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IdealGroup







IDEAL

SPINNING MILLS LIMITED

34th Annual Report 2022

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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 customer's behaviour 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.

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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 17th 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, 4TH FLOOR, BUSINESS CENTRE, MUMTAZ HASSAN ROAD, KARACHI. www.idealsm.com
FACTORY:	35-K.M SHEIKHUPURA ROAD, TEHSIL JARANWALA, DISTT. FAISALABAD.

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NOTICE OF 34TH ANNUAL GENERAL MEETING

Notice is hereby given that the **34TH 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 Friday October 28, 2022 at 11:30 a.m. to transact the following business:-

1. To confirm Minutes of the Last Annual General Meeting held on October 28, 2021
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended on 30th June, 2022 together with the Directors' Report and Auditors' Report thereon.
3. To approve and declare final cash dividend of Rs. 2.00 per share i.e. @ 20.00 % as recommended by the Board of Directors for the year ended June 30, 2022.
4. To appoint Auditor for the year 2022-2023 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

Karachi
Dated: September 29, 2022

MUHAMMAD NADEEM
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from 21 October 2022 to 28 October 2022 (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 20 October 2022 be treated in time.
2. 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.

3.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

4. CONFIRMATION OF "FILER" STATUS OF INCOME TAX RETURN FOR APPLICATION OF RATES PURSUANT TO THE PROVISIONS OF FINANCE ACT, 2022:

Pursuant to the provisions of Finance Act, 2022, effective July 01, 2022, 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

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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

5. 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 updating of bank account details (IBAN Format) is available at Company's website i.e. www.apl.com.pk. In case of unavailability of IBAN, the Company would be constrained to withhold dividend in accordance with the Companies (Distribution of Dividends) Regulations, 2017.

6. EXEMPTION FROM DEDUCTION OF INCOME TAX / ZAKAT:

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

7. SUBMISSION OF COMPUTERIZED NATIONAL IDENTITY CARD (CNIC) FOR PAYMENT OF FINAL CASH DIVIDEND 2021-22 :

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.

8. 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.

9. 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

10. DEPOSIT OF PHYSICAL SHARES INTO CENTRAL DEPOSITORY:

As per Section 72 of the Companies Act, 2017, every existing listed company is required to replace its physical shares with book-entry form. Therefore, the shareholders having physical shares requested to convert the shares into book entry.

11. 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.

12. FOR VIDEO CONFERENCE:

At least seven days prior to the date of meeting on the demand of members residing in a city who hold ten percent of the total paid up capital of the company, the facility of video-link will be provided to such members in that city enabling them to participate in the Annual General Meeting through video-link facility.

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.

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آئیڈیل اسپننگ ملز لمیٹڈ

اطلاع برائے 34واں سالانہ اجلاس

مطلع کیا جاتا ہے کہ آئیڈیل اسپننگ ملز لمیٹڈ کے حصص یافتگان کا چونتیسواں (34) سالانہ اجلاس عام بروز جمعہ 28 اکتوبر 2022ء کو صبح 11:30 بجے 404/5 بزنس 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 28 اکتوبر 2021 کی کارروائی کی توثیق۔

۲۔ 30 جون 2022 کو مکمل ہونے والے سال کیلئے کمپنی کے آڈٹ شدہ اکاؤنٹس معہ ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور وخوص اور منظوری۔

۳۔ 30 جون 2022 کو مکمل ہونے والے سال کیلئے بورڈ آف ڈائریکٹرز کے سفارشات کے مطابق حتمی نقد منافع منقسمہ 2.00 روپے فی حصص (20.00 فیصد) شرح کی منظوری اور اعلان

۴۔ مالی سال 23-2022ء کیلئے آڈیٹرز کی تقرری اور ان کے مشاہرے کا تعین۔ موجودہ آڈیٹر میسرز ریاض احمد اینڈ کمپنی۔ چارٹرڈ اکاؤنٹس سبکدوش ہوگئے ہیں اور اہلیت کی بنیاد پر دوبارہ تقرری کیلئے اپنی خدمات پیش کی ہیں۔

۵۔ چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔

بحکم بورڈ
محمد ندیم
کمپنی سیکریٹری

کراچی 29 ستمبر 2022ء

نوٹس:

۱۔ کمپنی کی حصص منتقلی کی کتاب 21 اکتوبر 2022 تا 28 اکتوبر 2022ء (بشمول دونوں ایام) بند رہیں گی۔ شیئر رجسٹرار میسرز ایف۔ ڈی رجسٹرار سروسز (ایس ایم سی۔ پرائیوٹ) لمیٹڈ سترہویں منزل صائمہ ٹریڈ ٹاور اے، آئی آئی چندریگر روڈ کراچی میں 20 اکتوبر 2022ء کو کاروبار کے اختتام کار تک موصول ہونے والی منتقلیاں/تجدید بروقت سمجھی جائیں گی۔

۲۔ کمپنی کا ہر ممبر اس اجلاس میں شرکت اور ووٹ ڈالنے کا حق رکھتا ہے اور وہ اپنی جگہ اجلاس میں شرکت اور ووٹ دینے کے لیئے اپنا پراکسی مقرر کرسکتا/کرسکتی ہے۔ پراکسی کی تقرری کی اطلاع کمپنی کو اجلاس سے کم از کم 48 گھنٹہ قبل دینی ہوگی۔ سی-ڈی-سی اکاؤنٹس رکھنے والوں کو سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان سے جاری سرکلر نمبر ا بتاریخ جنوری 2000,26 میں دی گئی ہدایات پر عملدرآمد کرنا ہوگا۔

۳۔ 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 لیئے اپنا پراکسی مقرر کرسکتا/کرسکتی ہے۔ پراکسی کی تقرری کی اطلاع کمپنی کے رجسٹرڈ آفس کو اجلاس سے کم از کم 48 گھنٹہ قبل دینی ہوگی۔

پراکسی کی تقرری کیلئے:

(a) انفرادی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور یا وہ شخص جسکی سیکیورٹیز گروپ اکاؤنٹس میں ہوں اور انکی رجسٹریشن کی تفصیلات قواعد وضوابط کے تحت اپ لوڈ کی گئی ہوں پراکسی فارم مذکورہ ضروریات کے تحت جمع ہونے چاہئے۔ پراکسی فارم دو افراد کی جانب سے گواہی کے ساتھ ہونا چاہئے، جن کے نام، پتے اور سی-این-آئی-سی نمبر فارم پر درج ہونے چاہیئے۔ پراکسی فارم کے ساتھ سی-این-آئی-سی مصدقہ کاپیاں 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 بمع 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)

۴۔ فنانس ایکٹ 2022ء کے تحت انکم ٹیکس ریٹرن "فائلر" برائے ریٹس کی تصدیق:

بذریعہ فنانس ایکٹ 2022ء حکومت پاکستان، یکم جولائی 2022ء کے تحت انکم ٹیکس آرڈیننس 2001ء کے سیکشن 150 میں خصوصی ترامیم کی ہیں جس کے تحت نقد منافع منقسمہ پر انکم ٹیکس کی کٹوتی کی مختلف شرحیں بیان کی گئی ہیں۔ محصولات کی شرح حسب ذیل ہیں:

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

(b) انکم ٹیکس ریٹرن کے نان فائلر کیلئے ٹیکس کٹوتی 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 دار کی حصص داری کی بنیاد پر ٹیکس کٹوتی کی جائیگی جیسا کہ حصص دار نے تحریری طور پر کمپنی/شیئر رجسٹرار کو دی ہوگی یا اطلاع نامہ نہ ہونے کی صورت میں ہر مشترکہ اکاؤنٹ ہولڈر کے حصص برابر کئے جائینگے۔ اب کمپیوٹرائزڈ قومی شناختی کارڈ نمبر/این ٹی این کی تفصیل لازمی ہے اور ٹیکس اسٹیٹس معلوم کرنے کیلئے فیڈرل بورڈ آف ریونیو (ایف بی آر) کی جانب سے وقتاً فوقتاً جاری کردہ فعال ٹیکس دہندگان فہرست کیلئے ضروری ہے۔

۵۔ منافع منقسمہ کی ادائیگی بذریعہ بینک اکاؤنٹ:

کمپنیز ایکٹ 2017 کی شق 242 کے مطابق استحقاق شدہ حصص کنندگان کو منافع کی ادائیگی صرف براہ راست ان کے مہیا کردہ بینک اکاؤنٹ میں کی جاسکے گی۔ حصص کنندگان سے درخواست ہے کہ وہ اپنے بینک اکاؤنٹ کی تفصیل کمپنی کے شیئر رجسٹرار (بصورت فزیکل شیئرز) یا اپنے متعلقہ بروکر (بصورت CDS شیئرز) کو مہیا کردیں۔ متعلقہ فارم کمپنی کی ویب سائٹ http://www.idealsm.com پر مہیا کردیا گیا ہے۔ بینک اکاؤنٹ کی تفصیلات مع IBAN موصول نہ ہونے کی صورت میں کمپنیز (ڈسٹری بیوشن آف ڈیویڈنڈز) ریگولیشنز، 2017 کی رو سے کمپنی ان کے نقد منافع منقسمہ اپنے پاس روک لینے پر مجبور ہوگی۔

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۶۔ انکم ٹیکس/زکوۃ کی کٹوتی سے استثناء:

ممبران جو انکم ٹیکس کی کٹوتی سے متعلق استثنائی چاہتے ہیں یا تخفیف شدہ ریٹ پر منہائی کیلئے اہل ہیں ان سے التماس ہے کہ وہ ضروری دستاویزی ثبوت پیش کریں۔ جو ممبران زکوۃ نہ کٹوانے کے خواہشمند ہیں ان سے بھی التماس ہے کہ وہ زکوۃ کی کٹوتی نہ کرنے کیلئے اقرار نامہ جمع کروائیں۔ سی ڈی سی اکاؤنٹ ہولڈرز سے درخواست کی جاتی ہے کہ وہ زکوۃ کی عدم کٹوتی کیلئے اپنا اقرار نامہ متعلقہ ممبر اسٹاک ایکسچینج یا سی ڈی سی کو بھیجیں اگر سی ڈی سی انویسٹر اکاؤنٹ کو برقرار رکھتے ہیں۔

۷۔ حتمی نقد منافع منقسمہ **2021-2022** کی ادائیگی کیلئے کمپیوٹرائز ڈ 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 رجسٹرار 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 ایکسچینج یا سی ڈی سی کو بھیجیں اگر سی ڈی سی انویسٹر اکاؤنٹ کو برقرار رکھتے ہیں۔

۸۔ ای میل کے ذریعے سالانہ مالی کھاتوں کی گردش:

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس-ای-سی-پی) نے بذریعہ اس کے نوٹیفیکشن SRO 787(I)/2014 بتاریخ 8 ستمبر 2014 کمپنی کے حصص یافتگان کو بذریعہ ای میل سالانہ اجلاسِ عام کے نوٹس کے ساتھ کمپنی کے آڈٹ شدہ مالیاتی گوشوارے تقسیم کرنے کی اجازت دی ہے۔ لہٰذا 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۔ الیکٹرونک سالانہ آڈٹ شدہ مالیاتی گوشوارے منتقل کرنے کیلئے رضامندی فارم کمپنی 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 ہارڈ کاپی بلا معاوضہ فراہم کرے گی۔ جو کہ ان کی درخواست کی وصولی کے اندرونِ سات یوم میں کردی جائیگی۔

۹۔ کمپنی کی ویب سائٹ پر مالیاتی اکاؤنٹس کی پلیسمینٹ:

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے نوٹیفیکشن (SRO634(I)/2014) بتاریخ 10 جولائی، 2014 کے مطابق کمپنی کے سالانہ آڈٹ شدہ مالیاتی گوشوارے کمپنی کی ویب سائٹ www.idealsm.com پر آویزاں کردیئے گئے ہیں۔

۱۰۔ فزیکل شیئرز کی سینٹرل ڈیپازٹری میں منتقلی:

