating fixed assets	102,092	99,176
--	---------	--------

Deductible temporary differences

Staff retirement gratuity	(20,062)	(20,427)
Unused tax losses	(41,268)	(85,082)
Provision for GIDC	(4,409)	-
Deferred income - Government grant	(433)	-
Allowance for expected credit losses	<u>(4,034)</u>	<u>(4,057)</u>
	(70,206)	(109,566)
Deferred income tax liability / (asset)	<u>31,886</u>	<u>(10,390)</u>
Unrecognized deferred income tax asset	-	10,390
	<u>31,886</u>	<u>-</u>

7.1 Deferred income tax assets have been recognized to the extent that the realization of related tax benefits is probable from reversals of existing taxable temporary differences and future taxable profits. Therefore, the Company has not recognized deferred income tax asset against minimum tax available for carry forward under Section 113 of the Income Tax Ordinance, 2001 of Rupees 183.865 million. The detail is as follows:

Accounting year to which the minimum tax relates	Amount of minimum tax	Accounting year in which minimum tax will expire
RUPEES IN THOUSAND		
2021	50,923	2026
2020	42,946	2025
2019	30,949	2024
2018	21,975	2023
2017	18,864	2022
2016	18,208	2021
	<u>183,865</u>	

8. DEFERRED LIABILITIES

	2021 (RUPEES IN THOUSAND)	2020
Staff retirement gratuity (Note 8.1)	94,479	90,875
Deferred income - Government grant (Note 8.2)	141	1,401
Deferred GIDC (Note 8.3)	1,769	-
	<u>96,389</u>	<u>92,276</u>

8.1 Staff retirement gratuity

	2021 (RUPEES IN THOUSAND)	2020
Opening balance	90,875	79,809
Provision for the year (Note 8.1.2)	39,352	35,049
Retirement benefit paid	(21,788)	(13,802)
Remeasurements (Note 8.1.3)	<u>(13,960)</u>	<u>(10,181)</u>
Closing balance	<u>94,479</u>	<u>90,875</u>

	2021	2020
	(RUPEES IN THOUSAND)	
8.1.1 Changes in present value of defined benefit obligation		
Present value of defined benefit obligation	90,875	79,809
Current service cost	31,147	24,660
Past service cost	1,407	-
Interest cost	6,798	10,389
Retirement benefit paid	(21,788)	(13,802)
Remeasurements:		
Actuarial loss / (gain) from changes in financial assumptions	465	(1,761)
Experience adjustments	(14,425)	(8,420)
	94,479	90,875

8.1.2 Provision for the year

Current service cost	31,147	24,660
Past service cost	1,407	-
Interest cost	6,798	10,389
	39,352	35,049

8.1.3 Remeasurements

Actuarial loss / (gain) from changes in financial assumptions	465	(1,761)
Experience adjustments	(14,425)	(8,420)
	(13,960)	(10,181)

8.1.4 Principal actuarial assumptions used

	2021	2020
Discount rate used for interest cost in profit or loss charge (per annum)	8.50%	14.25%
Discount rate used for year end obligation (per annum)	10.00%	8.50%
Expected rate of salary increase (per annum)	9.00%	7.50%
Average duration of the defined benefit obligation	6	6
Mortality rates	SLIC 2001-05 set back 1 year	SLIC 2001-05 set back 1 year
Withdrawal rate	Age based	Age based
Retirement assumption	Age 60	Age 60

8.1.5 The estimated expenses to be charged to the statement of profit or loss for the year ending on 30 June 2022 is Rupees 43.529 million.

8.1.6 Expected benefit payments for the future years:

One year	1-2 years	2-4 years	Over 4 years
-----RUPEES IN THOUSAND-----			
20,740	20,230	39,110	982,134

8.1.7 Sensitivity analysis on defined benefit obligation:

The sensitivity of the defined benefit obligation as at reporting date to changes in the weighted principal assumption is:

	2021	2020
Discount rate	1.00%	1.00%
Increase in assumption (Rupees in thousand)	(5,404)	(5,476)
Decrease in assumption (Rupees in thousand)	6,120	6,222
Future salary increase	1.00%	1.00%
Increase in assumption (Rupees in thousand)	6,385	6,488
Decrease in assumption (Rupees in thousand)	(5,746)	(5,821)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognized within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year except for certain changes as given in Note 8.1.4.

8.1.8 Risk associated with the scheme

a) Final salary risk (linked to inflation risk)

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

b) Demographic risks

Mortality risk

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal risk

The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

	2021	2020
	(RUPEES IN THOUSAND)	
8.2 Deferred income - Government grant		
Opening balance	3,984	-
Recognized during the year	1,749	3,991
Amortized during the year (Note 30)	(3,692)	(7)
	2,041	3,984
Less: Current portion shown under current liabilities (Note 12)	(1,900)	(2,583)
Closing balance	141	1,401

8.2.1 This represents deferred government grants in respect of long term loans obtained under SBP Refinance Scheme for payment of wages and salaries as disclosed in Note 6.1.1 to these financial statements.

8.3 Gas Infrastructure Development Cess (GIDC) payable

Balance at the beginning of the year	21,383	21,383
Less: Gain on remeasurement of GIDC (Note 30)	(1,846)	-
Add: Adjustment due to impact of IFRS 9 (Note 31)	1,228	-
	20,765	21,383
Less: Current portion shown under current liabilities (Note 12)	(18,996)	(21,383)
	1,769	-

8.3.1 This represents non-current portion of Gas Infrastructure Development Cess (GIDC) payable to Sui Northern Gas Pipelines Limited (SNGPL). During previous years, the Company, along with various other companies had challenged the legality and validity of levy and demand of GIDC in Lahore High Court which was pending adjudication at the end of last year. However, during the year Supreme Court of Pakistan vide judgement dated 13 August 2020, while dismissing appeals filed by various industrial and commercial entities with respect to the legality and validity of levy and demand of GIDC, has decided the case in favor of SNGPL. Now the Company is to pay the balance amount of GIDC in 24 equal monthly installments. This liability has been recognized at fair value using discount rate of 9.16% per annum and the difference between the fair value and the total amount of liability is recognized in statement of profit or loss as other income. Subsequent to initial recognition, the effect of unwinding of liability is recognized in statement of profit or loss as finance cost.

9. TRADE AND OTHER PAYABLES

Creditors (Note 9.1)	206,836	169,390
Accrued liabilities	137,270	113,755
Contract liabilities - unsecured	41,550	28,567
Income tax deducted at source	494	2,048
Sales tax payable	27,808	14,048
Fair value of forward exchange contracts	-	8,996
Workers' profit participation fund (Note 9.2)	15,885	7,763
Workers' welfare fund (Note 29)	4,484	-
	434,327	344,567

