35th ANNUAL REPORT

2021

AL-QADIR

Textile Mills Limited

6-Km, Jhelum Road, Chakwal

CONTENTS

VISION

Al-Qadir Textile Mills Limited is the largest exporter of cotton yarn in Rawalpindi Division, delivering quality products through innovative technology and effective resource management, maintaining high ethical and professional standards.

Pursuing its objectives, Al-Qadir Textile Mills Limited has over the years, preserved to attain the present enviable position, with its products competing at home and abroad.

We work to achieve commitments, integrity, fairness and teamwork into every aspect of our business dealings.

MISSION

Our mission is to keep ahead of our competitors. We can not be complacent about our achievements. Everyone from top management to workers is driven by this mission and engaged in applying resources to continual product improvement.

Given its vision and its focused strategy, Al-Qadir Textile Mills Limited, can look forward to as bright a future as its past.

Better utilization of man-power, continuous improvement in quality, customer’s satisfaction is our mission.

COMPANY INFORMATION

BOARD OF DIRECTORS:	
CHAIRMAN	MR. ASIF ALI RAJA
CHIEF EXECUTIVE OFFICER	MR. GHULAM ALI RAJA
DIRECTORS	MR. AMMER ALI RAJA
	MR. ADIL BASHIR RAJA
	MST. TASNEEM AKHTAR
	MST. YASMEEN BEGUM
AUDIT COMMITTEE:	
CHAIRMAN	MR. ADIL BASHIR RAJA
MEMBERS	MST. TASNEEM AKHTAR
	MST. YASMEEN BEGUM
HUMAN RESOURCE AND REMUNERATION COMMITTEE	
CHARIMAN	MR. GHULAM ALI RAJA
MEMBERS	MR. ADIL BASHIR RAJA
	MST. YASMEEN BEGUM
CHIEF FINANCIAL OFFICER & COMNPANY SECRETARY	MR. ZAHEER AHMED AKMAL
AUDITORS	NASIR JAVED MAQSOOD IMRAN CHARTERED ACCOUNTANTS, ISLAMABAD
BANKERS:	BANK AL-FALAH LIMITED
REGISTERED OFFICE	RAJA HOUSE, NEAR MAKKI MASJID, CHAKWAL, PAKISTAN TEL: 0543-540833 FAX: 0543-540834 URL: www.aqtextile.com E-MAIL: info@aqtextile.com
HEAD OFFICE & MILLS	6-K.M. JHELUM ROAD, CHAKWAL
SHARE REGISTRARS	M/S F.D REGISTRAR SERVICES (SMC-PVT) LTD., 17TH FLOOR, SAIMA TRADE BLOCK – A I.I. CHUNDRIGAR ROAD, KARACHI.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 35th Annual General Meeting of the Company will be held at Mills Office 6-K.M Jhelum Road, Chakwal on Monday i.e. October 30, 2021 at 11:00 A.M to transact the following business.

1. To confirm the Minutes of the 34th Annual General Meeting held on October 29, 2020.
2. To receive and adopt the Audited Accounts of the company for the year ended 30th June 2021 and the Directors and Auditor's Report thereon.
3. To approve and appoint the "External Auditors" for the year 2021-22 and to fix their remuneration. The retiring auditor M/s Nasir Javed Maqsood Imran, Chartered Accountants, Islamabad being eligible, offer themselves for re-appointment.
4. To consider any other business with the permission of the chair.