کمپنیز ایکٹ 2017 کی شق 72 کے تحت، تمام لسٹڈ کمپنیوں کو اپنے فزیکل شیئرز کو بک اینٹری فارم میں منتقل کرنے کا پابند کیا گیا ہے۔ لہٰذا فزیکل شیئرز رکھنے والے شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے شیئرز کو بک انٹری میں تبدیل کروائیں۔

۱۱۔ غیر دعویٰ شدہ منافع منقسمہ اور شیئرز:

کمپنی کے شیئر ہولڈرز کو بذریعہ ہذا مطلع کیا جاتا ہے کہ ریکارڈ کے مطابق کچھ غیر دعویٰ شدہ/غیر وصول شدہ/غیر ادا شدہ منافع منقسمہ ہیں۔ ایسے شیئر ہولڈرز جنہوں نے اپنے منافع منقسمہ/شیئرز وصول نہیں کئے انہیں ہدایت کی جاتی ہے کہ وہ اپنے غیر دعویٰ شدہ منافع منقسمہ یا شیئرز، اگر ہوں، سے متعلق وصول/جانچ پڑتال کرنے کیلئے ہمارے شیئر رجسٹرار میسرز ایف ڈی رجسٹرار سروسز (ایس ایم سی) پرائیویٹ لمیٹڈ 17 ویں منزل، صائمہ ٹریڈ ٹاور-A آئی آئی چندریگر روڈ، کراچی سے فون نمبر 0092-21-32271905 ای میل fdregistrar@yahoo.com پر دوران ایام کار رابطہ کریں۔

۱۲۔ ویڈیو کانفرنس کیلئے:

اجلاس کے انعقاد سے سات دن قبل کسی بھی شہر میں رہنے والے ایسے ممبران جو کمپنی کے سرمائے کا 10 فیصد حصہ رکھتے ہوں کی جانب سے موصول ہونے والے مطالبے پر اُن ممبران کو ویڈیو لنک کی سہولت مہیا کی جائیگی اور وہ ممبران اپنے شہر میں ویڈیو لنک کی سہولت کے ذریعے سالانہ اجلاسِ عام میں شرکت کرسکیں گے۔

۱۳۔ پتہ کی تبدیلی اور خط و کتاب میں فولیو نمبر کا اندراج:

ممبران سے یہ بھی درخواست ہے کہ پتہ 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 فولیو نمبر درج کریں۔

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CHAIRMAN'S REVIEW

FOR THE YEAR ENDED JUNE 30, 2022

The Board of Directors (the Board) of Ideal Spinning Mills Limited (ISML) has performed their duties diligently in upholding the best interest of shareholders of the Company and has managed the affairs of the Company effectively and efficiently. The Board has exercised its powers and has performed its duties as stated in the Companies Act 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Code).

The Board has actively participated in the strategic planning process, enterprise risk management system, policy development, and financial structure, monitoring and approval

All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee. The Board has ensured that the adequate system of internal control is in place and its regular assessment through self-assessment mechanism and /or internal audit activities.

The Board has prepared and approved the director's report and has ensured that the directors' report is published with the quarterly and annual financial statement of the Company and the content of the directors' report are in accordance with the requirement of applicable laws and regulations.

The Board has ensured the hiring, evaluation and compensation of the Chief Executive and other key executives including Chief Financial Officer, Company Secretary, and Head of Internal Audit.

The Board has ensured that adequate information is shared among its members promptly and the Board members are kept abreast of developments between meetings.

The Board has exercised its powers in light of the power assigned to the Board as per the relevant laws and regulations applicable on the Company and the Board has always prioritized the Compliance with all the applicable laws and regulations in terms of their conduct as directors and exercising their powers and decision making.

Necessary Board agenda and related supporting documents were duly made available to the board in sufficient time before the Board and its Committee Meetings. The non-executive and independent directors are equally involved in important decisions of the board.

Financial performance of the Company was also very good. Company achieved gross profit of 18% as compared to 16.50% in the last financial year. Earnings per share increased to Rs. 32.56 from 20.39 per share as compared to the last financial year. After tax profit remained at Rs. 323.033 million with 27.17% increase in sales revenue.

Muhammad Saeed



Chairman

Faisalabad

September 29, 2022

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چیئرمین کا جائزہ

30 جون 2022ء کے سال کیلئے

آئیڈیل اسپننگ ملز لمیٹڈ (ISML) کے بورڈ آف ڈائریکٹرز (دی بورڈ) نے کمپنی کے حصص یافتگان کے بہترین مفاد کو برقرار رکھنے کیلئے اپنی ذمہ داریاں پوری محنت سے ادا کی ہیں اور کمپنی کے معاملات کو موثر اور بہتر طریقے سے چلایا ہے۔ بورڈ نے اپنے اختیارات کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 (دی کوڈ) میں بیان کردہ فرائض کے مطابق استعمال کیے ہیں۔

بورڈ نے اسٹریٹجک منصوبہ بندی کے عمل، انٹرپرائز رسک مینجمنٹ سسٹم، پالیسی ڈویلپمنٹ، اور مالیاتی ساخت، نگرانی اور منظوری میں فعال طور پر حصہ لیا ہے۔

کارپوریٹ فیصلہ سازی کے عمل کو مضبوط اور باضابطہ بنانے کیلئے سال بھر کے تمام اہم امور بورڈ یا اس کی کمیٹیوں کے سامنے پیش کیے گئے تھے اور خاص طور پر کمپنی کے ذریعے کیے گئے تمام متعلقہ پارٹی سے ٹرانزیکشن کو آڈٹ کمیٹی کی سفارش پر بورڈ نے منظور کیا تھا۔ بورڈ نے اس بات کو یقینی بنایا ہے کہ داخلی کنٹرول کا مناسب نظام موجود ہے اور خود تشخیصی طریقہ کار اور/ یا اندرونی آڈٹ سرگرمیوں کے ذریعے اس کا باقاعدہ جائزہ لیا جاتا ہے۔

بورڈ نے ڈائریکٹر کی رپورٹ تیار اور منظور کر لی ہے اور اس بات کو یقینی بنایا ہے کہ ڈائریکٹرز کی رپورٹ کمپنی کے سہ ماہی اور سالانہ مالی گوشواروں کے ساتھ شائع کی جائے اور ڈائریکٹرز کی رپورٹ کا مواد قابل اطلاق قوانین اور ضوابط کے تقاضوں کے مطابق ہو۔

بورڈ نے چیف ایگزیکٹو اور دیگر اہم ایگزیکٹوز بشمول چیف فنانشل آفیسر، کمپنی سیکریٹری، اور ہیڈ آف انٹرنل آڈٹ کی بھرتی، تشخیص اور معاوضے کو یقینی بنایا ہے۔

بورڈ نے اس بات کو یقینی بنایا ہے کہ اس کے اراکین کے درمیان مناسب معلومات کا فوری اشتراک کیا جائے اور بورڈ کے اراکین کو اجلاسوں کے درمیان ہونے والی پیش رفت سے باخبر رکھا جائے۔

بورڈ نے کمپنی پر لاگو متعلقہ قوانین اور ضوابط کے مطابق بورڈ کو تفویض کردہ اختیارات کی روشنی میں اپنے اختیارات کا استعمال کیا ہے اور بورڈ نے بطور ڈائریکٹر اپنے طرز عمل اور مشق کے لحاظ سے تمام قابل اطلاق قوانین اور ضوابط کی تعمیل کو ہمیشہ ترجیح دی ہے۔ ان کے اختیارات، فیصلہ سازی، ضروری بورڈ ایجنڈا اور متعلقہ معاون دستاویزات بورڈ اور اس کی کمیٹی کے اجلاسوں سے پہلے مناسب وقت میں بورڈ کو دستیاب کرائے گئے۔ بورڈ کے اہم فیصلوں میں نان ایگزیکٹو اور آزاد ڈائریکٹرز برابر کے شریک ہوتے ہیں۔

کمپنی کی مالی کارکردگی بھی بہت اچھی رہی۔ کمپنی نے گزشتہ مالی سال میں 16.50% کے مقابلے میں 18% کا مجموعی منافع حاصل کیا۔ فی حصص آمدنی بڑھ کر 32.56 روپے ہوگئی جو گزشتہ مالی سال کے مقابلے میں 20.39 فی حصص تھی۔ بعد از ٹیکس منافع سیلز ریونیو میں 27.17% فیصد اضافے کے ساتھ 323.033 ملین روپے رہا۔

محمد سعید

چیئرمین

فیصل آباد

29 ستمبر، 2022

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DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors of Ideal Spinning Mills Limited feel pleasure to present 34th Annual Report accompanied by the Audited Financial Statements of the company for the year ended June 30, 2022.

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 27.17% to the highest ever sales figure of Rs. 6,095.257 million in last five years, as compared to Rs. 4,793.145 million during the corresponding period. Your company earned profit after tax of Rs 323.033 million for the year under review as compared to Rs 202.304 million during the previous year. The net profit translated into Earnings per Share (EPS) of Rs.32.56 as against Rs.20.39 of last year.

The operating results of the company are summarized as follows:

	2022	2021
	(RUPEES IN THOUSAND)	
REVENUE	6,095,257	4,793,145
COST OF SALES	(4,995,548)	(4,002,325)
GROSS PROFIT	1,099,709	790,820
DISTRIBUTION COST	(121,389)	(127,336)
ADMINISTRATIVE EXPENSES	(314,364)	(248,665)
OTHER EXPENSES	(37,531)	(31,627)
OTHER INCOME	29,721	7,681
FINANCE COST	(140,889)	(94,096)
PROFIT BEFORE TAXATION	515,257	296,777
TAXATION	(192,224)	(94,473)
PROFIT AFTER TAXATION	323,033	202,304
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	32.56	20.39

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ECONOMIC AND INDUSTRY OVERVIEW:

Breaking all earlier records amid increasing political instability and economic challenges, Pakistan's currency dropped to a new low against the US dollar. The price of one dollar closed at Rupees 205.50, the highest level in the country's history.

Under the agreement between the government and the IMF, the prices of petroleum products have significantly increased. Due to inflationary hikes, the prices of import and raw material are getting harder to manage, price hikes results in shortage of raw material also while the business of export remains more profitable. The company faced challenge of higher interest rates.

Pakistan's government has hiked fuel prices removing fuel subsidies in an attempt to trim the fiscal deficit and secure critical support from the IMF for the cash-strapped economy resultantly company has paid large amount for electricity bills.

However, the company's sound financial policies, outstanding products, pioneering technologies and efficient production processes were the key element in managing the company's stability.

PRINCIPAL RISKS AND UNCERTAINITIES:

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 are 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 financing, profitability, liquidity and credit.

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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 any climatic change.

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.

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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.

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AUDITORS:

The present auditors M/S RIAZ AHMAD & CO. Chartered Accountants, being eligible offered themselves for re-appointment for the year 2022-2023 as recommended by the audit committee.

PATERN OF SHAREHOLDING:

Pattern of shareholding as on June 30, 2022 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

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D. **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 29-09-2022 proposed final cash dividend of Rs.2.00 per share, for approval of the members in Annual General Meeting.

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Other events:

A large scale flood caused many devastating effect on the economy. The Flood struck just before the harvest of key crops including cotton, rice and maize resultantly The Company might face shortage of raw material in future due to high prices.