	2021	2020
	(RUPEES IN THOUSAND)	
9.1	These include amounts due to following related parties:	
Blue Moon Filling Station	2,604	16,871
Ideal Socks	2,949	2,949
	<u>5,553</u>	<u>19,820</u>
9.2 Workers' profit participation fund		
Balance as on 01 July	7,763	5,060
Interest for the year (Note 31)	444	630
Provision for the year (Note 29)	15,879	7,753
	<u>24,086</u>	<u>13,443</u>
Less: Payments during the year	8,201	5,680
Balance as on 30 June	<u>15,885</u>	<u>7,763</u>
9.2.1	The Company retains workers' profit participation fund for its business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.	
10. ACCRUED MARK-UP		
Long term financing	1,163	2,835
Short term borrowings	10,582	13,841
	<u>11,745</u>	<u>16,676</u>
11. SHORT TERM BORROWINGS		
From banking companies - secured		
Cash finances (Note 11.1 and 11.4)	181,490	63,388
Running finances (Note 11.2 and 11.4)	139,488	15,400
Other short term finances (Note 11.3 and 11.4)	321,020	260,519
	641,998	339,307
Others - unsecured		
Other related parties (Note 11.5)	225,938	225,138
Temporary book overdrawn	-	10,067
	225,938	235,205
	<u>867,936</u>	<u>574,512</u>
11.1	These form part of total credit facility of Rupees 975 million (2020: Rupees 695 million). Rates of mark-up range from 8.75% to 9.59% (2020: 8.90% to 17.11%) per annum during the year on balances outstanding.	
11.2	These form part of total credit facility of Rupees 250 million (2020: Rupees 170 million). Rates of mark-up range from 9.03% to 9.58% (2020: 10.33% to 15.86%) per annum during the year on balances outstanding.	
11.3	These form part of total credit facility of Rupees 880 million (2020: Rupees 592 million). Rates of mark-up range from 8.79% to 10.31% (2020: 9.89% to 16.83%) per annum during the year on balances outstanding.	
11.4	These finances are secured against joint pari passu charge over fixed and current assets, pledge of stocks and lien on import / export documents. These are further secured by the personal guarantee of the directors of the Company.	
11.5	These represent interest free loans from Chief Executive Officer, Directors and Sponsor of the Company which are repayable on demand, subject to the condition mentioned in Note 6.1.1	
12. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Deferred income - Government grant (Note 8.2)	1,900	2,583
GIDC payable (Note 8.3)	18,996	21,383
	<u>20,896</u>	<u>23,966</u>

13. CONTINGENCIES AND COMMITMENTS**a) Contingencies**

i) Guarantees of Rupees 30.336 million (2020: Rupees 29.511 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited (SNGPL) against gas connections and to Faisalabad Electric Supply Company Limited against electricity connection.

ii) Sindh High Court, Karachi made decision on 04 June 2021 about the levy of Sindh Infrastructure Cess, against which the Company was contingently liable for Rupees 2.812 million although guarantees were submitted by the Company's Bank for the same amount. Against the decision, the Company lodged a constitution petition No. 484 / 2021 dated 13 August 2021, subsequent to reporting date, in Supreme Court of Pakistan (SCP). Thereafter, on 01 September 2021, SCP allowed the petition, suspended the judgement of Sindh High Court, Karachi and leave to appeal was granted. On advice of legal counsel, in view of possible favourable outcome, no provision is accounted for in these financial statements.

iii) An appeal was filed in Lahore High Court, Lahore on 09 April 2018 against cost of supply of Re-Gasified Liquefied Natural Gas (RLNG) by SNGPL amounting to Rupees 4.953 million (2020: Rupees 4.953 million). This appeal was allowed by Lahore High Court, Lahore on 13 December 2019 by asking Oil and Gas Regulatory Authority (OGRA) to conduct a public hearing to determine the level of cost of supply of RLNG. Keeping in view the opinion of the legal counsel of the Company, the related provision is not made in these financial statements as there are strong grounds that the decision of the proposed public hearing of OGRA will be decided in favour of the Company.

iv) The Company filed an appeal on 23 July 2019 before Commissioner Inland Revenue (Appeals) against the sales tax order in original No. 33 / 2009 dated 15 May 2019 made by the Assistant Commissioner Inland Revenue to pay further tax amounting to Rupees 9.211 million under section 3 (1A) of the Sales Tax Act, 1990 on supplies made to unregistered persons during the period from 01 July 2017 to 30 June 2018 along with the default surcharge under section 33 of the Act. This appeal was rejected on 29 October 2019. Against this decision, the Company filed an appeal on 07 December 2019 before Appellate Tribunal Inland Revenue which is pending for decision. The management is hopeful of positive outcome of the appeal and therefore no provision has been made in these financial statements, on the advice of legal counsel.

v) The Company received show cause notice from Assistant Commissioner Inland Revenue dated 16 December 2019 for further tax not paid amounting to Rupees 11.957 million (2020: Rupees 11.957 million) on sale to unregistered persons from 01 July 2018 to 30 June 2019 along with default surcharge and penalty under section 34(1) and section 33 of Sales Tax Act, 1990 respectively. Against the order, an appeal has been filed by the Company on 06 May 2020 before Commissioner Inland Revenue (Appeals) which is pending for decision. No provision has been made in these financial statements as the management is hopeful for positive outcome, on the advice of the legal counsel.

vi) The Company has challenged, before Lahore High Court, Lahore, the provisions of SRO 491(1)/2016 dated 30 June 2016 issued under section 8(1)(b) of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 1125(1)/2011 dated 31 December 2011, claim of input sales tax in respect of packing material has been disallowed. The Company filed a Writ Petition No. 96551/2017 dated 03 November 2017 before the Lahore High Court, Lahore. Consequently, the Company has accounted for input sales tax amounting to Rupees 4.791 million (2020: Rupees 4.791 million) paid on such items as receivable balance. The Lahore High Court, Lahore through its order dated 25 June 2019 has dismissed the petition filed by the Company. Being aggrieved by the order, an Intra Court Appeal (ICA) No. 1247 of 2020 dated 14 January 2020 has been filed by the Company in Lahore High Court, Lahore. The Company is confident of positive outcome of the appeal, on the advice of legal counsel.

b) Commitments

i) Commitments for capital expenditure are of Rupees 194.244 million (2020: Rupees 3.245 million).

ii) Letters of credit other than for capital expenditure are of Rupees 110.003 million (2020: Rupees 33.559 million)

iii) Outstanding foreign currency forward contracts are of Rupees Nil (2020: Rupees 152.329 million)

14. PROPERTY, PLANT AND EQUIPMENT

	2021	2020
	(RUPEES IN THOUSAND)	
Operating fixed assets (Note 14.1)	1,272,784	1,050,804
Capital work-in-progress (Note 14.2)	56,632	3,200
	<u>1,329,416</u>	<u>1,054,004</u>

14.1 OPERATING FIXED ASSETS

	Freehold land	Buildings	Plant and machinery	Stand-by equipment	Electric installations	Factory equipment	Office equipment	Computers	Electric appliances	Furniture and fixtures	Vehicles	Total
At 01 July 2019												
Cost / revalued amount	130,320	268,118	1,347,588	43,506	69,804	7,686	2,294	6,569	7,179	2,100	56,303	1,941,467
Accumulated depreciation	-	(113,462)	(625,394)	(28,997)	(35,625)	(5,413)	(1,242)	(5,694)	(4,408)	(1,209)	(30,922)	(852,366)
Net book value	130,320	154,656	722,194	14,509	34,179	2,273	1,052	875	2,771	891	25,381	1,089,101

Year ended 30 June 2020

Opening net book value	130,320	154,656	722,194	14,509	34,179	2,273	1,052	875	2,771	891	25,381	1,089,101
Additions / transfers	-	-	25,066	-	4,521	2,029	-	2,582	2,049	-	20,060	56,307
Disposals:												
Cost	-	-	-	-	-	-	-	-	-	-	(64)	(64)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	36	36
Depreciation charge	-	(7,733)	(72,678)	(1,451)	(3,355)	(365)	(105)	(600)	(704)	(89)	(7,496)	(94,576)
Closing net book value	130,320	146,923	674,582	13,058	35,345	3,937	947	2,857	4,116	802	37,917	1,050,804

At 30 June 2020

Cost / revalued amount	130,320	268,118	1,372,654	43,506	74,325	9,715	2,294	9,151	9,228	2,100	76,299	1,997,710
Accumulated depreciation	-	(121,195)	(698,072)	(30,448)	(38,980)	(5,778)	(1,347)	(6,294)	(5,112)	(1,298)	(38,382)	(946,906)
Net book value	130,320	146,923	674,582	13,058	35,345	3,937	947	2,857	4,116	802	37,917	1,050,804