Chakwal
October 07, 2021

By order of the Board
Zaheer Ahmed Akmal
Company Secretary

NOTICES:

1. The share transfer books of the company will remain closed from 21st October to 30th October 2021 (both days inclusive). Transfer received in order at the Registrars of the Company i.e., M/s Your Secretary (Pvt.) Limited, 1020, Uni Plaza, I.I. Chundrigar Road, Karachi.
2. A member entitled to attend and vote all the general meetings, is entitled to appoint another member as proxy to attend and vote for his/her behalf. Complete proxy form must be received at Company's Registrar or the Registered Office of the Company, not less than 48 hours before the time of the meeting.
3. Any individual beneficial owner of CDC, entitled to vote at this meeting must bring his/her original Computerized National Identity Card with him/her to prove his/her identity and in case of proxy, a copy of shareholders' attested Computerized National Identity Card must be attached with the proxy form.
4. Pursuant to provisions of section 134 of the Act, if the company receives consent from member holding aggregate 10% or more shareholding, residing in geographical location to participate in the meeting through video conference at least seven days prior to the date of meeting, the company will arrange video conference facility in that city subject to availability of such facility in that city.
5. Shareholders are requested to promptly notify the Company or the Registrars of the Company of any change in their address.

DIRECTOR'S REPORT TO THE MEMBERS

In the Name of Allah, Most Gracious, Most Merciful

The Directors of your Company have pleasure in presenting 35th Annual Report containing Audit Report and the Audited Financial Statements for the year ended June 30, 2021.

Performance of Company

By the Grace of Allah, this has been a phenomenal year for the Company in terms of turnover and profit earnings. The Company, during the year ended June 30, 2021, has been able to achieve a net turnover of Rs. 3074.002 million as compared to Rs. 2156.130 million in the last year. There is an increase of Rs. 917.872 million (i.e. 42.57%) in the turnover as compared to previous year, which is by all means a great achievement of the Company's management. The company has been able to accomplish this milestone mainly due to increase in yarn sales prices and increase in quantity sole. After their opening post lockdown, the yarn markets have remained quite productive and active due to increase in demand in the value added sector of the textile industry. The Company has capitalized very effectively on the opportunities available in the yarn market which has helped the Company to earn profit from operations amounting to Rs. 364.866 million, in comparison with Rs. 155.473 million in the previous year. The Company, in the year under report has earned a profit before tax amounting to Rs. 344.596 million and a profit after tax of Rs. 245.353 million respectively, in comparison with profit before tax of Rs. 138.695 million and profit after tax of Rs. 80.582 million respectively, in the previous year. The management of the company had taken every step in the right direction to improve performance and better utilization of resources that ultimately improve the plant capacity and the sales in one hand and reduce the cost on the other.

Profit Appropriation

Considering the future capital investments & BMR in the machinery of the Company to enhance its generation, the directors have recommended in its meeting held on October 07, 2021 a cash dividend of Rs. Nil per share i.e. Nil% (June 30, 2020: final cash dividend NIL i.e., Re. NIL per share).

Earnings Per Share (EPS)

The earning per share (EPS) of the company for the year 2021 remained at Rs. 32.45 (2020: Earning per share was Rs. 10.66).

Principal Risks and Uncertainties

The Board of Directors are responsible to oversee the Company's operations and to devise an effective strategy to mitigate any potential adverse impact of risks. The Company's ability to continually assess market conditions and then react decisively, allow the Company to manage risks responsibility and take opportunities to strengthen the position of the Company when they arise. The Company's principal financial liabilities comprise long term finances, trade and other payables and short term borrowings. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company's principal financial assets comprise of trade debts, advances, short term deposits, other receivables and cash and bank balances that arise directly from its operations. The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Material Changes and Commitments:

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

Adequacy of Internal Financial Controls:

A system of sound internal control is established and implemented at all levels of the Company by the Board of Directors. The system of internal control is sound in design for ensuring achievement of Company's objectives and operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and policies.

Future Outlook
Post-pandemic Pakistan's economy has shown significant signs of economic recovery. The Government is taking growth oriented initiatives and will continue to follow the positive reform momentum which will help to boost the competitiveness of Pakistan's economy and lay a strong foundation for a more robust, inclusive and sustainable recovery.