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

Omer Saeed
Director

September 29 2022

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شیئر ہولڈرز کیلئے بورڈ آف ڈائریکٹرز کی رپورٹ

آئیڈیل اسپننگ ملز لمیٹڈ کے ڈائریکٹرز 30 جون 2022 کو ختم ہونے والے سال کیلئے کمپنی کی آڈٹ شدہ مالی گوشواروں کے ساتھ 34 ویں سالانہ رپورٹ پیش کرنے پر خوشی محسوس کرتے ہیں۔

مرکزی سرگرمیوں اور کاروبار کا جائزہ

مشکل کاروباری صورتِ حال کے باوجود، اللہ تعالیٰ کے فضل و کرم سے آپ کی کمپنی کے لیے موجودہ مالی سال، کامیاب ترین سال رہا۔ فروخت سے 6,095.257 ملین روپے آمدنی حاصل ہوئی، جو پانچ سال کی بلند ترین سطح ہے اور یہ گزشتہ سال کی 4,793.145 ملین روپے آمدنی کے مقابلے میں 27.17% زیادہ ہے۔ آپ کی کمپنی کا منافع بعد از ٹیکس 323.033 ملین روپے رہا جو گزشتہ سال 202.304 ملین روپے تھا۔ خالص منافع، فی حصص آمدنی کے لحاظ سے 32.56 روپے بنتا ہے جو گزشتہ سال 20.39 روپے فی حصص تھا۔

کمپنی کے آپریٹنگ نتائج کا خلاصہ مندرجہ ذیل ہے:

مالی نتائج	2022	2021
	(روپے ہزار میں)	
آمدنی	6,095,257	4,793,145
کاسٹ آف سیلز	(4,995,548)	(4,002,325)
مجموعی منافع	1,099,709	790,820
ڈسٹریبیوشن اخراجات	(121,389)	(127,336)
انتظامی اخراجات	(314,364)	(248,665)
متفرق اخراجات	(37,531)	(31,627)
دیگر آمدنی	29,721	7,681
فنانس اخراجات	(140,889)	(94,096)
منافع قبل از ٹیکس	515,257	296,777
ٹیکس	(192,224)	(94,473)
منافع بعد از ٹیکس	323,033	202,304
فی شیئر آمدنی۔ بنیادی	32.56	20.39

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معاشی اور صنعتی جائزہ:

بڑھتے ہوئے سیاسی عدم استحکام اور معاشی چیلنجوں کے درمیان سابقہ تمام ریکارڈ توڑتے ہوئے، پاکستانی کرنسی امریکی ڈالر کے مقابلے میں نئی کم ترین سطح پر آ گئی۔ ایک ڈالر کی قیمت 205.5 روپے پر بند ہوئی جو ملکی تاریخ کی بلند ترین سطح ہے۔

حکومت اور آئی ایم ایف کے درمیان معاہدے کے تحت پیٹرولیم مصنوعات کی قیمتوں میں نمایاں اضافہ ہوا ہے۔ مہنگائی میں اضافے کی وجہ سے درآمدات اور خام مال کی قیمتوں کو سنبھالنا مشکل ہو رہا ہے، قیمتوں میں اضافے سے خام مال کی بھی قلت ہے جبکہ برآمدات کا کاروبار زیادہ منافع بخش رہتا ہے۔ کمپنی کو زیادہ شرح سود کے چیلنج کا سامنا کرنا پڑا۔

پاکستان کی حکومت نے مالیاتی خسارے کو کم کرنے کی کوشش میں ایندھن کی سبسڈی کو ہٹاتے ہوئے ایندھن کی قیمتوں میں اضافہ کیا ہے اور نقدی سے دوچار معیشت کیلئے آئی ایم ایف سے اہم مدد حاصل کی ہے جس کے نتیجے میں کمپنی نے بجلی کے بلوں کے لیے بڑی رقم ادا کی ہے۔

تاہم، کمپنی کی مستحکم مالیاتی پالیسیاں، شاندار مصنوعات، اہم ٹیکنالوجیز اور موثر پیداواری عمل کمپنی کے استحکام کو منظم کرنے میں کلیدی عنصر تھے۔

اہم خطرات اور غیر یقینیاں:

خطرات کا جائزہ لینا ایک جاری رہنے والا عمل ہے، جس کے ذریعے ممکنہ غیر یقینی صورتِ 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 رِسکس: اسٹریٹجک رِسکس سے مراد وہ غیر یقینی اور ناحاصل کردہ مواقع ہیں جو کمپنی کی حکمتِ عملی میں شامل ہوتے ہیں۔ یہ رِسکس (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 رِسکس: کمرشل رِسکس 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 آ سکتے ہیں۔

آپریشنل رِسکس: آپریشنل رِسکس داخلی طریقہ کار، افرادی قوت اور نظام (سسٹم) میں تعطل آنے کی صورت میں اُٹھنے والے خطرات کا احاطہ کرتا ہے۔

فنانشل رسک: فنانشل رسک، کمپنی کی فنانسنگ، منافع، سیالیت اور قرض سے منسلک خطرات کیلئے مجموعی اصطلاح کے طور پر استعمال ہوتا ہے۔

صحت کی حفاظت اور ماحولیات:

کمپنی پائیدار کارکردگی کے حصول کیلئے صحت، حفاظت اور ماحولیاتی معیار کو بہتر بنانے میں یقین رکھتی ہے اور پوری طرح پرعزم ہے۔ آپ کی کمپنی کسی بھی موسمی تبدیلی کا مقابلہ کرنے کیلئے معیاری آپریٹنگ طریقہ کار (SOPs) کو نافذ کرنے میں تیزی سے کام کر رہی تھی

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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 کیے 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 مؤثر، منظم انداز میں جاری رکھنے، اثاثہ جات کی حفاظت، قابلِ اطلاق قوانین اور قوائد وضوابط، اور قابلِ 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 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:

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بورڈ کی تشکیل:

عہدہ	مرد	خواتین	کُل
ایگزیکٹیوڈائریکٹر	2	-	2
نان ایگزیکٹیوڈائریکٹر	3	1	4
آزادڈائریکٹر	2	-	2
کُل	7	1	8

ڈائریکٹرزاور میٹنگز میں شرکت کی تفصیل:

ڈائریکٹرز کے نام	عہدہ	حاضری
جناب محمد سعید	چیئرمین (نان ایگزیکٹیوڈائریکٹر)	4
جناب امجد سعید	چیف ایگزیکٹیو آفیسر	4
جناب عمر سعید	ایگزیکٹیوڈائریکٹر	4
مسز روبینہ امجد (خاتون)	نان ایگزیکٹیوڈائریکٹر	4
جناب احسن سعید	نان ایگزیکٹیوڈائریکٹر	4
جناب خضر سعید	نان ایگزیکٹیوڈائریکٹر	4
جناب محمد آصف	آزادڈائریکٹر	4
جناب محمد اظہر	آزادڈائریکٹر	4

کمپنی نے کمپنیز ایکٹ، 2017 اور لسٹڈ 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 ایگزیکٹیو آفیسر کو دیئے جانے والے معاوضے بشمول بورڈ میٹنگز میں شرکت کیلئے معاوضے کی تفصیل مالی گوشواروں کے نوٹ 35 میں انکشاف کیا گیا ہے۔

چیئرمین کا جائزہ:

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

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آؤٹ اسٹینڈنگ اسٹیٹیو ری ادائیگیاں:

تمام بقایا ادائیگیاں معمولی اور معمول کی نوعیت کی ہیں۔

ریٹائرمنٹ بینیفٹ فنڈز:

کمپنی اپنے ملازمین کیلئے ان فنڈز گریجویٹی 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 2022-2023 کیلئے دوبارہ تقرری کیلئے خود کو پیش کرتے ہیں جیسا کہ آڈٹ کمیٹی نے تجویز کی ہے۔

شیئر ہولڈنگ کی ترتیب:

شیئر ہولڈنگ کی ترتیب بمطابق 30 جون 2022 منسلک ہے

متعلقہ پارٹی کی ٹرانزیکشنز:

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

بورڈ کمیٹیز:

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:

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

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2۔افرادی وسائل اور معاوضہ کمیٹی:

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

3۔نامزدگی کمیٹی:

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

4۔رسک مینجمنٹ کمیٹی:

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

کارپوریٹ گورننس:

بورڈ تسلیم کرتا ہے کہ کارپوریٹ گورننس کے بہتر عوامل احتساب کو بڑھانے کیلئے بہت ضروری ہے۔ہم اسٹیک ہولڈر ویلیو کو برقرار رکھنے کیلئے کارپوریٹ گورننس کے اعلیٰ معیار کو یقینی بنانے کیلئے پُرعزم 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 فنانشل 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:

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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 فائنانشل 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 جارہی 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 آپریٹنگ 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 29 ستمبر 2022 کو منعقدہ اپنے اجلاس میں 2 روپے فی شیئر کے حتمی نقد منافع منقسمہ کی منظوری کیلئے ممبران کو سالانہ اجلاسِ عام میں تجویز پیش کی۔

دیگر تقریبات:

بڑے پیمانے پر سیلاب نے معیشت پر بہت سے تباہ کن اثرات مرتب کیے۔ کپاس، چاول اور مکئی سمیت اہم فصلوں کی کٹائی سے عین قبل سیلاب آیا جس کے نتیجے میں کمپنی کو مستقبل میں زیادہ قیمتوں کی وجہ سے خام مال کی کمی کا سامنا کرنا پڑ سکتا ہے۔

مذکورہ بالا کے علاوہ، کمپنی کی مالی حالت پر اثر انداز ہونے والی کوئی مادی تبدیلی اور وابستگی نہیں ہے جو کمپنی کے مالی سال کے اختتام اور رپورٹ کی تاریخ 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

امجد سعید
چیف ایگزیکٹیو آفیسر

عمر سعید
ڈائریکٹر

29 ستمبر 2022

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Statement of Compliance

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

IDEAL SPINNING MILLS LIMITED

FOR THE YEAR ENDED JUNE 30, 2022

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

1. The total number of directors 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 director	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.

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7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. 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 three directors meet the exemption criteria of minimum 14 years of education and 15 years of experience on the boards of listed companies, hence are exempt from Directors' Training Program:

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

b. HR and Remuneration Committee

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

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c. Nomination Committee

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

d. 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, 2022, were as per following:

    a. Audit Committee: Quarterly
    b. HR and Remuneration Committee: Annually
    c. Nomination Committee: Annually
    d. 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. Explanations for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Sr. No.	Requirement	Explanation of Non-Compliance	Regulation Number
1	**Directors' Training** It is encouraged that by 30 June 2022, all directors on the Board	As per the *Chapter VI 19(iii) (Directors' Training Program).* The Independent director Mr.	19(1)

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Sr. No.	Requirement	Explanation of Non-Compliance	Regulation Number
	have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.	Muhammad Azhar did not attend the director's training program due to tight schedule. However, company is arranging directors' training program as early as possible.	
2	**Directors' Training** Companies are encouraged to arrange training for at least one female executive every year under the Directors' Training Program from year July 2020.	The Company is arranging directors' training program for its female executive.	19(3)

Signatures

MUHAMMAD SAEED

CHAIRMAN

29 September 2022

Signatures

AMJAD SAEED

CHIEF EXECUTIVE OFFICER

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KEY OPERATING & FINANCIAL DATA
FOR LAST SIX YEARS

PARTICULARS	2022	2021	2020	2019	2018	2017
			(Rupees in Millions)			
FINANCIAL POSITION						
Paid up capital	99.200	99.200	99.200	99.200	99.200	99.200
Fixed assets at cost / revalued amount	2,871.105	2,312.58	1,997.710	1,941.467	1,970.104	1,725.353
Fixed assets (Lease) at cost		-	-	-	-	-
Accumulated depreciation	1,140.293	1,039.79	946.906	852.366	882.118	810.784
Current assets	1,606.192	1,492.735	1,053.24	965.143	707.269	567.733
Current liabilities	1,637.064	1,474.098	1,102.113	1,152.62	888.029	710.435
INCOME						
Sales	6,095.257	4,793.15	3,923.725	3,512.935	2,718.918	2,202.691
Other income	29.721	7.681	11.389	30.040	6.421	3.654
Pre tax Profit/(loss)	515.257	296.777	146.668	96.039	24.182	(114.562)
Taxation	(192.224)	(94.473)	(39.721)	(36.924)	(18.963)	(2.776)
STATISTICS AND RATIOS						
Pre tax profit/(loss) to sales %	8.450	6.19	3.74	2.734	0.89	(5.200)
Pre tax profit/(loss) to capital %	519.410	299.17	147.85	96.81	24.37	(115.486)
Current ratio	1:0.98	1:.01	0.9557	1:.84	1:.80	1:.80
Paid up value per share (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00
Earnings after tax per share (Rs.)	32.56	20.39	10.78	5.96	0.53	(11.828)
Cash dividend %	20	18	13	12	7.50	-
Break up value per share (Rs.)	137.06	103.42	69.58	55.36	50.92	40.950

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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 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad
Date: September 29, 2022
UDIN: CR202210158XOe5Lg1fC

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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 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2022 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.