Year ended 30 June 2021

Opening net book value	130,320	146,923	674,582	13,058	35,345	3,937	947	2,857	4,116	802	37,917	1,050,804
Additions / transfers	-	4,159	115,062	-	6,674	7,338	724	1,696	2,596	-	51,118	189,367
Revaluation surplus (Note 5)	135,280	-	-	-	-	-	-	-	-	-	-	135,280
Disposals:												
Cost	-	-	-	-	-	-	-	-	-	-	(9,780)	(9,780)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	5,746	5,746
Depreciation charge	-	(7,363)	(72,337)	(1,306)	(3,751)	(662)	(120)	(1,025)	(559)	(80)	(4,034)	(4,034)
Closing net book value	265,600	143,719	717,307	11,752	38,268	10,613	1,551	3,528	6,153	722	73,571	1,272,784

At 30 June 2021

Cost / revalued amount	265,600	272,277	1,487,716	43,506	80,999	17,053	3,018	10,847	11,824	2,100	117,637	2,312,577
Accumulated depreciation	-	(128,558)	(770,409)	(31,754)	(42,731)	(6,440)	(1,467)	(7,319)	(5,671)	(1,378)	(44,066)	(1,039,793)
Net book value	265,600	143,719	717,307	11,752	38,268	10,613	1,551	3,528	6,153	722	73,571	1,272,784

Annual rate of depreciation (%)

		5	10	10	10	10	10	30	10	10	20	

14.1.1 Freehold land of the Company was revalued as at 23 June 2021 by Tristar International Consultant (Private) Limited, an independent valuer using market value method. Previously the revaluation was carried out on 08 December 2017 and 30 June 2016 by an independent valuer. The book value of freehold land is Rupees 29,743 million (2020: Rupees 29,743 million).

14.1.2 Forced sale value of freehold land as per revaluation carried out on 23 June 2021 was Rupees 225.760 million.

14.1.3 Depreciation charged during the year has been allocated as follows:

	2021 (RUPEES IN THOUSAND)	2020
Cost of sales (Note 26)	83,356	82,509
Administrative expenses (Note 28)	15,277	12,067
	98,633	94,576

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

Particulars	Location	Area	Covered area
		Acres	Sq. Ft.
Manufacturing facility	32-KM Sheikhpura Road, Faisalabad	20.750	392 882
Head office (Note 14.1.5)	1088, Jail Road, Faisalabad	0.250	7 619

14.1.5 This building is constructed and capitalized on the land which is in the name of a director of the Company.

14.2 Capital work-in-progress

	Civil works and buildings	Advances against plant and machinery	Advances against vehicles	Advance against Enterprise Resource Planning	Total
----- RUPEES IN THOUSAND -----					
At 01 July 2019	-	-	-	5,928	5,928
Add: Additions during the year	-	25,066	20,060	3,200	48,326
Less: Transferred to operating fixed assets / intangible asset during the year	-	(25,066)	(20,060)	(5,928)	(51,054)
				3,200	3,200
At 30 June 2020	-	-	-	3,200	3,200
Add: Additions during the year	4,159	135,954	81,832	2,715	224,660
Less: Transferred to operating fixed assets / intangible asset during the year	(4,159)	(115,062)	(51,118)	(889)	(171,228)
				5,026	56,632
At 30 June 2021	-	20,892	30,714	5,026	56,632

15. INTANGIBLE ASSET

Computer software

	2021 (RUPEES IN THOUSAND)	2020
At 01 July	5,236	-
Additions during the year	889	5,928
	6,125	5,928
Less: Amortization (Note 28)	1,319	692
At 30 June	4,806	5,236
Amortization rate (per annum)	20%	20%

16. LONG TERM LOANS

Considered good - secured:

Executive (Note 16.1)	-	100
Other employees	107	222
	107	322
Less: Current portion shown under current assets (Note 21)		
Executive	-	100
Other employees	107	135
	107	235
	-	87

16.1 Maximum aggregate balance due from the executive at the end of any month during the year was Rupees 1.500 million (2020: Rupees 1.200 million).

- 16.2** These represent interest free loans were given to an executive and other employees for meeting their personal expenditure. These are secured against balance to the credit of employees in the staff retirement gratuity and are recoverable in equal monthly installments.
- 16.3** The fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of staff loans is not considered material and hence not recognized.

	2021	2020
	(RUPEES IN THOUSAND)	
17. LONG TERM DEPOSITS AND PREPAYMENTS		
Security deposits (Note 17.1)	1,789	1,789
Prepayments	339	145
	<u>2,128</u>	<u>1,934</u>
Less: Current portion shown under current assets (Note 22)	220	138
	<u>1,908</u>	<u>1,796</u>

- 17.1** These represent security deposits placed with utility companies.

18. STORES, SPARE PARTS AND LOOSE TOOLS

Stores	38,821	24,039
Spare parts (Note 18.1)	39,968	23,801
Loose tools	310	306
	<u>79,099</u>	<u>48,146</u>

- 18.1** These include spare parts in transit of Rupees 3.539 million (2020: Rupees Nil).

19. STOCK-IN-TRADE

Raw materials (Note 19.1 and Note 19.2)	488,714	356,151
Work-in-process	58,438	48,829
Finished goods (Note 19.3)	201,710	187,037
Waste	2,993	1,238
	<u>751,855</u>	<u>593,255</u>

- 19.1** Raw materials include stock in transit of Rupees 33.772 million (2020: Rupees 24.505 million).

- 19.2** These include stock of Rupees 0.953 million (2020: Rupees 10.548 million) sent to outside parties for processing.

- 19.3** These include stock of Rupees Nil (2020: Rupees 0.332 million) available with outside parties after conversion.

20. TRADE DEBTS

Considered good:

Secured (against letters of credit)	54,114	30,970
Unsecured	<u>203,962</u>	<u>147,364</u>
	258,076	178,334
Less: Allowance for expected credit loss (Note 20.4)	18,819	18,050
	<u>239,257</u>	<u>160,284</u>

- 20.1** Trade debts in respect of foreign and local jurisdictions is given under:

America	69,496	34,615
Europe	75,642	60,370
Pakistan	112,938	83,349
	<u>258,076</u>	<u>178,334</u>

- 20.2** Revenue from the sale of goods is recognized at the time of delivery, while payment is generally due within 10 to 30 days in case of local sales and 30 to 60 days in case of export sales.
- 20.3** As at 30 June 2021, trade debts amounting to Rupees 106.415 million (2020: Rupees 47.395 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

	2021	2020
	(RUPEES IN THOUSAND)	
Upto 1 month	73,047	44,273
1 to 6 months	33,147	2,444
More than 6 months	221	678
	<u>106,415</u>	<u>47,395</u>
20.4 Allowance for expected credit loss		
Opening balance	18,050	15,164
Add:		
Recognized during the year (Note 29)	881	3,520
	18,931	18,684
Less:		
Trade debts recovered during the year (Note 30)	(103)	-
Bad debts written off	(9)	(634)
	(112)	(634)
Closing balance	<u>18,819</u>	<u>18,050</u>
21. LOANS AND ADVANCES		
Considered good:		
Employees - interest free		
– Executives (against salary)	725	819
– Other employees:		
against expenses	1,239	1,781
against salary	1,884	2,864
	3,123	4,645
	3,848	5,464
Current portion of long term loans (Note 16)	107	235
Advances to suppliers / contractors	16,662	18,929
Letters of credit	5,558	94
	26,175	24,722
Less: Provision for doubtful loans and advances (Note 29)	178	-
	<u>25,997</u>	<u>24,722</u>
22. SHORT TERM DEPOSIT AND PREPAYMENTS		
Deposit	40	40
Prepayments	749	-
Current portion of long term deposits and prepayments (Note 17)	220	138
	<u>1,009</u>	<u>178</u>
23. OTHER RECEIVABLES		
Considered good:		
Sales tax refundable / receivable	47,012	47,774
Export rebate and duty drawback	67,215	37,915
Others	54	-
	<u>114,281</u>	<u>85,689</u>