However, while looking into future prospects from the perspective of textile spinning sector, the signs are not very encouraging., Once again, the cotton cultivation area has dropped sharply in both the cotton producing provinces, creating fear of a major decline in production, which has resulted in increase in the initial cotton trading price to an 11 year high i.e 15,000/- per maund. Cotton traders and ginners are sure that the country would not achieve the target of 10.5 million bales set for this season. The previous season, which ended in March 2021, could hardly produce 5.6 million bales against the target of 11 million bales set by the government. If the estimates of ginners and traders prove correct, the country would have to import cotton worth $2.5 billion to $3 billion. This huge import would practically neutralize the impact of higher textile exports, and that would cost heavily to a country struggling to reduce trade deficit. Mounting dollar-rupee disparity is another worry for the cotton importers because it is going to substantially increase the costs.

Therefore, it is quite important that the Government takes necessary steps and develop essential policies to neutralize the dangers to and impediments being faced by the textile industry because it is the backbone of its exports revenue. We therefore urge the Government to take further remedial measures to ensure that economy stays on the right path and continues to grow positively.

CORPOPRAT & FINANCIAL REPORTING FRAMEWORK:
The Directors confirm compliance with Corporate and Financial Reporting Framework of the Securities and Exchange Commission of Pakistan and Code of Corporate Governance Regulations, 2019 for the following matters.

- The financial statements for the year ended June 30, 2021 present fairly it state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards (IAS) as applicable in Pakistan has been followed in preparation of financial statements; and departure, if any, has been adequately disclosed.
- The system of internal control is sound in design. The process of monitoring will continue and control strengthened where ever considered necessary;
- There are no significant doubts upon the company's ability to continue as a going concern.
- Key operating and financial data of last six years is summarized.
- There are no outstanding statutory payments on accounts of taxes, duties, levies or charges except those reflected in the audited accounts.
- The company operated an un-funded and unapproved gratuity scheme. Provision is made annually to cover the obligations under the scheme. The latest actuarial valuation has been carried out as at June 30, 2021.
- During the year, six meetings of the Board of Directors were held and the attendance by each member is given at annexure.

Name of Directors	No. of Board Meeting Attended
Mr. Ghulam Ali Raja	4
Mr. Asif Ali Raja	5
Mr. Adil Bashir Raja	5
Mr. Aamir Ali Raja	3
Mst. Tasneem Akhtar	4
Mst. Yasmeen Begum	3

(The Board granted leave of absence to the directors who could not attend the meetings due to their pre-occupation.)

- During the year 5 meetings of the Audit Committee were held attendance by each director is as follows.

Mr. Aamir Ali Raja	Chairman	5
Mst. Tasneem Akhtar	Member	5
Mst. Yasmeen Begum	Member	4

- The pattern of shareholding as on June 30, 2021 and its disclosure as required in the Code of Corporate Governance is annexed with this report.

- During the year one meeting of the Human Resource and Remuneration Committee was held and attended by all the members.

- Code of conduct has been developed and are communicated and acknowledged by each Director and employee of the Company.

- 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.

Corporate Social Responsibility

The company strongly believes in the integration of Corporate Social Responsibility into its business, and consistently endeavors to uplift communities that are influenced directly or indirectly by our business.

Environment, Health and Safety:

The company maintains safe working conditions avoiding the risk to the health of employees and public at large. The management has maintained safe environment in all its operations throughout the year and is constantly upgrading their safety and living facilities. Safety is a matter of concern for machinery as well as the employees working at plant. Fire extinguishers and other fire safety equipment’s have been placed at sites as well as head office of the Company. Regular drills are performed to ensure efficiency and efficacy of fire safety equipment’s.

AUDITORS

The present auditors of the Company M/S Nasir Javed Maqsood Imran, Chartered Accountants, Islamabad, retire and being eligible, offer themselves for re-appointment. The Audit Committee has recommended re-appointment of the same auditors.

ACKNOWLEDGEMENT

The directors of the company wish to place on record their appreciation for the efforts of the executives, officers, staff members and workers of the company in achieving the best possible results. They also thank its shareholders, customer’s banks and financial institutions for their continued support extended by them in smooth running of company’s operations and hope that their cooperation will be continued with the same spirit in the years to come.