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Following are the key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1.	**Capital expenditure** 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. 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 substantial impact on the reporting of the financial position for the Company. Therefore, considered as one of the key audit matters. For further information, refer to the following: - Summary of significant accounting policies, Property, Plant, Equipment and Deprecation (Note 2.2 to the financial statements). - Property, Plant and Equipment (Note 14 to the financial statements).	Our procedures included, but were not limited to: • 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. • We tested operating effectiveness of controls in place over the property, plant and equipment cycle including the control over whether costs incurred on activities are capital or operating in nature. • We evaluated the appropriateness of capitalization policies and depreciation rates. • Assessed whether the disclosures are made in accordance with the applicable financial reporting framework.

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Sr. No.	Key audit matters	How the matter was addressed in our audit
2.	**Inventory existence and valuation** Inventories as at 30 June 2022 amounting to Rupees 961.398 million, break up of which is as follows: - Stores, spare parts and loose tools of Rupees 102.350 million - Stock-in-trade of Rupees 859.048 million Inventories are stated at lower of cost and net realizable value. We identified existence and valuation of inventories as a key audit matter due to their size, representing 28.48% of the total assets of the Company as at 30 June 2022, and the judgment involved in valuation. For further information on inventories, refer to the following: - 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.	Our procedures over existence and valuation of inventories included, but were not limited to: • 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. • In the context of our testing of the calculation, we analyzed individual cost components and traced them back to the corresponding underlying documents. • 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.

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Sr. No.	Key audit matters	How the matter was addressed in our audit
3.	**Revenue recognition** The Company recognized net revenue of Rupees 6,095.257 million for the year ended 30 June 2022. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets. For further information, refer to the following: - Summary of significant accounting policies, Revenue from contracts with customers (Note 2.20 to the financial statements). - Revenue from contracts with customers (Note 25 to the financial statements).	Our procedures included, but were not limited to: • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue. • 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,

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we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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- 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;

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c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business.

d) 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

Faisalabad
Date: September 29, 2022
UDIN: AR202210158xonVs5HN6

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	NOTE	2022	2021
		(RUPEES IN THOUSAND)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
20 000 000 (2021: 20 000 000) ordinary shares of Rupees 10 each		200,000	200,000
Issued, subscribed and paid up share capital			
9 920 000 (2021: 9 920 000) ordinary shares of Rupees 10 each fully paid in cash		99,200	99,200
Sponsors' loans	3	241,800	241,800
Reserves			
Capital reserves			
Equity portion of shareholders' loans	4	183,291	159,358
Surplus on revaluation of freehold land	5	235,857	235,857
		419,148	395,215
Revenue reserve - unappropriated profit		599,481	289,758
Total reserves		1,018,629	684,973
Total equity		1,359,629	1,025,973
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	6	172,883	200,519
Deferred income tax liability	7	104,527	31,886
Deferred liabilities	8	101,469	96,389
		378,879	328,794
CURRENT LIABILITIES			
Trade and other payables	9	582,554	434,327
Unclaimed dividend		2,177	1,476
Accrued mark-up	10	16,646	11,745
Short term borrowings	11	729,360	867,936
Current portion of long term financing	6	162,804	72,812
Current portion of deferred liabilities	12	21,511	20,896
Provision for taxation		122,012	64,906
		1,637,064	1,474,098
TOTAL LIABILITIES		2,015,943	1,802,892
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		3,375,572	2,828,865

	NOTE	2022	2021
		(RUPEES IN THOUSAND)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	1,762,932	1,329,416
Intangible assets	15	4,454	4,806
Long term loans	16	41	-
Long term deposits and prepayments	17	1,953	1,908
		1,769,380	1,336,130
CURRENT ASSETS			
Stores, spare parts and loose tools	18	102,350	79,099
Stock-in-trade	19	859,048	751,855
Trade debts	20	368,645	239,257
Loans and advances	21	33,038	25,997
Short term deposit and prepayments	22	661	1,009
Income tax		133,763	114,238
Other receivables	23	63,242	114,281
Cash and bank balances	24	45,445	166,999
		1,606,192	1,492,735
TOTAL ASSETS		3,375,572	2,828,865

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

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

	NOTE	2022	2021
		(RUPEES IN THOUSAND)	
REVENUE FROM CONTRACTS WITH CUSTOMERS	25	6,095,257	4,793,145
COST OF SALES	26	(4,995,548)	(4,002,325)
GROSS PROFIT		1,099,709	790,820
DISTRIBUTION COST	27	(121,389)	(127,336)
ADMINISTRATIVE EXPENSES	28	(314,364)	(248,665)
OTHER EXPENSES	29	(37,531)	(31,627)
OTHER INCOME	30	29,721	7,681
FINANCE COST	31	(140,889)	(94,096)
PROFIT BEFORE TAXATION		515,257	296,777
TAXATION	32	(192,224)	(94,473)
PROFIT AFTER TAXATION		323,033	202,304
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	33	32.56	20.39

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

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	(RUPEES IN THOUSAND)	
PROFIT AFTER TAXATION	323,033	202,304
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of staff retirement gratuity	5,937	13,960
Deferred income tax related to remeasurements	(1,391)	(2,964)
	4,546	10,996
Surplus on revaluation of freehold land	-	135,280
	4,546	146,276
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year - net of deferred income tax	4,546	146,276
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	327,579	348,580

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

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OMER SAEED
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CHIEF FINANCIAL OFFICER

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

	ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL	SPONSORS' LOANS	RESERVES					TOTAL EQUITY
			CAPITAL RESERVES			REVENUE RESERVE	TOTAL	
			Equity portion of shareholders' loans	Surplus on revaluation of freehold land	Sub total	Unappropriated profit		
	----------	----------	----------	----------	----------	RUPEES IN THOUSAND ----------	----------	----------
Balance as at 01 July 2020	99,200	241,800	159,358	100,577	259,935	89,354	349,289	690,289
Transaction with owners - Final cash dividend for the year ended 30 June 2020 at the rate of Rupees 1.30 per share	-	-	-	-	-	(12,896)	(12,896)	(12,896)
Profit for the year	-	-	-	-	-	202,304	202,304	202,304
Other comprehensive income for the year	-	-	-	135,280	135,280	10,996	146,276	146,276
Total comprehensive income for the year	-	-	-	135,280	135,280	213,300	348,580	348,580
Balance as at 30 June 2021	99,200	241,800	159,358	235,857	395,215	289,758	684,973	1,025,973
Transaction with owners - Final cash dividend for the year ended 30 June 2021 at the rate of Rupees 1.80 per share	-	-	-	-	-	(17,856)	(17,856)	(17,856)
Profit for the year	-	-	-	-	-	323,033	323,033	323,033
Other comprehensive income for the year	-	-	-	-	-	4,546	4,546	4,546
Total comprehensive income for the year	-	-	-	-	-	327,579	327,579	327,579
Equity portion of shareholder's loan	-	-	23,933	-	23,933	-	23,933	23,933
Balance as at 30 June 2022	99,200	241,800	183,291	235,857	419,148	599,481	1,018,629	1,359,629

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

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022	2021
		(RUPEES IN THOUSAND)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	769,152	320,907
Finance cost paid		(112,633)	(78,346)
Income tax paid		(83,393)	(65,641)
Staff retirement gratuity paid		(32,631)	(21,788)
Net (increase) / decrease in long term loans		(41)	87
Workers' profit participation fund paid		(17,487)	(8,201)
Net increase in long term deposits and prepayments		(45)	(112)
Net cash generated from operating activities		522,922	146,906
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment and intangible assets		(565,972)	(243,688)
Proceeds from disposal of property, plant and equipment		12,086	6,059
Net cash used in investing activities		(553,886)	(237,629)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(74,859)	(93,753)
Long term financing obtained		140,000	26,399
Dividend paid		(17,155)	(12,684)
Short term borrowings - net		(138,576)	293,424
Net cash (used in) / from financing activities		(90,590)	213,386
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(121,554)	122,663
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		166,999	44,336
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 24)		45,445	166,999

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

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DIRECTOR

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

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 Sheikhupura Road, Tehsil Jaranwala, District Faisalabad
Socks Unit	5-KM Cantt. Road, Shorkot City
Regional Office	506-D, 5th Floor, City Tower, 6-K, Main Boulevard, Gulberg-II, Lahore
Regional Office	1204, 12th Floor, Tricon Corporate Center, Jail Road, 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. 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

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the statement of profit or loss unless the provision was originally recognized as part of cost of an asset.

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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 Company reviews the status of all pending litigations and claims against the Company. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the statement of financial position date.

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 2021:

- IFRS 16 (Amendments) 'Leases';
- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures' and IFRS 16 'Leases'.

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 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.

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 2022 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'.

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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 clarifies 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 de-recognize 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.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income taxes') effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

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.

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

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

There are other standards and amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2022 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.

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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. All other repair and maintenance costs are charged to the statement of profit or loss during the period in which these 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 assets

Computer softwares acquired by the Company is stated at cost less accumulated amortization and any identified impairment loss. Softwares' 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 rates 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. Discount or premium on issuance of shares is separately shown in statement of changes in equity. Transaction costs directly attributable to the issuance of new shares are shown in equity as a deduction, net of tax.

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. Items in transit are valued at cost comprising invoice amount plus other charges paid thereon.

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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. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long term nature of these benefits, such estimates are subject to certain uncertainties. 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 present (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.

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 these are originated.

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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.

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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 legal 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, net of attributable transaction costs incurred and are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) 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 debts and other receivables

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

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 recognized initially 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 these financial statements 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.

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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

Interest income is recognized as interest accrues using the effective interest method. This is a method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

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 fibers), 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.

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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.

	2022	2021
	(RUPEES IN THOUSAND)	
4. EQUITY PORTION OF SHAREHOLDERS' LOANS		
Balance as at 01 July	159,358	159,358
Gain on recognition of shareholder's loans at fair value (Note 6.3)	23,933	-
Balance as at 30 June	183,291	159,358
5. SURPLUS ON REVALUATION OF FREEHOLD LAND		
Balance as at 01 July	235,857	100,577
Surplus arised on revaluation of freehold land during the year	-	135,280
Balance as at 30 June	235,857	235,857
6. LONG TERM FINANCING		
From banking companies - secured		
Long term loans (Note 6.1)	19,639	92,598
Diminishing musharakah (Note 6.2)	140,000	-
	159,639	92,598
Unsecured		
From sponsor director / shareholder (Note 6.3)	176,048	180,733
	335,687	273,331
Less: Current portion shown under current liabilities	162,804	72,812
	172,883	200,519

6.1 Long term loans

LENDER	2022	2021	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)	13,083	38,138	SBP rate + 3%	Eight equal quarterly installments commenced 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)	6,556	19,160	SBP rate + 3%	Eight equal quarterly installments commenced on 01 January 2021 and ending on 01 October 2022.	-	Quarterly	
The Bank of Punjab	-	23,895	3 Month KIBOR + 2%	Sixteen equal quarterly installments commenced on 31 March 2018 and ended 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	3 Month KIBOR + 2%	Twenty equal quarterly installments commenced on 28 February 2017 and ended on 27 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	3 Month KIBOR + 2%	Twenty equal quarterly installments commenced on 19 August 2017 and ended on 18 May 2022.	Quarterly	Quarterly	
	19,639	92,598					

6.1.1 These term finance facilities were 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.

6.2 Diminishing musharakah

LENDER	2022	2021	RATE OF PROFIT PER ANNUM	NUMBER OF INSTALLMENTS	PROFIT REPRICING	PROFIT PAYABLE	SECURITY
	(RUPEES IN THOUSAND)						
Meezan Bank Limited	140,000	-	3 Month KIBOR + 2% with Floor of 5% and Cap of 30%	Sixteen equal quarterly installments commencing from 30 May 2023 and ending on 28 February 2027.	Quarterly	Quarterly	Equitable mortgage of Rupees 278.547 million over property located at 1088, Jail Road, Faisalabad owned by Mrs. Rubina Amjad, Director of the Company along with the personal guarantee of six directors of the Company.