	2021	2020
	(RUPEES IN THOUSAND)	
24. CASH AND BANK BALANCES		
With banks:		
On current accounts	165,207	42,042
On PLS saving accounts	549	44
	<u>165,756</u>	<u>42,086</u>
Cash in hand	1,243	2,250
	<u>166,999</u>	<u>44,336</u>
25. REVENUE		
Revenue from contracts with customers:		
Local sales (Note 25.1)	3,394,856	2,884,970
Export sales	1,358,581	1,004,052
Export rebate and duty drawback	39,708	34,703
	<u>4,793,145</u>	<u>3,923,725</u>
25.1 Local sales		
Yarn / socks	2,826,483	2,650,171
Waste	34,007	30,982
Sizing income	5,588	9,978
Conversion income / cloth sale	1,094,157	650,048
Tencel / cotton / polyester / viscose	11,971	34,703
	<u>3,972,206</u>	<u>3,375,882</u>
Less: Sales tax	577,350	490,912
	<u>3,394,856</u>	<u>2,884,970</u>
25.2	The Company has recognized revenue of Rupees 17.751 million (2020: Rupees 9.236 million) from amounts included in contract liabilities at the year end.	
26. COST OF SALES		
Raw materials consumed (Note 26.1)	2,413,008	2,159,242
Cost of raw materials sold	9,018	22,655
Salaries, wages and other benefits (Note 26.2)	520,884	437,617
Stores, spare parts and loose tools consumed	321,877	153,667
Packing materials consumed	133,346	90,571
Sizing materials consumed	36,386	33,059
Outside processing / conversion and other charges	52,141	65,352
Repair and maintenance	8,483	4,578
Fuel and power	437,495	423,363
Insurance	8,226	5,350
Other factory overheads	4,142	3,734
Depreciation (Note 14.1.3)	83,356	82,509
	<u>4,028,362</u>	<u>3,481,697</u>
Work-in-process		
Opening stock	48,829	36,665
Closing stock	(58,438)	(48,829)
	<u>(9,609)</u>	<u>(12,164)</u>
Cost of goods manufactured	<u>4,018,753</u>	<u>3,469,533</u>
Finished goods		
Opening stock	188,275	90,518
Closing stock	(204,703)	(188,275)
	<u>(16,428)</u>	<u>(97,757)</u>
	<u>4,002,325</u>	<u>3,371,776</u>

2021 **2020**
(RUPEES IN THOUSAND)

26.1 Raw materials consumed

Opening stock	356,151	302,262
Add: Purchased during the year	2,545,571	2,213,131
	2,901,722	2,515,393
Less: Closing stock	(488,714)	(356,151)
	2,413,008	2,159,242

26.2 Salaries, wages and other benefits include staff retirement gratuity amounting to Rupees 27.784 million (2020: Rupees 22.381 million).

27. DISTRIBUTION COST

Salaries and other benefits (Note 27.1)	17,314	11,264
Outward freight and handling	45,538	28,618
Commission to selling agents	62,995	41,169
Travelling and accommodation	244	5,763
Postage and telephone	12	62
Fee and subscription	660	230
Printing and stationery	-	5
Others	573	475
	127,336	87,586

27.1 Salaries and other benefits include staff retirement gratuity amounting to Rupees 0.390 million (2020: Rupees 0.803 million).

28. ADMINISTRATIVE EXPENSES

Salaries and other benefits (Note 28.1)	125,627	95,120
Directors' remuneration	8,750	6,100
Rent, rates and taxes	10,040	7,351
Legal and professional	1,307	1,408
Insurance	2,515	1,827
Travelling and conveyance	3,843	3,200
Vehicles' running	20,894	16,799
Entertainment	20,981	14,253
Auditor's remuneration (Note 28.2)	1,160	1,110
Advertisement	172	272
Postage and telephone	6,595	5,811
Electricity, gas and water	9,516	6,976
Printing and stationery	4,450	3,082
Repair and maintenance	2,109	2,797
Fee and subscription	5,844	3,498
Miscellaneous	8,266	10,150
Amortization (Note 15)	1,319	692
Depreciation (Note 14.1.3)	15,277	12,067
	248,665	192,513

28.1 Salaries and other benefits include staff retirement gratuity amounting to Rupees 11.178 million (2020: Rupees 11.865 million).

28.2 Auditor's remuneration

Audit fee	1,000	900
Half yearly review	110	110
Other certifications	50	100
	1,160	1,110

	2021	2020
	(RUPEES IN THOUSAND)	
29. OTHER EXPENSES		
Donations	-	1,200
Workers' profit participation fund (Note 9.2)	15,879	7,753
Allowance for expected credit loss (Note 20.4)	881	3,520
Net loss of fire in stock godowns	2,386	-
Stores, spare parts and loose tools written off	160	-
Workers welfare fund (Note 9)	4,484	-
Net exchange loss	7,659	-
Provision for doubtful loans and advances (Note 21)	178	-
	31,627	12,473
30. OTHER INCOME		
Income from financial assets		
Profit on deposits with banks (Note 30.1)	15	4
Reversal of allowance for expected credit losses (Note 20.4)	103	-
Net exchange gain	-	11,376
	118	11,380
Income from non-financial assets		
Gain on disposal of property, plant and equipment	2,025	2
Gain on remeasurement of GIDC (Note 8.3)	1,846	-
Amortization of deferred grant (Note 8.2)	3,692	7
	7,563	9
	7,681	11,389
30.1 Rate of profit on bank deposits as disclosed in Note 24, ranges from 2.75% to 5.41% (2020: 3.06% to 6.25%) per annum.		
31. FINANCE COST		
Mark-up on:		
Long term financing	14,351	21,159
Short term borrowings	53,352	71,404
Fair value adjustment of loans from sponsor director / shareholder (Note 6.2)	15,317	25,219
Interest on workers' profit participation fund (Note 9.2)	444	630
Bank charges and commission	9,404	5,686
Adjustment due to impact of IFRS 9 on GIDC (Note 8.3)	1,228	-
	94,096	124,098
32. TAXATION		
Charge for the year:		
Current (Note 32.1)	64,906	53,663
Prior year adjustment	645	(6,278)
	65,551	47,385
Deferred	28,922	(7,664)
	94,473	39,721

32.1 Provision for current taxation represents the tax deducted against export sales and minimum tax on local sales under the relevant provisions of the Income Tax Ordinance, 2001. Unused tax losses representing unabsorbed depreciation available as at 30 June 2021 are of Rupees 142.305 million (2020: Rupees 293.385 million). Reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is not presented in view of unused tax losses.

33. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share which is based on:

		2021	2020
Profit attributable to ordinary shareholders	(Rupees in thousand)	202,304	106,947
Weighted average number of ordinary shares	(Numbers)	9 920 000	9 920 000
Earnings per share	(Rupees)	20.39	10.78

34. CASH GENERATED FROM OPERATIONS

		2021	2020
(RUPEES IN THOUSAND)			
Profit before taxation		296,777	146,668
Adjustments for non-cash charges and other items:			
Depreciation		98,633	94,576
Amortization		1,319	692
Gain on disposal of property, plant and equipment		(2,025)	(2)
Provision for staff retirement gratuity		39,352	35,049
Allowance for expected credit losses - net		778	3,520
Finance cost		94,096	124,098
Gain on remeasurement of GIDC		(1,846)	-
Amortization of deferred grant		(3,692)	(7)
Stores, spare parts and loose tools written off		160	-
Provision for workers' profit participation fund		15,879	7,753
Provision for doubtful loans and advances		178	-
Working capital changes (Note 34.1)		(218,702)	13,989
		<u>320,907</u>	<u>426,336</u>

34.1 Working capital changes

(Increase) / decrease in current assets			
- Stores, spare parts and loose tools		(31,113)	4,306
- Stock-in-trade		(158,600)	(163,810)
- Trade debts		(79,751)	24,178
- Loans and advances		(1,453)	(6,292)
- Short term deposit and prepayments		(831)	487
- Other receivables		(28,592)	84,607
		<u>(300,340)</u>	<u>(56,524)</u>
Increase in trade and other payables		81,638	70,513
		<u>(218,702)</u>	<u>13,989</u>

34.2 Reconciliation of movements of liabilities to cash flows arising from financing activities:

	2021				2020			
	Long term financing	Short term borrowings	Unclaimed dividend	Total	Long term financing	Short term borrowings	Unclaimed dividend	Total
	(RUPEES IN THOUSAND)				(RUPEES IN THOUSAND)			
Balance as at 01 July	327,409	574,512	1,264	903,185	373,398	709,312	690	1,083,400
Long term financing obtained	26,399	-	-	26,399	52,719	-	-	52,719
Dividend declared	-	-	12,896	12,896	-	-	11,904	11,904
Gain on recognition of shareholder's loan at fair value	-	-	-	-	(38,149)	-	-	(38,149)
Fair value adjustment	15,317	-	-	15,317	25,219	-	-	25,219
Short term borrowings - net	-	293,424	-	293,424	-	(134,800)	-	(134,800)
Repayment of long term financing	(93,753)	-	-	(93,753)	(85,778)	-	-	(85,778)
Dividend paid	-	-	(12,684)	(12,684)	-	-	(11,330)	(11,330)
Balance as at 30 June	275,372	867,936	1,476	1,144,784	327,409	574,512	1,264	903,185

35. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVES

	Chief Executive Officer		Director		Executives	
	2021	2020	2021	2020	2021	2020
	RUPEES IN THOUSAND					
Managerial remuneration	3,204	2,400	2,400	1,600	23,747	16,197
Allowances						
House rent		1,142	1,080	1,080	720	10,686
Others		454	120	120	80	1,187
Staff retirement gratuity paid		-	-	-	6,329	-
	4,800	3,600	3,600	2,400	41,949	24,296
Number of persons	1	1	1	1	11	7

35.1 Chief Executive Officer, some directors and certain executives are provided with Company maintained vehicles and are entitled to reimbursement of travelling expenses and other utilities.

35.2 During the year, an amount of Rupees 350,000 (2020: Rupees 100,000) has been paid to eight directors (2020: one director) as fee for attending board and other meetings.

35.3 Apart from the fee as stated in Note 35.2, no remuneration was paid to non-executive directors of the Company.

36. NUMBER OF EMPLOYEES 2021 2020

The total number of persons employed as on reporting date and the average number of employees during the year are as follows:

Number of employees as at 30 June	1 321	1 143
Average number of employees during the year	1 315	1 068

37. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated company / undertakings, other related parties and key management personnel. Transactions carried out with related parties, not disclosed elsewhere in these financial statements are as follows:

Name	Basis of relationship	Nature of transactions	2021	2020
			RUPEES IN THOUSAND	
Associated company / undertakings:				
Blue Moon Filling Station	Director of the Company is the member of Board of Trustees	Fuel purchased	6,712	3,665
Waqas Spinning Mills (Private) Limited	Common directorship	Rental expense	3,050	3,000
		Purchase of goods	11,505	-
Ideal Socks	Directors of the Company are the members of Board of Trustees	Rental expense	3,220	2,400
Other related parties				
Directors and sponsors	Members of board of directors, key management personnel and sponsors	Loans obtained from directors/sponsor-net	800	20,113
		Rental expense	350	600
		Dividend paid	9,468	8,740

37.1 Detail of compensation to key management personnel comprising of Chief Executive Officer, Director and Executives is disclosed in Note 35.

38. PLANT CAPACITY AND ACTUAL PRODUCTION

		2021	2020
Spinning			
100 % plant capacity converted to 20s count based on 3 shifts per day for 1 095 shifts (2020: 1 098 shifts)	(Kgs.)	17 788 155	17 836 889
Actual production converted to 20s count based on 3 shifts per day for 1 095 shifts (2020: 1 048 shifts)	(Kgs.)	15 939 322	15 494 658
Weaving			
100 % plant capacity at 60 picks based on 3 shifts per day for 1 095 shifts (2020: 1 098 shifts)	(Sq.Mtr.)	27 346 823	24 155 006
Actual production converted to 60 picks based on 3 shifts per day for 1 093 shifts (2020: 1 053 shifts)	(Sq.Mtr.)	22 864 299	20 531 755

Hosiery

Capacity of such unit cannot be determined due to nature of its operations.

38.1 REASON FOR LOW PRODUCTION

Under utilization of available capacity is mainly due to periodical scheduled maintenance and installation period of Balancing, Modernization and Replacement (BMR) activities carried out during the year.

39. SEGMENT INFORMATION

	Spinning		Weaving		Socks		Elimination of Inter-segment transactions		Total - Company	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenue from contracts with customers										
External	2,434,381	2,299,231	1,279,624	740,390	1,079,140	884,104	-	-	4,793,145	3,923,725
Inter segment	838,481	448,767	-	-	-	-	(838,481)	(448,767)	-	-
Cost of sales	3,272,862	2,747,998	1,279,624	740,390	1,079,140	884,104	(838,481)	(448,767)	4,793,145	3,923,725
	(2,798,232)	(2,437,425)	(1,161,880)	(654,324)	(880,694)	(728,794)	838,481	448,767	(4,002,325)	(3,371,776)
Gross profit	474,630	310,573	117,744	86,066	198,446	155,310	-	-	790,820	551,949
Distribution cost	(10,725)	(10,069)	(14,959)	(6,353)	(101,652)	(71,164)	-	-	(127,336)	(87,586)
Administrative expenses	(118,858)	(96,875)	(39,702)	(32,704)	(90,105)	(62,934)	-	-	(248,665)	(192,513)
Other income	5,671	8,363	2,010	(1,182)	-	4,208	-	-	7,681	11,389
Finance cost	(68,175)	(90,817)	(8,929)	(13,137)	(16,992)	(20,144)	-	-	(94,096)	(124,098)
Profit / (loss) before taxation and unallocated expenses	282,543	121,175	56,164	32,690	(10,303)	5,276	-	-	328,404	159,141
Unallocated expenses:										
Other expenses									(31,627)	(12,473)
Taxation									(94,473)	(39,721)
Profit after taxation									202,304	106,947

39.1 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Socks		Total - Company	
	2021	2020	2021	2020	2021	2020	2021	2020
Total assets as per statement of financial position	1,693,805	1,386,335	550,741	419,501	584,319	308,524	2,828,865	2,114,360
Total liabilities for reportable segments	960,233	954,709	190,329	76,437	555,538	345,540	1,706,100	1,376,686
Unallocated liabilities:								
Deferred income tax liability							31,886	-
Provision for taxation							64,906	47,385
Total liabilities as per statement of financial position							1,802,892	1,424,071

39.2 Geographical information

The Company's segment wise revenue from external customers as per geographical locations is detailed below:

	Spinning		Weaving		Socks		Total - Company	
	2021	2020	2021	2020	2021	2020	2021	2020
Europe	-	-	339,890	176,527	593,901	531,096	933,791	707,623
Asia and Australia	-	-	-	-	-	813	-	813
America	-	-	-	-	464,282	330,319	464,282	330,319
Pakistan	2,434,381	2,299,231	939,734	563,863	20,957	21,876	3,395,072	2,884,970
Major products / service lines	2,434,381	2,299,231	1,279,624	740,390	1,079,140	884,104	4,793,145	3,923,725
Yarn / socks	2,413,590	2,255,561	-	-	1,060,605	871,748	3,474,195	3,127,309
Waste	10,559	14,010	-	-	18,535	12,356	29,094	26,366
Sizing income	-	-	4,776	8,528	-	-	4,776	8,528
Conversion income / cloth sale	-	-	1,274,848	731,862	-	-	1,274,848	731,862
Raw materials	10,232	29,660	-	-	-	-	10,232	29,660
	2,434,381	2,299,231	1,279,624	740,390	1,079,140	884,104	4,793,145	3,923,725

39.3 All non-current assets of the Company as at reporting date are located and operating in Pakistan.

39.4 Revenue is recognized at the point of time as per terms and conditions of underlying contract with customers.

39.5 Revenue from major customers

There was no major customer of any segment of the Company for the year ended 30 June 2021 (2020: one major customer of Spinning segment of Rupees 406.734 million).