CHAKWAL	GHULAM ALI RAJA	ASIF ALI RAJA
October 7, 2021	(Chief Executive Officer)	(Director)

FINANCIAL DATA AT A GLANCE

FROM 2015 -2020

Rs Million

	2016	**2017**	**2018**	**2019**	**2020**	**2021**
Sales Revenue	1,475.492	1,420.264	1,860.614	2,385.698	2,156.130	3,074.002
Marketing & Administrative Expenses	17.234	17.682	21.524	22.676	22.412	34.711
Profit/(Loss) before Tax	(9.579)	26.742	139.340	194.505	138.695	344.596
Profit/(Loss) after Tax	(4.551)	2.927	123.025	126.946	80.582	245.353
Capital expenditure	69.065	-	8.665	6.169	143.248	143.583
Shareholders' Equity	444.963	445.690	559.367	677.307	754.790	1,001.322
No. of Shares Outstanding	7.560	7.560	7.560	7.560	7.560	7.560
Break-up Value (Rs./Share)	58.86	58.95	73.99	89.59	99.840	132.450
Cash Dividend (%)	NIL	NIL	NIL	NIL	NIL	NIL
Dividend per Share (Rs.)	NIL	NIL	NIL	NIL	NIL	NIL
Bonus Share (%)	NIL	NIL	NIL	NIL	NIL	NIL
Production converted on 20/s KG	9.892	9.839	12.860	13.698	11.662	13.625
<u>Key Performance Indicators</u>						
Return on Shareholders' Equity	(1.02)	0.66	21.99	18.74	10.68	24.50
Return on Total Assets	(0.48)	0.00	0.02	0.01	0.01	16.48
Earning per Share (Rs.)	(0.60)	0.39	16.27	16.79	10.66	32.45
Total Assets	952.084	846,213	779,131	955,282	1,181,497	1,488.924

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INDEPENDENT AUDITOR'S REPORT

To the members of Al-Qadir Textile Mills Limited

Report on the Audit of the Financial Statements

Qualified opinion

We have audited the annexed financial statements Al-Qadir Textile Mills Limited (the Company), which comprise the statement of financial position as at June 30, 2021 and the statement of profit or loss, the statement of other 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.

Except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, 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 other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

As at the reporting date, the Company has gross trade debtors of Rs. 53.28 million (2020: Rs. 35.78 million). Pursuant to the applicability of International Financial Reporting Standard 9: "Financial Instruments" (IFRS 9), during the year, the Company has not carried out an assessment of expected credit loss relating to these receivables. Accordingly, we are unable to determine whether any adjustment might be necessary to the amount of trade debtors and correspondingly the expected credit loss in current and prior periods.

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 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.

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.
- 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.

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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 other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980)

The engagement partner on the audit resulting in this independent auditor's report is Mr. Imran Ul Haq.