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		2022	2021
		(RUPEES IN THOUSAND)	
6.3	**From sponsor director / shareholder**		
	Opening balance	180,733	165,416
	Add: Fair value adjustment (Note 31)	19,248	15,317
		199,981	180,733
	Less: Gain on recognition of shareholder's loan at fair value (Note 4)	23,933	-
	Closing balance	176,048	180,733

6.3.1 This represents unsecured interest free loans obtained from a sponsor director / shareholder of the Company. The loan of Rupees 203.565 milion which was repayable in one bullet installment on 31 October 2022 has been rescheduled upto Rupees 65 million which will be repaid in one bullet installment on 30 May 2025. Remaining balance of Rupees 138.565 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 these loans was estimated at the present value of future cash flows discounted at effective rates of 9.26% and 16.54% (2021: 9.26%) per annum .

7. DEFERRED INCOME TAX LIABILITY

Taxable temporary difference		
Difference in tax and accounting bases of operating fixed assets	133,416	102,092
Deductible temporary differences		
Staff retirement gratuity	(23,774)	(20,062)
Unused tax losses	-	(41,268)
Provision for GIDC	(5,007)	(4,409)
Deferred income - Government grant	(33)	(433)
Allowances for doubtful receivables	(75)	(4,034)
	(28,889)	(70,206)
	104,527	31,886

7.1 Movement in the deferred income tax liability balance is as follows:

At the beginning of the year	31,886	-
Add / (less):		
-difference in tax and accounting bases of operating fixed assets	31,324	102,092
-staff retirement gratuity	(3,712)	(20,062)
-unused tax losses	41,268	(41,268)
-provision for GIDC	(598)	(4,409)
-deferred income - Government grant	400	(433)
-allowances for doubtful receivables	3,959	(4,034)
	72,641	31,886
At the end of the year	104,527	31,886

7.1.1 Charged to the statement of profit or loss:

Net movement of temporary differences (Note 7.1)	72,641	31,886
Less: Remeasurement of staff retirement gratuity	1,391	2,964
	71,250	28,922

7.2 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 103.341 million (2021: Rupees 140.413 million).

8. DEFFERED LIABILITIES

Staff retirement gratuity (Note 8.1)	101,469	94,479
Deferred income - Government grant (Note 8.2)	-	141
Deferred GIDC (Note 8.3)	-	1,769
	101,469	96,389

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		2022	2021
		(RUPEES IN THOUSAND)	
8.1	**Staff retirement gratuity**		
	Opening balance	94,479	90,875
	Provision for the year (Note 8.1.2)	45,558	39,352
	Retirement benefit paid	(32,631)	(21,788)
	Remeasurements (Note 8.1.3)	(5,937)	(13,960)
	Closing balance	101,469	94,479
8.1.1	**Changes in present value of defined benefit obligation**		
	Present value of defined benefit obligation	94,479	90,875
	Current service cost	35,118	31,147
	Past service cost	2,624	1,407
	Interest cost	7,816	6,798
	Retirement benefit paid	(32,631)	(21,788)
	Remeasurements:		
	Actuarial losses from changes in demographic assumptions	5,639	-
	Actuarial losses from changes in financial assumptions	1,003	465
	Experience adjustments	(12,579)	(14,425)
		101,469	94,479
8.1.2	**Provision for the year**		
	Current service cost	35,118	31,147
	Past service cost	2,624	1,407
	Interest cost	7,816	6,798
		45,558	39,352
8.1.3	**Remeasurements**		
	Actuarial losses from changes in demographic assumptions	5,639	-
	Actuarial losses from changes in financial assumptions	1,003	465
	Experience adjustments	(12,579)	(14,425)
		(5,937)	(13,960)

		2022	2021
8.1.4	**Principal actuarial assumptions used**		
	Discount rate used for interest cost in profit or loss charge (per annum)	10.00%	8.50%
	Discount rate used for year end obligation (per annum)	13.25%	10.00%
	Expected rate of salary increase (per annum)	12.25%	9.00%
	Average duration of the defined benefit obligation	2	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 2023 is Rupees 54.554 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			
44,145	46,100	68,721	158,957

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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:

	2022	2021
Discount rate	1.00%	1.00%
Increase in assumption (Rupees in thousand)	(2,050)	(5,404)
Decrease in assumption (Rupees in thousand)	2,155	6,120
Future salary increase	1.00%	1.00%
Increase in assumption (Rupees in thousand)	2,573	6,385
Decrease in assumption (Rupees in thousand)	(2,490)	(5,746)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (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.

	2022	2021
	(RUPEES IN THOUSAND)	
8.2 Deferred income - Government grant		
Balance as on 01 July	2,041	3,984
Add: Recognized during the year	-	1,749
Less: Amortized during the year (Note 30)	(1,900)	(3,692)
	141	2,041
Less: Current portion shown under current liabilities (Note 12)	(141)	(1,900)
Balance as at 30 June	-	141

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 as on 01 July	20,765	21,383
Less: Gain on remeasurement of GIDC	-	(1,846)
Add: Adjustment due to impact of IFRS 9 (Note 31)	605	1,228
	21,370	20,765
Less: Current portion shown under current liabilities (Note 12)	(21,370)	(18,996)
	-	1,769

8.3.1 This represents Gas Infrastructure Development Cess (GIDC) which was levied through GIDC Act, 2015. Supreme Court of Pakistan upheld the GIDC Act, 2015 to be constitutional and intra vires. This liability has been recognized at fair value using discount rate of 9.16% per annum.

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		2022	2021
		(RUPEES IN THOUSAND)	
9.	**TRADE AND OTHER PAYABLES**		
	Creditors (Note 9.1)	301,207	206,836
	Accrued liabilities	170,033	137,270
	Contract liabilities - unsecured	45,611	41,550
	Income tax deducted at source	726	494
	Sales tax payable	9,812	27,808
	Fair value of forward exchange contracts	14,539	-
	Workers' profit participation fund (Note 9.2)	28,821	15,885
	Workers' welfare fund (Note 9.3)	10,305	4,484
	Others	1,500	-
		582,554	434,327
9.1	These include amounts due to following related parties:		
	Blue Moon Filling Station	7,511	2,604
	Ideal Socks	2,949	2,949
		10,460	5,553
9.2	**Workers' profit participation fund**		
	Balance as on 01 July	15,885	7,763
	Interest for the year (Note 31)	1,602	444
	Provision for the year (Note 29)	28,821	15,879
		46,308	24,086
	Less: Payments made during the year	17,487	8,201
	Balance as on 30 June	28,821	15,885
9.2.1	Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds retained by the Company.		
9.3	**Workers' welfare fund**		
	Balance as on 01 July	4,484	-
	Add: Provision for the year (Note 29)	7,862	4,484
		12,346	4,484
	Less: Adjusted during the year	2,041	-
		10,305	4,484
10.	**ACCRUED MARK-UP**		
	Long term financing	2,160	1,163
	Short term borrowings	14,486	10,582
		16,646	11,745
11.	**SHORT TERM BORROWINGS**		
	From banking companies - secured		
	Cash finances (Note 11.1 and 11.4)	-	181,490
	Running finances (Note 11.2 and 11.4)	151,144	139,488
	Other short term finances (Note 11.3 and 11.4)	352,278	321,020
		503,422	641,998
	Others - unsecured		
	Other related parties (Note 11.5)	225,938	225,938
		729,360	867,936

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11.1 These form part of total credit facility of Rupees 1,350 million (2021: Rupees 975 million). Rates of mark-up range from 8.95% to 15.28% (2021: 8.75% to 9.59%) per annum during the year on balances outstanding.

11.2 These form part of total credit facility of Rupees 270 million (2021: Rupees 250 million). Rates of mark-up range from 8.95% to 16.62% (2021: 9.03% to 9.58%) per annum during the year on balances outstanding.

11.3 These form part of total credit facility of Rupees 1,020 million (2021: Rupees 880 million). Rates of mark-up range from 8.90% to 17.64% (2021: 8.79% to 10.31%) per annum during the year on balances outstanding.

11.4 These finances are secured against joint pari passu charge over present and future 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 to meet the working capital requirements of the Company. These are repayable on demand, subject to the condition mentioned in Note 6.1.1.

	2022	2021
	(RUPEES IN THOUSAND)	
12. CURRENT PORTION OF DEFERRED LIABILITIES		
Current portion of deferred income - Government grant (Note 8.2)	141	1,900
Current portion of GIDC payable (Note 8.3)	21,370	18,996
	21,511	20,896

13. CONTINGENCIES AND COMMITMENTS

a) Contingencies

i) 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 (2021: 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.

ii) 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 (2021: 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.

iii) 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 (2021: 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.

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iv) 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 (2021: 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.

v) 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 6.177 million (2021: 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. 4841 / 2021 dated 13 August 2021, in Supreme Court of Pakistan (SCP). Thereafter, on 01 September 2021, SCP allowed the petition, suspended the judgment of Sindh High Court, Karachi and leave to appeal was granted. However, the case is not yet fixed for hearing by SCP. On advice of legal counsel, in view of possible favourable outcome, no provision is accounted for in these financial statements.

vi) Guarantees of Rupees 56.012 million (2021: Rupees 30.336 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 connections.

b) Commitments

i) Commitments for capital expenditure are of Rupees 4.207 million (2021: Rupees 194.244 million).

ii) Letters of credit other than for capital expenditure are of Rupees 60.102 million (2021: Rupees 110.003 million).

iii) Outstanding foreign currency forward contracts are of Rupees 409.941 million (2021: Rupees Nil)

		2022	2021
		(RUPEES IN THOUSAND)	
14.	**PROPERTY, PLANT AND EQUIPMENT**		
	Operating fixed assets (Note 14.1)	1,730,812	1,272,784
	Capital work-in-progress (Note 14.2)	32,120	56,632
		1,762,932	1,329,416

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
	RUPEES IN THOUSAND											
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	135,280											135,280
Disposals:												
Cost	-	-	-	-	-	-	-	-	-	-	(9,780)	(9,780)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	5,746	5,746
	-	-	-	-	-	-	-	-	-	-	(4,034)	(4,034)
Depreciation charge	-	(7,363)	(72,337)	(1,306)	(3,751)	(662)	(120)	(1,025)	(559)	(80)	(11,430)	(98,633)
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
Year ended 30 June 2022												
Opening 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
Additions / transfers	6,472	191,220	188,942	119,381	5,580	19,986	65	3,413	3,765	1,465	48,896	589,185
Disposals:												
Cost	-	-	(14,660)	(4,710)	-	-	-	-	-	-	(11,287)	(30,657)
Accumulated depreciation	-	-	13,197	4,486	-	-	-	-	-	-	1,171	18,854
	-	-	(1,463)	(224)	-	-	-	-	-	-	(10,116)	(11,803)
Depreciation charge	-	(8,007)	(79,868)	(4,141)	(4,043)	(1,799)	(155)	(1,199)	(816)	(116)	(19,210)	(119,354)
Closing net book value	272,072	326,932	824,918	126,768	39,805	28,800	1,461	5,742	9,102	2,071	93,141	1,730,812
At 30 June 2022												
Cost / revalued amount	272,072	463,497	1,661,998	158,177	86,579	37,039	3,083	14,260	15,589	3,565	155,246	2,871,105
Accumulated depreciation	-	(136,565)	(837,080)	(31,409)	(46,774)	(8,239)	(1,622)	(8,518)	(6,487)	(1,494)	(62,105)	(1,140,293)
Net book value	272,072	326,932	824,918	126,768	39,805	28,800	1,461	5,742	9,102	2,071	93,141	1,730,812
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 on cost basis is Rupees 36.215 million (2021: Rupees 29.743 million).