40. FINANCIAL RISK MANAGEMENT

40.1 Financial risk factors

The Company's activities expose it to certain financial risks of market risk (currency risk, other price risk and interest rate risk), credit risk and liquidity risk. Such financial risks emanate from various factors which include, but are not limited to market risk, credit risk and liquidity risk. The Company currently finances its operations through equity and management of working capital with a view to maintain an appropriate risk between various sources of finance to minimize risk.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, investment of excess liquidity and use of non-derivative financial instruments.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument+B54 will fluctuate because of changes in market prices. Market risk comprises three type of risk: currency risk, other price risk and interest rate risk.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises where transactions are conducted in foreign currency. Approximately 29.4% (2020: 25.8%) sales are denominated in currencies other than Pak Rupees.

The Company is exposed to currency risk arising from United States Dollar (USD) and Euro. Currently the Company's foreign exchange risk exposure is restricted to the amount receivable from the foreign entities. The Company's exposure to currency risk was as follows:

	2021	2020
Trade debts - USD	802,909	566,045
Trade debts - Euro	95,077	-
Trade and other payables - USD	(41,112)	-
Net exposure - USD	761,797	566,045
Net exposure - Euro	95,077	-

Following exchange rates were applied during the year:

Rupees per US Dollar

Average rate	163.03	158.09
Reporting date rate	157.80	168.25

Rupees per Euro

Average rate	188.62	175.53
Reporting date rate	188.12	189.11

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD and Euro with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 6.428 million (2020: Rupees 4.524 million) higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is not exposed to commodity price risk.

(iii) Interest rate risk

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

The Company's interest rate risk arises from long term financing, short term borrowings and bank balances in saving accounts. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

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

	2021	2020
	(RUPEES IN THOUSAND)	
Fixed rate instruments		
Financial liabilities		
Long term financing	57,298	48,735
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	549	44
Financial liabilities		
Long term financing	35,300	109,274
Short term borrowings	641,998	339,307

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 6.301 million (2020: Rupees 4.261 million) lower / higher, mainly as a result of higher / lower interest expense / income on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at reporting date were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Loans and advances	2,716	4,005
Deposits	1,829	1,829
Trade debts	239,257	160,284
Other receivables	54	-
Bank balances	165,756	42,086
	<u>409,612</u>	<u>208,204</u>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate.

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Sales contracts and credit terms are approved by the senior management and where considered necessary, advance payments are obtained from certain parties. Export sales are usually secured through letters of credit. The management has set a maximum credit period limit for each type of customers in order to reduce the credit risk.

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debts. Management uses actual historical credit loss experience, credit risk characteristics and past days due, adjusted for forward-looking factors specific to the debtors and the economic environment to determine expected credit loss allowance.

	Rating			2021	2020
	Short term	Long term	Agency	(RUPEES IN THOUSAND)	
Banks					
Conventional Accounts					
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	-	19
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	2,433	1,228
MCB Bank Limited	A1+	AAA	PACRA	16,681	6,270
Allied Bank Limited	A1+	AAA	PACRA	82	93
United Bank Limited	A-1+	AAA	VIS	67	28
Faysal Bank Limited	A1+	AA	PACRA	2,640	54
National Bank of Pakistan	A1+	AAA	PACRA	167	514
Habib Bank Limited	A-1+	AAA	VIS	13,806	13,811
Askari Bank Limited	A1+	AA+	PACRA	10,029	23
Bank Alfalah Limited	A1+	AA+	PACRA	7	8
Bank Al-Habib Limited	A1+	AAA	PACRA	2	4
The Bank of Punjab	A1+	AA+	PACRA	108,077	1,202
Soneri Bank Limited	A1+	AA-	PACRA	87	7,569
The Bank of Khyber	A1	A	PACRA	28	25
Samba Bank Limited	A-1	AA	VIS	1,415	-
				155,521	30,847
Shariah Compliant Accounts					
AlBaraka Bank (Pakistan) Limited	A-1	A+	VIS	933	125
Habib Bank Limited	A-1+	AAA	VIS	99	102
Meezan Bank Limited	A-1+	AAA	VIS	9,203	11,011
				10,235	11,238
				165,756	42,086

The Company's exposure to credit risk and allowance for expected credit losses related to trade debts is disclosed in Note 20.

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

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2021, the Company had Rupees 1,463.002 million (2020: Rupees 1,117.693 million) available borrowing limits from financial institutions and Rupees 166.999 million (2020: Rupees 44.336 million) cash and bank balances. Management believes the liquidity risk to be low. Followings are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the tables are undiscounted cash flows.

Contractual maturities of financial liabilities as at 30 June 2021:

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
RUPEES IN THOUSAND						
Non-derivative financial liabilities:						
Long term financing	273,331	299,136	60,869	32,357	205,910	-
Trade and other payables	344,106	344,106	344,106	-	-	-
Unclaimed dividend	1,476	1,476	1,476	-	-	-
Accrued mark-up	11,745	11,745	11,745	-	-	-
Short term borrowings	867,936	928,437	927,552	885	-	-
	<u>1,498,594</u>	<u>1,584,900</u>	<u>1,345,748</u>	<u>33,242</u>	<u>205,910</u>	<u>-</u>

Contractual maturities of financial liabilities as at 30 June 2020:

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
RUPEES IN THOUSAND						
Non-derivative financial liabilities:						
Long term financing	323,425	376,376	48,854	47,595	63,133	216,794
Trade and other payables	283,145	283,145	283,145	-	-	-
Unclaimed dividend	1,264	1,264	1,264	-	-	-
Accrued mark-up	16,676	16,676	16,676	-	-	-
Short term borrowings	574,512	600,379	599,986	393	-	-
Derivative financial liabilities	8,996	8,996	8,996	-	-	-
	<u>1,208,018</u>	<u>1,286,836</u>	<u>958,921</u>	<u>47,988</u>	<u>63,133</u>	<u>216,794</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June. The rates of interest / mark-up have been disclosed in Note 6 and Note 11 to these financial statements.

Carrying amount of long term financing as at 30 June 2021 includes overdue instalments of principal amounting to Rupees Nil (2020: Rupees 11.948 million).