Place: Islamabad

Date: October 07, 2021

NASIR JAVAID MAQSOOD IMRAN
CHARTERED ACCOUNTANTS

AL-QADIR TEXTILE MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
SHARE CAPITAL AND RESERVES			
Share capital	6	**75,600,000**	75,600,000
Capital reserves			
Share deposit money	7	**15,922,750**	15,922,750
Surplus on revaluation of fixed assets	8	**187,801,115**	191,590,711
Revenue reserves			
Accumulated profit		**721,998,621**	471,676,100
Total equity		**1,001,322,486**	754,789,561
NON-CURRENT LIABILITIES			
Deferred liabilities	9	**121,808,455**	116,699,744
Long term loan	10	**39,690,459**	-
Government grant	11	**4,867,278**	-
		166,366,193	116,699,744
CURRENT LIABILITIES			
Trade and other payables	12	**224,891,076**	218,880,852
Accrued mark-up		**2,538,104**	1,827,436
Short term borrowings	13	**1,386,427**	54,386,427
Unclaimed dividend		**1,526,097**	1,526,097
Current portion of government grant	11	**271,839**	-
Provision for taxation	14	**90,622,048**	33,386,644
		321,235,591	310,007,456
CONTINGENCIES AND COMMITMENTS	15	**-**	-
		1,488,924,270	1,181,496,761
NON-CURRENT ASSETS			
Property, plant and equipment	16	**721,421,928**	624,058,483
Long term deposits	17	**444,599**	444,599
		721,866,527	624,503,082
CURRENT ASSETS			
Stores, spares and loose tools	18	**12,782,418**	13,365,223
Stock in trade	19	**393,160,683**	352,749,842
Trade debts - considered good	20	**53,257,750**	35,781,614
Short term advances and deposits	21	**116,902,957**	56,159,899
Tax refunds due from the government	22	**15,958,246**	21,601,289
Short term investment	23	**10,107,462**	101,554
Cash and bank balances	24	**164,888,227**	77,234,257
		767,057,743	556,993,678
		1,488,924,270	1,181,496,761

The annexed notes from 1 to 41 form an integral part of these financial statements.

CHIEF EXECUTIVE　　　　DIRECTOR

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

	Note	**2021 Rupees**	2020 Rupees
Sales	25	**3,074,002,253**	2,156,130,421
Cost of sales	26	**(2,640,926,857)**	(1,965,903,758)
Gross profit		**433,075,396**	190,226,663
Selling and distribution expenses	27	**1,849,620**	591,265
Administrative expenses	28	**34,711,453**	22,412,315
Other operating expenses	29	**31,648,496**	11,749,845
		(68,209,569)	(34,753,425)
Profit from operations		**364,865,827**	155,473,238
Other operating Income	30	**5,236,104**	11,357,169
		370,101,931	166,830,407
Finance cost	31	**(25,505,964)**	(28,135,857)
Profit before taxation		**344,595,967**	138,694,550
Taxation	32	**(99,242,890)**	(58,112,790)
Profit after taxation		**245,353,077**	80,581,760

The annexed notes from 1 to 41 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

AL-QADIR TEXTILE MILLS LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2021 Rupees	2020 Rupees
Profit after taxation		**245,353,077**	80,581,760
Other comprehensive income :			
Item that will not be reclassified to profit or loss:			
(Loss) on remeasurement of post employment benefit obligations		**(478,730)**	(243,704)
Impact of deferred tax		**-**	-
Other comprehensive (loss) transferred to equity		**(478,730)**	(243,704)
Total comprehensive income for the year		**244,874,347**	80,338,056

The annexed notes from 1 to 41 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

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

	Share capital	Capital reserves		Revenue reserves	Total
		Share deposit money	Surplus on revaluation of fixed assets	Accumulated profit	
	-----------------	-----------------	-----Rupees-----	-----------------	
BALANCE AS AT JUNE 30, 2019	**75,600,000**	**15,922,750**	**200,165,369**	**385,618,812**	**677,306,931**
Total comprehensive income for the year					
Profit for the year	-	-	-	80,581,760	80,581,760
Appropriation					
Other comprehensive income/(loss) for the year	-	-	-	(243,704)	(243,704)
	-	-	-	80,338,056	80,338,056
Change of deffered tax	-	-	(2,855,427)	-	(2,855,427)
					-
Surplus realized on incremental depreciation net of deferred tax	-	-	(5,719,231)	5,719,231	-
BALANCE AS AT JUNE 30, 2020	**75,600,000**	**15,922,750**	**191,590,712**	**471,676,100**	**754,789,561**
Total comprehensive income for the year					
Profit for the year	**-**	**-**	**-**	**245,353,077**	**245,353,077**
Appropriation					
Other comprehensive income for the year	**-**	**-**	**-**	**(478,730)**	**(478,730)**
	-	**-**	**-**	**244,874,347**	**244,874,347**
Change of deffered tax	**-**	**-**	**1,658,577**	**-**	**1,658,577**
					-
Surplus realized on incremental depreciation net of deferred tax	**-**	**-**	**(5,448,174)**	**5,448,174**	**-**
BALANCE AS AT JUNE 30, 2021	**75,600,000**	**15,922,750**	**187,801,115**	**721,998,621**	**1,001,322,484**