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

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

	2022	2021
	(RUPEES IN THOUSAND)	
Cost of sales (Note 26)	95,058	83,356
Administrative expenses (Note 28)	24,296	15,277
	119,354	98,633

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 facilities and vacant land	32-KM Sheikhupura Road, Tehsil Jaranwala, District Faisalabad	22.544	392 967
Head office (Note 14.1.5)	1088, Jail Road, Faisalabad	0.250	24 728
Regional office (Note 14.1.6)	1204, 12th Floor, Tricon Corporate Center, Jail Road, Lahore	-	5 273

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

14.1.6 The covered area at this location consists of building only because of multi-storey plaza.

14.1.7 Detail of operating fixed assets, exceeding the book value of Rupees 500,000, disposed of during the year is as follows:

Description	Quantity	Cost	Accumulated Depreciation	Net book Value	Sale proceeds	Gain	Mode of disposal	Particular of purchaser
	Nos	RUPEES IN THOUSAND						
Vehicles								
Toyota Fortuner AUB-300	1	10,149	169	9,980	10,000	20	Negotiation	Tariq Mehmood, Chak No. 162 R.B. Tehsil Chak Jhumra, District Faisalabad
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rs 500,000		20,508	18,685	1,823	2,086	263		
		30,657	18,854	11,803	12,086	283		

14.2 Capital work-in-progress

	Plant and machinery	Vehicles	Intangible assets	Total
	RUPEES IN THOUSAND			
At 30 June 2020	-	-	3,200	3,200
Add: Additions during the year	135,954	81,832	2,715	220,501
Less: Transferred to operating fixed assets / intangible assets during the year	(115,062)	(51,118)	(889)	(167,069)
At 30 June 2021	20,892	30,714	5,026	56,632
Add: Additions during the year	168,050	44,655	1,920	214,625
Less: Transferred to operating fixed assets / intangible assets during the year	(188,942)	(48,896)	(1,299)	(239,137)
At 30 June 2022	-	26,473	5,647	32,120

	2022	2021
	(RUPEES IN THOUSAND)	
15. INTANGIBLE ASSETS		
Computer softwares		
Net carrying value basis		
Opening net book value	4,806	5,236
Additions during the year	1,299	889
Less: Amortization (Note 28)	1,651	1,319
Closing net book value	4,454	4,806
Gross carrying amount		
Cost	8,116	6,817
Accumulated amortization	(3,662)	(2,011)
Closing net book value	4,454	4,806
Amortization rate (per annum)	20% and 33.33%	20%
16. LONG TERM LOANS		
Considered good - secured	497	107
Less: Current portion shown under current assets (Note 21)	456	107
	41	-

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16.1 These represent interest free loans were given to 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.

16.2 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.

	2022	2021
	(RUPEES IN THOUSAND)	
17. LONG TERM DEPOSITS AND PREPAYMENTS		
Security deposits (Note 17.1)	1,789	1,789
Prepayments	387	339
	2,176	2,128
Less: Current portion shown under current assets (Note 22)	223	220
	1,953	1,908

17.1 These mainly include interest free security deposits placed with utility companies for the provision of utility connections.

18. STORES, SPARE PARTS AND LOOSE TOOLS		
Stores	46,425	38,821
Spare parts (Note 18.1)	55,586	39,968
Loose tools	339	310
	102,350	79,099

18.1 These include spare parts in transit of Rupees Nil (2021: Rupees 3.539 million).

19. STOCK-IN-TRADE		
Raw materials (Note 19.1 and Note 19.2)	321,870	488,714
Work-in-process	100,206	58,438
Finished goods (Note 19.3)	434,836	201,710
Waste	2,136	2,993
	859,048	751,855

19.1 Raw materials include stock in transit of Rupees 20.867 million (2021: Rupees 33.772 million).

19.2 These include stock of Rupees Nil (2021: Rupees 0.953 million) sent to outside parties for processing.

19.3 These include stock of Rupees 17.540 million (2021: Rupees Nil) available with outside parties after conversion.

20. TRADE DEBTS		
Considered good:		
Secured (against letters of credit)	4,724	54,114
Unsecured	364,196	203,962
	368,920	258,076
Less: Allowance for expected credit loss (Note 20.4)	275	18,819
	368,645	239,257

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

North America	57,626	56,121
Europe	175,611	75,642
Australia	28,349	-
Pakistan	107,059	107,494
	368,645	239,257

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.

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20.3 As at 30 June 2022, trade debts amounting to Rupees 38.504 million (2021: Rupees 106.415 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:

	2022	2021
	(RUPEES IN THOUSAND)	
Upto 1 month	27,059	73,047
1 to 6 months	11,445	33,147
More than 6 months	-	221
	38,504	106,415

20.4 Allowance for expected credit loss

Opening balance	18,819	18,050
Add: Recognized during the year (Note 29)	217	881
	19,036	18,931
Less:		
Reversal of allowances for expected credit loss (Note 30)	(630)	(103)
Bad debts written off	(18,131)	(9)
	(18,761)	(112)
Closing balance	275	18,819

21. LOANS AND ADVANCES

Considered good:		
Employees - interest free and secured		
– Executives		
against expenses	349	-
against salary	110	725
	459	725
– Other employees:		
against expenses	1,930	1,239
against salary	1,572	1,884
	3,502	3,123
	3,961	3,848
Current portion of long term loans (Note 16)	456	107
Advances to suppliers / contractors	23,871	16,662
Letters of credit	4,795	5,558
	33,083	26,175
Less: Provision for doubtful loans and advances (Note 21.1)	45	178
	33,038	25,997

21.1 Provision for doubtful loans and advances

Opening balance	178	-
Add: Recognized during the year (Note 29)	45	178
	223	178
Less: Loans and advances written off	(178)	-
Closing balance	45	178

22. SHORT TERM DEPOSIT AND PREPAYMENTS

Deposit	40	40
Prepayments	398	749
Current portion of long term deposits and prepayments (Note 17)	223	220
	661	1,009

23. OTHER RECEIVABLES

Considered good:		
Sales tax refundable / receivable	46,241	47,012
Export rebate and duty drawback	16,741	67,215
Others	260	54
	63,242	114,281

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		2022	2021
		(RUPEES IN THOUSAND)	
24.	**CASH AND BANK BALANCES**		
	With banks:		
	On current accounts	40,681	165,207
	On PLS saving accounts	2,460	549
		43,141	165,756
	Cash in hand	2,304	1,243
		45,445	166,999
25.	**REVENUE FROM CONTRACTS WITH CUSTOMERS**		
	Local sales (Note 25.1)	4,292,091	3,394,856
	Export sales	1,796,562	1,358,581
	Export rebate and duty drawback	6,604	39,708
		6,095,257	4,793,145
25.1	**Local sales**		
	Yarn / socks	3,749,466	2,826,483
	Waste	33,796	34,007
	Sizing income	4,684	5,588
	Conversion income / cloth sale	1,234,030	1,094,157
	Polyester / viscose	-	11,971
		5,021,976	3,972,206
	Less: Sales tax	729,885	577,350
		4,292,091	3,394,856

25.2 The Company has recognized revenue of Rupees 36.438 million (2021: Rupees 17.751 million) from amounts included in contract liabilities at the year end.

26.	**COST OF SALES**		
	Raw materials consumed (Note 26.1)	3,298,007	2,413,008
	Cost of raw materials sold	1,315	9,018
	Salaries, wages and other benefits (Note 26.2)	600,864	520,884
	Stores, spare parts and loose tools consumed	385,222	321,877
	Packing materials consumed	164,553	133,346
	Sizing materials consumed	45,028	36,386
	Outside processing / conversion and other charges	83,197	52,141
	Repair and maintenance	10,783	8,483
	Fuel and power	570,520	437,495
	Insurance	12,598	8,226
	Other factory overheads	2,440	4,142
	Depreciation (Note 14.1.3)	95,058	83,356
		5,269,585	4,028,362
	Work-in-process		
	Opening stock	58,438	48,829
	Closing stock	(100,206)	(58,438)
		(41,768)	(9,609)
	Cost of goods manufactured	5,227,817	4,018,753
	Finished goods		
	Opening stock	204,703	188,275
	Closing stock	(436,972)	(204,703)
		(232,269)	(16,428)
		4,995,548	4,002,325

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	2022	2021
	(RUPEES IN THOUSAND)	

26.1 Raw materials consumed

Opening stock	488,714	356,151
Add: Purchased during the year	3,131,163	2,545,571
	3,619,877	2,901,722
Less: Closing stock	(321,870)	(488,714)
	3,298,007	2,413,008

26.2 Salaries, wages and other benefits include staff retirement gratuity amounting to Rupees 30.166 million (2021: Rupees 27.784 million).

27. DISTRIBUTION COST

Salaries and other benefits (Note 27.1)	18,698	17,314
Outward freight and handling	50,627	45,538
Commission to selling agents	45,542	62,995
Travelling and accommodation	5,034	244
Postage and telephone	-	12
Fee and subscription	-	660
Others	1,488	573
	121,389	127,336

27.1 Salaries and other benefits include staff retirement gratuity amounting to Rupees 0.291 million (2021: Rupees 0.390 million).

28. ADMINISTRATIVE EXPENSES

Salaries and other benefits (Note 28.1)	148,491	125,627
Directors' remuneration	11,600	8,750
Rent, rates and taxes	14,295	10,040
Legal and professional	242	1,307
Insurance	3,940	2,515
Travelling and conveyance	13,878	3,843
Vehicles' running	30,275	20,894
Entertainment	13,586	20,981
Auditor's remuneration (Note 28.2)	1,360	1,160
Advertisement	161	172
Postage and telephone	8,736	6,595
Electricity, gas and water	9,976	9,516
Printing and stationery	3,326	4,450
Repair and maintenance	9,325	2,109
Fee and subscription	9,599	5,844
Miscellaneous	9,627	8,266
Amortization (Note 15)	1,651	1,319
Depreciation (Note 14.1.3)	24,296	15,277
	314,364	248,665

28.1 Salaries and other benefits include staff retirement gratuity amounting to Rupees 15.101 million (2021: Rupees 11.178 million).

28.2 Auditor's remuneration

Audit fee	1,200	1,000
Half yearly review	110	110
Other certification	50	50
	1,360	1,160

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	2022	2021
	(RUPEES IN THOUSAND)	

29. OTHER EXPENSES

Donation (Note 29.1)	200	-
Workers' profit participation fund (Note 9.2)	28,821	15,879
Allowance for expected credit loss (Note 20.4)	217	881
Net loss of fire in stock godowns	-	2,386
Stores, spare parts and loose tools written off	-	160
Workers welfare fund (Note 9.3)	7,862	4,484
Net exchange loss	-	7,659
Loans and advances written off	386	-
Provision for doubtful loans and advances (Note 21.1)	45	178
	37,531	31,627

29.1 No directors or their spouses had any interest in the donee.

30. OTHER INCOME

Income from financial assets

Profit on deposits with banks (Note 30.1)	62	15
Reversal of allowance for expected credit losses (Note 20.4)	630	103
Net exchange gain	26,846	-
	27,538	118

Income from non-financial assets

Gain on disposal of property, plant and equipment	283	2,025
Gain on remeasurement of GIDC	-	1,846
Amortization of deferred grant (Note 8.2)	1,900	3,692
	2,183	7,563
	29,721	7,681

30.1 Rate of profit on bank deposits as disclosed in Note 24 ranges from 2.75% to 12.25% (2021: 2.75% to 5.41%) per

31. FINANCE COST

Mark-up on:		
Long term financing	6,214	14,351
Short term borrowings	102,847	53,352
Fair value adjustment of loans from sponsor director / shareholder (Note 6.3)	19,248	15,317
Interest on workers' profit participation fund (Note 9.2)	1,602	444
Bank charges and commission	10,373	9,404
Adjustment due to impact of IFRS 9 on GIDC (Note 8.3)	605	1,228
	140,889	94,096

32. TAXATION

Charge for the year:		
Current (Note 32.2)	122,012	64,906
Prior year	(1,038)	645
	120,974	65,551
Deferred	71,250	28,922
	192,224	94,473

32.1 The provision for current taxation represents alternative corporate tax, final tax on export sales and super tax on income calculated as per section 4C of Income Tax Ordinance, 2001. Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is as follows:

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	2022 (RUPEES IN THOUSAND)
32.2 Reconciliation of tax expense and accounting profit	
Accounting profit before taxation	515,257
Tax on accounting profit @ 17 %	87,594
Effect of:	
-lower rate on income under final tax regime	(5,851)
-prior year adjustment	(1,038)
-super tax	40,269
-deferred tax	71,250
	192,224

32.3 Provision for taxation for the prior year was based on minimum taxation under section 113 and tax deducted on export sales under section 154 of the Income Tax Ordinance, 2001. Accordingly, reconciliation for the tax expense and accounting profit was not prepared.

33. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2022	2021
Profit attributable to ordinary shareholders	(Rupees in thousand)	323,033	202,304
Weighted average number of ordinary shares	(Numbers)	9 920 000	9 920 000
Earnings per share	(Rupees)	32.56	20.39

34. CASH GENERATED FROM OPERATIONS

	2022 (RUPEES IN THOUSAND)	2021
Profit before taxation	515,257	296,777
Adjustments for non-cash charges and other items:		
Depreciation	119,354	98,633
Amortization	1,651	1,319
Gain on disposal of property, plant and equipment	(283)	(2,025)
Provision for staff retirement gratuity	45,558	39,352
(Reversal of) / allowance for expected credit losses - net	(413)	778
Finance cost	140,889	94,096
Gain on remeasurement of GIDC	-	(1,846)
Amortization of deferred grant	(1,900)	(3,692)
Stores, spare parts and loose tools written off	-	160
Provision for workers' profit participation fund	28,821	15,879
Loans and advances written off	386	-
Provision for doubtful loans and advances	45	178
Working capital changes (Note 34.1)	(80,213)	(218,702)
	769,152	320,907

34.1 Working capital changes

(Increase) / decrease in current assets		
- Stores, spare parts and loose tools	(23,251)	(31,113)
- Stock-in-trade	(107,193)	(158,600)
- Trade debts	(128,975)	(79,751)
- Loans and advances	(7,472)	(1,453)
- Short term deposit and prepayments	348	(831)
- Other receivables	51,039	(28,592)
	(215,504)	(300,340)
Increase in trade and other payables	135,291	81,638
	(80,213)	(218,702)

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

	2022				2021			
	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	273,331	867,936	1,476	1,142,743	323,425	574,512	1,264	899,201
Long term financing obtained	140,000	-	-	140,000	26,399	-	-	26,399
Dividend declared	-	-	17,856	17,856	-	-	12,896	12,896
Other changes - non cash adjustments	(2,785)	-	-	(2,785)	17,260	-	-	17,260
Short term borrowings - net	-	(138,576)	-	(138,576)	-	293,424	-	293,424
Repayment of long term financing	(74,859)	-	-	(74,859)	(93,753)	-	-	(93,753)
Dividend paid	-	-	(17,155)	(17,155)	-	-	(12,684)	(12,684)
Balance as at 30 June	335,687	729,360	2,177	1,067,224	273,331	867,936	1,476	1,142,743

35. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration including benefits to Chief Executive Officer, directors and executives of the Company is as follows:

	Chief Executive Officer		Director		Executives	
	2022	2021	2022	2021	2022	2021
	RUPEES IN THOUSAND					
Managerial remuneration	4,000	3,204	3,200	2,400	38,943	23,747
Allowances						
House rent	1,800	1,142	1,600	1,080	5,902	2,369
Others	200	454	-	120	3,894	1,187
Staff retirement gratuity paid	-	-	-	-	-	6,329
	6,000	4,800	4,800	3,600	48,739	33,632
Number of persons	1	1	1	1	15	11

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 800,000 (2021: Rupees 350,000) was paid to eight directors (2021: eight directors) as meeting fee.

35.3 Apart from the meeting fee, no remuneration was paid to non-executive directors of the Company.

36. NUMBER OF EMPLOYEES

	2022	2021
Number of employees as at 30 June	1 440	1 321
Average number of employees during the year	1 356	1 315

37. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated company / undertakings, other related parties and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements is as follows:

Name	Basis of relationship	Nature of transactions	2022 (RUPEES IN THOUSAND)	2021 (RUPEES IN THOUSAND)
Associated company / undertakings:				
Blue Moon Filling Station	Director of the Company is the member of Board of Trustees	Fuel purchased	4,907	6,712
Waqas Spinning Mills (Private) Limited	Common directorship	Rental expense	3,300	3,050
		Purchase of goods	-	11,505
Ideal Socks	Directors of the Company are the members of Board of Trustees	Rental expense	3,720	3,220
Other related parties				
Directors and sponsors	Members of board of directors, key management personnel and sponsor	Loans obtained from directors/sponsor-net	-	800
		Rental expense	-	350
		Dividend paid	14,921	9,468

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

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38. PLANT CAPACITY AND ACTUAL PRODUCTION

		2022	2021
Spinning			
100 % plant capacity converted to 20s count based on 3 shifts per day for 1095 shifts (2021: 1095 shifts)	(Kgs.)	17,788,155	17,788,155
Actual production converted to 20s count based on 3 shifts per day for 1093 shifts shifts (2021: 1095 shifts)	(Kgs.)	15,785,416	15,939,322
Weaving			
100 % plant capacity at 60 picks based on 3 shifts per day for 1095 shifts (2021: 1095 shifts)	(Sq.Mtr.)	28,800,830	27,346,823
Actual production converted to 60 picks based on 3 shifts per day for 1093 shifts (2021: 1093 shifts)	(Sq.Mtr.)	23,650,321	22,864,299
Socks			

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

38.1 REASON FOR LOW PRODUCTION

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

39. SEGMENT INFORMATION

	Spinning		Weaving		Socks		Elimination of Inter-segment transactions		Total - Company	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	(RUPEES IN THOUSAND)									
Revenue from contracts with customers										
External	3,214,627	2,434,381	1,584,715	1,279,624	1,295,915	1,079,140	-	-	6,095,257	4,793,145
Inter segment	1,177,248	838,481	-	-	940	-	(1,178,188)	(838,481)	-	-
	4,391,875	3,272,862	1,584,715	1,279,624	1,296,855	1,079,140	(1,178,188)	(838,481)	6,095,257	4,793,145
Cost of sales	(3,597,464)	(2,798,232)	(1,436,288)	(1,161,880)	(1,139,984)	(880,694)	1,178,188	838,481	(4,995,548)	(4,002,325)
Gross profit	794,411	474,630	148,427	117,744	156,871	198,446	-	-	1,099,709	790,820
Distribution cost	(16,377)	(10,725)	(27,440)	(14,959)	(77,572)	(101,652)	-	-	(121,389)	(127,336)
Administrative expenses	(151,917)	(118,858)	(52,786)	(39,702)	(109,661)	(90,105)	-	-	(314,364)	(248,665)
Other income	2,721	5,671	11,299	2,010	15,701	-	-	-	29,721	7,681
Profit / (loss) before taxation and unallocated expenses	628,838	350,718	79,500	65,093	(14,661)	6,689	-	-	693,677	422,500
Unallocated expenses:										
Other expenses									(37,531)	(31,627)
Finance cost									(140,889)	(94,096)
Taxation									(192,224)	(94,473)
Profit after taxation									323,033	202,304

39.1 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Socks		Total - Company	
	2022	2021	2022	2021	2022	2021	2022	2021
	(RUPEES IN THOUSAND)							
Total assets as per statement of financial position	1,972,520	1,693,805	703,665	550,741	699,387	584,319	3,375,572	2,828,865
Total liabilities for reportable segments	608,457	960,233	375,283	190,329	805,664	555,538	1,789,404	1,706,100
Unallocated liabilities:								
Deferred income tax liability							104,527	31,886
Provision for taxation							122,012	64,906
Total liabilities as per statement of financial position							2,015,943	1,802,892

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	
	2022	2021	2022	2021	2022	2021	2022	2021
	(RUPEES IN THOUSAND)							
Europe	-	-	550,117	339,890	470,222	593,901	1,020,339	933,791
Asia	-	-	54,461	-	-	-	54,461	-
Australia	-	-	-	-	2,374	-	2,374	-
North America	-	-	-	-	725,991	464,282	725,991	464,282
Pakistan	3,214,627	2,434,381	980,137	939,734	97,328	20,957	4,292,092	3,395,072
	3,214,627	2,434,381	1,584,715	1,279,624	1,295,915	1,079,140	6,095,257	4,793,145

39.3 Disaggregation of revenue from contracts with customers by major products / service lines

Yarn / socks	3,203,332	2,413,590	-	-	1,198,587	1,060,605	4,401,919	3,474,195
Waste	11,295	10,559	-	-	17,581	18,535	28,876	29,094
Sizing income	-	-	3,817	4,776	-	-	3,817	4,776
Conversion income / cloth sale	-	-	1,580,898	1,274,848	78,408	-	1,659,306	1,274,848
Raw materials	-	10,232	-	-	1,339	-	1,339	10,232
	3,214,627	2,434,381	1,584,715	1,279,624	1,295,915	1,079,140	6,095,257	4,793,145

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

39.5 Revenue is recognized at the point in time as per terms and conditions of underlying contracts with customers.

39.6 Revenue from major customers

The Company's revenue is earned from a long mix of customers.

40. EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Company has proposed a cash dividend for the year ended 30 June 2022 of Rupees 2.00 (2021: Rupees 1.80) per share at their meeting held on September 29, 2022. 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.

41. FINANCIAL RISK MANAGEMENT

41.1 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. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

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, use of derivative financial instruments, non-derivative financial instruments and investment of excess liquidity.

(a) Market 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. Currency risk arises mainly from future commercial transaction of receivables and payables that exist due to transactions in foreign currencies.

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

	2022	2021
Trade debts - USD	1,247,368	802,909
Trade debts - Euro	21,949	95,077
Trade and other payables - USD	-	(41,112)
Net exposure - USD	1,247,368	761,797
Net exposure - Euro	21,949	95,077

Following exchange rates were applied during the year:

Rupees per US Dollar		
Average rate	181.65	163.03
Reporting date rate	205.50	157.80
Rupees per Euro		
Average rate	201.68	188.62
Reporting date rate	215.23	188.12

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 12.031 million (2021: Rupees 6.364 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. In management's opinion the sensitivity analysis is unrepresentative of inherent currency risk at the year end exposure does not reflect the exposure during the year.

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(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:

	2022	2021
	(RUPEES IN THOUSAND)	
Fixed rate instruments		
Financial liabilities		
Long term financing	19,639	57,298
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	2,460	549
Financial liabilities		
Long term financing	140,000	35,300
Short term borrowings	503,422	641,998

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 3.060 million (2021: Rupees 6.301 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	2,179	2,716
Deposits	1,829	1,829
Trade debts	368,645	239,257
Other receivables	260	54
Bank balances	43,141	165,756
	416,054	409,612

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.