4.0.2 Financial instruments by categories

	2021 (RUPEES IN THOUSAND)	2020 (RUPEES IN THOUSAND)
Assets as per statement of financial position		
Loans and advances		2,716
Deposits		1,829
Trade debts		239,257
Other receivables		54
Cash and bank balances		166,999
		<u>410,855</u>
		<u>210,454</u>

	2021 At amortized cost	2020 At amortized cost	FVTPL	Total
Liabilities as per statement of financial position				
Long term financing	273,331	323,425	-	323,425
Trade and other payables	344,106	304,528	8,996	313,524
Unclaimed dividend	1,476	1,264	-	1,264
Accrued mark-up	11,745	16,676	-	16,676
Short term borrowings	867,936	574,512	-	574,512
	<u>1,498,594</u>	<u>1,220,405</u>	<u>8,996</u>	<u>1,229,401</u>

Reconciliation of financial assets and financial liabilities to the line items presented in the statement of financial position is as follows:

	2021			2020		
Financial assets	Other than financial assets	Total as per statement of financial position	Financial assets	Other than financial assets	Total as per statement of financial position	
Assets as per statement of financial position						
Loans and advances	2,716	23,281	25,997	4,005	20,804	24,809
Deposits and prepayments	1,829	1,088	2,917	1,829	145	1,974
Trade debts	239,257	-	239,257	160,284	-	160,284
Other receivables	54	114,227	114,281	-	85,689	85,689
Cash and bank balances	166,999	-	166,999	44,336	-	44,336
	<u>410,855</u>	<u>138,596</u>	<u>549,451</u>	<u>210,454</u>	<u>106,638</u>	<u>317,092</u>

	2021			2020		
Financial liabilities	Other than financial liabilities	Total as per statement of financial position	Financial liabilities	Other than financial liabilities	Total as per statement of financial position	
Liabilities as per statement of financial position						
Long term financing	-	273,331	323,425	-	323,425	
Trade and other payables	90,221	434,327	292,141	52,426	344,567	
Unclaimed dividend	-	1,476	1,264	-	1,264	
Accrued mark-up	-	11,745	16,676	-	16,676	
Short term borrowings	-	867,936	574,512	-	574,512	
	<u>90,221</u>	<u>1,588,815</u>	<u>1,208,018</u>	<u>52,426</u>	<u>1,260,444</u>	

40.3 Offsetting financial assets and financial liabilities

As on reporting date, recognized financial instruments are not subject to offsetting as there are no enforceable master netting arrangements and similar agreements.

40.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends to be paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represents long term financing (except subordinated loans) and short term borrowings obtained by the Company as referred to in Note 6 and Note 11 respectively. Equity represents 'total equity' as shown in the statement of financial position and the portion of loan from sponsor director / shareholder which is subordinated to bank borrowings as referred in Note 6.2.1. Total capital employed includes 'total equity' plus 'borrowings'. The Company's strategy remained unchanged from last year. In accordance with the terms of facility letter of term finance facility issued by Habib Bank Limited (the Bank) under SBP Refinance Scheme for payment of wages and salaries as given in Note 6.1.1, the Company shall take prior approval of the Bank before declaring any dividend.

		2021	2020
Borrowings	(Rupees in thousand)	1,076,451	833,121
Total equity	(Rupees in thousand)	1,090,789	755,105
Total capital employed	(Rupees in thousand)	<u>2,167,240</u>	<u>1,588,226</u>
Gearing ratio	(Percentage)	<u>49.67</u>	<u>52.46</u>

The decrease in gearing ratio resulted primarily from gaining profit after taxation and having surplus on revaluation of freehold land.

41. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

Fair value is the amount that would be received to sell an asset or either pay or transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences may arise between the carrying value and the fair value estimates. The Company classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is as follows:

Level 1: Quoted market price in an active market for an identical instrument.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: Valuation techniques using significant un-observable inputs.

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
-----RUPEES IN THOUSAND-----				
At 30 June 2021				
Financial liabilities				
Derivative financial liabilities	-	-	-	-
At 30 June 2020	-	8,996	-	8,996

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further there was no transfer out of level 3 measurements.

42. RECOGNIZED FAIR VALUE MEASUREMENTS - NON FINANCIAL ASSETS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the non-financial assets that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

	Level 1	Level 2	Level 3	Total
-----RUPEES IN THOUSAND-----				
At 30 June 2021				
Freehold land	-	265,600	-	265,600
At 30 June 2020				
Freehold land	-	130,320	-	130,320

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

(ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuation for its freehold land (classified as property, plant and equipment) at least after every three years. The management updates the assessment of the fair value of freehold land, taking into account the most recent independent valuation. The management determines freehold land's value within a range of reasonable fair value estimates. The best evidence of fair value of freehold land is current prices in an active market for similar lands.

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's freehold land at least after every three years. The latest valuation of freehold land has been performed by Messrs Tristar International Consultant (Private) Limited as at 23 June 2021.

Changes in fair values are analyzed during the valuation discussion between the management and the valuers. As part of this discussion the team presents a report that explains the reason for the fair value movements.

43. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

Description	Note	2021	2020
		(RUPEES IN THOUSAND)	
Revenue earned from shariah compliant business	25	4,793,145	3,923,725
Exchange gain earned		-	17,484
Shariah compliant bank deposits and bank balances			
Bank balances	40.1 (b)	10,235	11,238
Profit earned from shariah compliant bank deposit			
Profit on deposit with bank	30	15	3
Mark-up paid on Islamic mode of financing	31	780	3,186
Profit earned or interest paid on any conventional loan / advance			
Mark-up on long term financing	31	14,351	21,159
Mark-up on short term borrowings	31	52,572	68,218
Profit earned on deposit with bank		-	1
Loans / advances obtained as per Islamic mode			
Contract liabilities	9	41,550	28,567
Short term borrowings	11	242,989	235,205

There was no dividend on any investment. Moreover the relationship with all shariah compliant banks for the current year are related to bank accounts as given in Note 40.1 (b) along with a loan facility from Meezan Bank Limited.

44. EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Company has proposed a cash dividend for the year ended 30 June 2021 of Rupees 1.80 (2020: Rupee 1.30) per share at their meeting held on September 30, 2021. However, this event has been considered as non-adjusting event under IAS 10 'Events after the Reporting Period' and has not been recognized in these financial statements.

45. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary for the purpose of comparison. However, no significant re-arrangements have been made except for the following:

PARTICULARS	RECLASSIFICATION		AMOUNT
	FROM	TO	(RUPEES IN THOUSAND)
Gas Infrastructure Development Cess (GIDC) payable	Trade and other payables	Current portion of deferred liabilities	21,383
Income tax	Loans and advances	Face of statement of financial	96,627
Stores, spare parts and loose tools	Capital work-in-progress	Stores, spare parts and loose tools	422
Current portion of deferred income - Government grant	Deferred liabilities	Current portion of deferred liabilities	2,583

46. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 30, 2021 by the Board of Directors of the Company.

47. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.


AMJAD SAEED
CHIEF EXECUTIVE OFFICER
OMER SAEED
DIRECTOR
MUHAMMAD KASHIF ZAHOOR
CHIEF FINANCIAL OFFICER
(ACTING)

**Pattern of Shareholding
As on June 30, 2021**

TYPE OF SHARE HOLDERS		NUMBER OF SHARE HOLDERS	TOTAL SHARES HELD
1	100	529	44855
101	500	628	276057
501	1000	80	73677
1001	5000	86	230782
5001	10000	17	135150
10001	15000	6	77207
25001	30000	1	30000
35001	40000	1	37000
40001	45000	2	81000
55001	60000	1	55500
60001	65000	1	60176
170001	175000	1	175000
210001	215000	1	214274
225001	230000	1	227000
535001	540000	1	535726
625001	630000	1	628396
880001	885000	1	883000
890001	895000	1	890726
920001	925000	1	922300
930001	935000	3	2797176
1540001	1545000	1	1544998
TOTAL =====>>		1,364	9,920,000