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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			2022	2021
	Short term	Long term	Agency	(RUPEES IN THOUSAND)	
Banks					
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	9,454	2,433
MCB Bank Limited	A1+	AAA	PACRA	6,742	16,681
Allied Bank Limited	A1+	AAA	PACRA	279	82
United Bank Limited	A-1+	AAA	VIS	306	67
Faysal Bank Limited	A1+	AA	PACRA	33	2,640
National Bank of Pakistan	A1+	AAA	PACRA	567	167
Habib Bank Limited	A-1+	AAA	VIS	12,233	13,905
Askari Bank Limited	A1+	AA+	PACRA	217	10,029
Bank Alfalah Limited	A1+	AA+	PACRA	1,721	7
Bank Al-Habib Limited	A1+	AAA	PACRA	80	2
The Bank of Punjab	A1+	AA+	PACRA	1,051	108,077
Soneri Bank Limited	A1+	AA-	PACRA	151	87
The Bank of Khyber	A-1	A+	VIS	-	28
Samba Bank Limited	A-1	AA	VIS	542	1,415
AlBaraka Bank (Pakistan) Limited	A-1	A+	VIS	1,093	933
Meezan Bank Limited	A-1+	AAA	VIS	8,671	9,203
BankIslami Pakistan Limited	A1	A+	PACRA	1	-
				43,141	165,756

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 2022, the Company had Rupees 2,136.578 million (2021: Rupees 1,463.002 million) available borrowing limits from financial institutions and Rupees 45.445 million (2021: Rupees 166.999 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.

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Contractual maturities of financial liabilities as at 30 June 2022:

	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	335,687	423,842	169,997	14,539	54,538	184,768
Trade and other payables	472,740	472,740	472,740	-	-	-
Unclaimed dividend	2,177	2,177	2,177	-	-	-
Accrued mark-up	16,646	16,646	16,646	-	-	-
Short term borrowings	729,360	772,992	772,992	-	-	-
Derivative financial liabilities	14,539	14,539	14,539	-	-	-
	1,571,149	1,702,936	1,449,091	14,539	54,538	184,768

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	-	-
	1,498,594	1,584,900	1,345,748	33,242	205,910	-

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 / profit / mark-up have been disclosed in Note 6 and Note 11 to these financial statements.

41.2 Financial instruments by categories

	2022	2021
	(RUPEES IN THOUSAND)	
	At amortized cost	
Assets as per statement of financial position		
Loans and advances	2,179	2,716
Deposits	1,829	1,829
Trade debts	368,645	239,257
Other receivables	260	54
Cash and bank balances	45,445	166,999
	418,358	410,855

	2022			2021
	At amortized cost	FVTPL	Total	At amortized cost
	RUPEES IN THOUSAND			
Liabilities as per statement of financial position				
Long term financing	335,687	-	335,687	273,331
Trade and other payables	472,740	14,539	487,279	344,106
Unclaimed dividend	2,177	-	2,177	1,476
Accrued mark-up	16,646	-	16,646	11,745
Short term borrowings	729,360	-	729,360	867,936
	1,556,610	14,539	1,571,149	1,498,594

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

	2022			2021		
	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
	(RUPEES IN THOUSAND)					
Assets as per statement of financial position						
Loans and advances	2,179	30,900	33,079	2,716	23,281	25,997
Deposits and prepayments	1,829	785	2,614	1,829	1,088	2,917
Trade debts	368,645	-	368,645	239,257	-	239,257
Other receivables	260	62,982	63,242	54	114,227	114,281
Cash and bank balances	45,445	-	45,445	166,999	-	166,999
	418,358	94,667	513,025	410,855	138,596	549,451

	2022			2021		
	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
	(RUPEES IN THOUSAND)					
Liabilities as per statement of financial position						
Long term financing	335,687	-	335,687	273,331	-	273,331
Trade and other payables	472,740	109,814	582,554	344,106	90,221	434,327
Unclaimed dividend	2,177	-	2,177	1,476	-	1,476
Accrued mark-up	16,646	-	16,646	11,745	-	11,745
Short term borrowings	729,360	-	729,360	867,936	-	867,936
	1,556,610	109,814	1,666,424	1,498,594	90,221	1,588,815

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41.4 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.

41.5 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 6.3.1. Total capital employed includes 'total equity' plus 'borrowings'. The Company's strategy remained unchanged from last year.

		2022	2021
Borrowings	(Rupees in thousand)	1,000,231	1,076,451
Total equity	(Rupees in thousand)	1,424,445	1,090,789
Total capital employed	(Rupees in thousand)	2,424,676	2,167,240
Gearing ratio	(Percentage)	41.25	49.67

The decrease in gearing ratio resulted primarily from gaining profit after taxation.

42. 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 2022				
Financial liabilities				
Derivative financial liabilities	-	14,539	-	14,539
At 30 June 2021	-	-	-	-

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.

43. RECOGNIZED FAIR VALUE MEASUREMENTS - NON FINANCIAL ASSETS

(i) Fair value hierarchy

Judgments 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 2022				
Freehold land	-	272,072	-	272,072
At 30 June 2021				
Freehold land	-	265,600	-	265,600

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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 was 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.

44. CORRESPONDING FIGURES

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

45. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 29, 2022 by the Board of Directors of the Company.

46. 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

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Pattern of Shareholding
As on June 30, 2022

TYPE OF SHARE HOLDERS		NUMBER OF SHARE HOLDERS	TOTAL SHARES HELD
1	100	512	42462
101	500	631	279112
501	1000	78	73272
1001	5000	89	227911
5001	10000	18	143264
10001	15000	5	59707
40001	45000	3	122000
55001	60000	1	56500
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	2	1865876
965001	970000	1	968300
1540001	1545000	1	1544998
TOTAL =====>>		**1,350**	**9,920,000**

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Categories of Shareholding
As at June 30,2022

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)	1	1105876	11.15
Mr.Muhammad Azhar	(Independent Director)	1	500	0.01
Mr.Muhammad Asif	(Independent Director)		0	0
Executives				
Public Sector Companies and Corporations				
Banks,Development Finance Institutions,		1	369	0.00
Non - Banking Finance Institutions,				
Joint Stock Companies		5	2400	0.02
Insurance Companies,Modaraba and Mutual Funds		1	628396	6.33
Individuals		1327	1961147	19.77
Others		2	62288	0.63
Total		**1350**	**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
Ms.Kanwal Saeed	1024800	10.33
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 2021 to 30 June 20202

S.NO	Name	Designation	Shares bought	Shares sold
1	Mr.Mohammad Saeed Sheikh	Chairman		
2	Mr.Amjad Saeed	Chief Executive		
3	Mrs.Rubina Amjad	Director		
4	Mr.Omer Saeed	Director		
5	Mr.Khizer Saeed	Director		
6	Mr.Ahsan Saeed	Director		
7	Mr.Muhammad Asif	Independent Director		
8	Mr.Muhammad Azhar	Independent Director		
9	Mr. Muhammad Kashif Zahur	Chief Financial Officer		
10	Mr.Muhammad Nadeem	Company Secretary		

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M/S F.D.Registrar Services (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

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MANDATORY REQUIREMENT OF BANK ACCOUNT DETAILS FOR ELECTRONIC CREDIT OF CASH DIVIDEND PAYMENT AS PER THE COMPANIES ACT, 2017

Dear Shareholder,

This is to inform you that in accordance with the **Section 242 of the Companies Act, 2017**, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Please note that giving bank mandate for dividend payments is mandatory and in order to comply with this regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide the following information to your respective **CDC Participant / CDC Investor Account Services** (in case your shareholding is in Book Entry Form OR to our Independent Share Registrar Office: **M/s. F.D. Registrar Services (Pvt) Limited., 1705, 17TH Floor, Saima Trade Towers - A, I.I. Chundrigar Road, Karachi** (in case your shareholding is in Physical Form):

Details of Shareholder	
Name of Shareholder	
Name of the Company	
Folio/CDC Account No:	
CNIC No: (Copy Attached)	
Cell/ Landline Numbers	
Email Address	
Details of Bank Account	
Title of Bank Account:	
International Bank Account Number (IBAN) 24-digits **"Mandatory"**	**P K** *(Kindly provide your accurate IBAN number after consulting with your respective bank branch since in case of any error or omission in given IBAN, the company will not be held responsible in any manner for any delay or cause in your cash dividend payment).*
Branch Name & Address:	

It is stated that the above mentioned information is correct and in case of any change therein, I/we will immediately intimate participant / Share Registrar accordingly.

Signature of Shareholder

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FORM OF PROXY
34th ANNUAL GENERAL MEETING

I/We_____S/o/D/o/W/o_____
of _____beirg 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 Friday, October 28, 2022 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 Signature of Proxy
Folio / CDC A/C NO.

Five Rupees
Revenue Stamp

Signed this _____day of _____2022

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 (SMC-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.

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آئیڈیل اسپننگ ملز لمیٹڈ

کمرہ نمبر 405-404 چوتھی منزل بزنس سینٹر ممتاز حسن روڈ، کراچی

پراکسی فارم

34واں سالانہ اجلاس

میں/ہم _____ _____

آئیڈیل اسپننگ ملز لمیٹڈ کے ممبر/ممبران رجسٹرڈ فولیو نمبر/شرکاء کی آئی ڈی/سی ڈی سی سب اکاؤنٹ نمبر _____

کے مطابق _____ عمومی شیئرز رکھتے ہیں۔ بذریعہ ہذا _____ یا ان کی عدم موجودگی کی صورت

میں _____ پراکسی بروز جمعہ 28 اکتوبر 2022ء بوقت 11:30 بجے صبح بمقام 404/5 بزنس سینٹر چوتھی منزل، ممتاز حسن روڈ نزد "SBP" کراچی کمپنی کے منعقد ہونے والے اجلاسِ عام اور اُس کے کسی التواء تک میری/ہماری جانب سے ووٹ دینا اور اجلاس میں شرکت کا حق دیتا/دیتے ہیں۔

ریونیو اسٹامپ
-/5 روپے

_____ _____

دستخط پراکسی دستخط شیئر ہولڈر

بتاریخ _____ ۲۰۲۲ء

گواہان	گواہان
دستخط _____	دستخط _____
نام _____	نام _____
ایڈریس _____	ایڈریس _____
شناختی کارڈ _____	شناختی کارڈ _____
پاسپورٹ _____	پاسپورٹ _____

نوٹس:

(1) ایک رکن جو اجلاسِ عام میں شرکت کرنے اور ووٹ دینے کا اہل ہے اس کو حق حاصل ہے کہ وہ کسی دوسرے فرد کو بطور پراکسی اپنی جانب سے شرکت کرنے اور ووٹ دینے کیلئے مقرر کرے۔

(2) اگر کوئی رکن اجلاس میں شرکت کرنے کے قابل نہیں ہے تو وہ یہ فارم مکمل اور تصدیق شدہ کمپنی کے شیئر رجسٹرار میسرز ایف۔ڈی رجسٹرار سروس (SMC-PVT) لمیٹڈ 1705، 17 فلور صائمہ ٹریڈ ٹاور A، آئی آئی چندریگر روڈ کراچی کو اجلاس کے منعقد ہونے سے 48 گھنٹے قبل بھجوائیں۔

(3) CDC اکاؤنٹ ہولڈرز/Corporate Entity مندرجہ بالا کے علاوہ مذکورہ شقوں پر عمل کریں۔

(a) پراکسی فارم میں دو گواہان کے دستخط نیز ان کے پتے اور شناختی کارڈ نمبر کا اندراج بھی لازمی ہے۔

(b) رکن اور پراکسی کی تصدیق شدہ قومی شناختی کارڈ یا پاسپورٹ کی نقول کی فراہمی۔

(c) پراکسی کیلئے لازم ہے کہ وہ اجلاس کے وقت اصل قومی شناختی کارڈ یا پاسپورٹ تصدیق کیلئے فراہم کرے۔ Corporate Entity کی صورت میں بورڈ آف ڈائریکٹرز کی تصدیق شدہ قرارداد کی نقل بشمول Power of Attorney دستخط کیساتھ (بجز اگر پہلے ہی جمع کروادی گئی ہے) پراکسی فارم کے ہمراہ کمپنی کے شیئر رجسٹرار کو جمع کروائے۔