Categories of Shareholding
As at June 30,2021

Categories of Shareholding	Numbers	Shares held	Percentage (%)
Associated companies, Undertakings and Related Parties			
NIT and ICP	3	1000	0.01
Directors, Chief Executive & their spouse and Minor Children			
Mr. Muhammad Saeed Sheikh (Chairman)	1	5000	0.05
Mr. Amjad Saeed (Chief Executive)	2	2080724	20.98
Mrs. Rubina Amjad (Director)	2	1105000	11.14
Mr. Umar Saeed (Director)	2	1110000	11.19
Mr. Khizar Saeed (Director)	2	1857300	18.72
Mr. Ahsan Saeed (Director)	2	1105876	11.15
Mr. Muhammad Azhar (Independent Director)	1	500	0.01
Mr. Muhammad Asif (Independent Director)			
Executives			
Public Sector Companies and Corporations			
Banks, Development Finance Institutions, Non - Banking Finance Institutions, Jont Stock Companies	1	369	0.00
Insurance Companies, Modaraba and Mutual Funds	6	17400	0.18
Individuals	1	628396	6.33
Others	1339	1946147	19.62
Total	2	62288	0.63
Total	1364	9920000	100.00

SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE COMPANY

Name of Shareholder	No of Sharrs held	Percentage
Mr. Amjad Saeed	2080724	20.98
Mrs. Rubina Amjad	1105000	11.14
Mr. Umar Saeed	1110000	11.19
Mr. Khizar Saeed	1857300	18.72
Mr. Ahsan Saeed	1105876	11.15
Kanwal Saeed	986800	9.95
CDC-TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	628396	6.33

**Statement showing shares bought and sold by directors, CEO, CFO,
Company secretary and the minor family members
form 01 July 2020 to 30 June 2021**

S.NO	Name	Designation	Shares bought	Shares sold
1	Mr. Mohammad Saeed Sheikh	Chairman/Director		
2	Mr. Amjad Saeed	Chief Executive/Director		
			Gift 106000 Shares Received from Siter	
			Gift 106200 Shares Received from Siter	
3	Mrs. Rubina Amjad	Director	175000 Shares Purchase From Market	
4	Mr. Omer Saeed	Director	175000 Shares Purchase From Market	
5	Mr. Khizer Saeed	Director	175000 Shares Purchase From Market	
6	Mr. Ahsan Saeed	Director	175000 Shares Purchase From Market	
7	Mr. Muhammad Asif	Independent Director		
	Mr. Muhammad Azhar	Independent Director		
9	Muhammad Kashif Zahur	Chief Financial Officer		
10	Mr. Muhammad Nadeem	Company Secretary		

M/S F.D.Registrar Services (SMC-Pvt) Ltd.,
1705, 17th Floor Saima Trade Tower-A
I.I.Chundrigar Road Karachi-74000

Dear Sir

The Share Registrar Ideal Spinning Mills Ltd
Request for E-Transmission of Annual Report

Pursuant to S.R.O.787(1)/2014 dated September 08,2014 issued by the Securities and Exchange Commission of Pakistan (SECP), kindly note requisite information for electronic transmission of annual balance sheet and profit and loss account, auditor's report and directors report etc. (Audited Financial Statements) along with notice of annual general meeting (Notice) {collectively referred to as 'Annual Report'} of Ideal Spinning Mills Ltd (ISM).The email address provided hereunder may please be recorded in the members' register of the Company being maintained under Section 473 of the Companies Act 2017.

Particulars

Name of shareholder	
Folio No./ CDC ID No.	
CNIC No.	
Passport No.(for Foreign shareholder	
E-mail address	
Land line Telephone No.	
Cell No.	

It is stated that the above-mentioned information is correct and I hereby agree and give my consent for future transmission of the Company's Annual Report via email address provided above.

It is further stated that being the shareholder of Company, it my responsibility to communicate any change in the registered email address in a timely manner.

Yours Truly,

Shareholder's Signature

Complete Address -----

Copy to -----

The Company Secretary
Ideal Spinning Mills Ltd
404/05, Business Centre, Mumtaz Hasan Road
Karachi

M/S F.D.Registrar Services (SMC-Pvt) Ltd.,
1705,17th Floor Saima Trade Tower-A-,
I.I.Chundrigar Road Karachi-

Date: _____

Dear Sirs,

ELECTRONIC CREDIT MANDATE FORM (MANDATORY UNDER COMPANIES ACT, 2017)

I hereby communicate to receive my future dividends directly in my bank account as detailed below:

Name of share-holder/certificate-holder : _____

Folio Number / CDC Account No. : _____ Company/Entity: _____

Cell/Contact number of shareholder : _____

E-mail address of shareholder : _____

Title of Bank Account : _____

[Must match with name of principal shareholder]

International Bank Account No. : _____

[IBAN - having 24 digits]

Name of Bank : _____

Bank branch name & full mailing address : _____

CNIC No./Passport No. in case of foreign

Shareholder [Please attach a copy] : _____

NTN (in case of corporate shareholder) : _____

Registration number (in case of corporate shareholder) – copy attached _____

It is stated that the above particulars given by me are correct and to the best of my knowledge; I shall keep the Company/Modaraba informed in case of any changes in the said particulars in future.

Shareholder/Certificate-holder's Signature

Notes and Instructions:

1. Please note that the dividend will be with-held till a valid IBAN has been provided.
2. Please provide complete International Bank Account Number [IBAN] (having 24 digits & beginning with PK), after checking with your concerned branch to enable electronic credit directly into your bank account.
3. The payment of cash dividend will be processed based on bank account number alone.
Company/Modaraba will rely on the account number as per Shareholder/Certificate holder's instructions and shall not be responsible for any loss, damage, liability or claim arising, directly or indirectly, from any error, delay, or failure in performance of any of its obligations hereunder which is caused by incorrect payment instructions and /or due to any event beyond the control of the Company/Modaraba.
4. Shareholders holding shares in physical certificates form must submit this form separately for each Company/ Modaraba wherein they hold their shares/Modaraba Certificates, quoting their folio number(s).
5. CDC shareholders are requested to submit their Dividend Mandate Form directly to their broker (participant)/CDC Investor Accounts Services only once quoting their CDC account(s). It is not required to file separate form for each Company/ Entity.



**FORM OF PROXY
33RD ANNUAL GENERAL MEETING**

I/We _____ S/o/D/o/W/o _____
of _____ being a member
of **IDEAL SPINNING MILLS LIMITED** and holder of _____ Ordinary Shares as per Share Register
Folio No. _____ and/or CDC Participant ID No. _____ and Account / Sub-account _____
No _____ do hereby appoint Mr./Mrs./Miss _____
_____ Folio No./CDC No. of _____ failing him/her .
Mr./Mrs./Miss _____ Folio No./CDC No. _____ of
_____ as my. our proxy to attend, act and vote for me/us on my/our behalf at Annual Genera
Meeting of the Company to be held on Thursday, October 28, 2021 at 11.30 a.m at **404 -405, 4th Floor
Business Centre Mumtaz Hassan Road Karachi** and at any adjournment thereof in the same manner
as I/we myself/ourselves would vote if personally present at such meeting.

Signature of Shareholder
Folio / CDC A/C NO.

Signature of Proxy

Five Rupees Revenue Stamp

Signed this _____ day of _____ 2021

WITNESS:

- | | |
|---|--|
| 1. Signature -----
Name -----
Address -----
CNIC No. -----
or Passport No.----- | 2. Signature -----
Name -----
Address -----
CNIC No.-----
or Passport No.----- |
|---|--|

Notes:

1. A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on member`s behalf.
 2. If a member is unable to attend the meeting. He/She may complete and sign this form and send it to the Company`s Share Registrar M/s. F.D. Registrar Service (SNC-PVT) Limited 1705 17th Floor Saima Trade Tower A, I.I. Chundrigar Road Karachi so as to reach not less than 48 hours before the time appointed for holding the Meeting.
 3. For CDC Account Holders / Corporate Entities; in addition to the above the following Requirements have to be met:
 - (a) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers be stated on the form.
 - (b) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
- © The proxy shall produce his original CNIC or original passport at the time of the meeting. In case of a corporate entity, the Board of Directors resolution/ power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