The annexed notes from 1 to 41 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

AL-QADIR TEXTILE MILLS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	**2021 Rupees**	2020 Rupees
CASH USED IN OPERATING ACTIVITIES	33	**247,640,293**	(61,966,605)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(143,681,913)**	(140,730,221)
Capital work in progress		**(2,931,687)**	-
Proceeds from disposal of assets		**4,803,500**	-
Investment at FVTPL - net		**(10,005,798)**	153,238,112
Net cash used in investing activities		**(151,815,898)**	12,507,891
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings		**(50,000,000)**	50,000,000
Long term borrowing		**44,829,576**	-
Loan from directors-net		**(3,000,000)**	-
Net cash generated from financing activities		**(8,170,424)**	50,000,000
Net decrease in cash and cash equivalents		**87,653,970**	541,287
Cash and cash equivalents at the beginning of the year		**77,234,257**	76,692,970
Cash and cash equivalents at the end of the year		**164,888,227**	77,234,257

The annexed notes from 1 to 41 form an integral part of these financial statements.

CHIEF EXECUTIVE DIRECTOR

1. THE COMPANY AND ITS OPERATIONS

AL-QADIR TEXTILE MILLS LIMITED (the Company) is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company is engaged in the business of textile spinning.

Geographical Location of Head office and business units:	
Registered Office	Raja house, near Makki Masjid, Chakwal
Plant Unit 01 & Unit 02	6 K.m. Jhelum road, Chakwal

2. BASIS OF PREPARATION

2.1 Accounting convention

These financial statements have been prepared under the historical cost convention, except for property, plant and equipment which are carried at revalued amounts, Lower than market interest bearing loans and retirement benefits which have been recognized at present value determined by actuary.

2.2 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017. In case requirements differ, the provisions of and directives issued under the Companies Act, 2017 shall prevail.

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

The following amendments to existing standards have been published that are applicable to the Company’s financial statements covering annual periods, beginning on or after July 01, 2020:

3.1 Standards, interpretations and amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on July 01, 2020 but are considered not to be relevant or to have any significant effect on the Company’s operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

IAS 1 & IAS 8 Definition of material

Amendments to IAS 1, ‘Presentation of financial statements’ and IAS 8, ‘Accounting policies, changes in accounting estimates and errors’ are effective for annual periods beginning on or after January 01, 2020. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRSs. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRSs.

3.2 Standard and amendments to published approved accounting standards that are not yet effective in current year and not considered relevant to the Company

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

3.3 Standards and amendments to published approved accounting standards that are not yet effective but have not been early adopted by the Company

There are certain standards, amendments to the IFRSs and interpretations that are mandatory for companies having accounting periods beginning on or after July 01, 2020 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

(a) IAS 1 Classification of liabilities

Amendment to IAS 1 is effective for period beginning on July 01, 2021. The IASB issued a narrow-scope amendment to IAS 1, Presentation of financial statements', to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

(b) IAS 16 Proceeds before an asset's intended use

Amendment to IAS 16 'Property, plant and equipment' is effective from January 01, 2022 prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sale proceeds and related cost in profit or loss. The amendment applies retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendment.

(c) IAS 37 Onerous contracts

Amendments to IAS 37 is effective from January 01, 2022. Under IAS 37 'Provisions, contingent liabilities and contingent assets', a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations i.e. the lower of the costs of fulfilling the contract and the costs of terminating it outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs e.g. direct labour and materials; and an allocation of other direct costs e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

The above amendments and improvements do not have a material impact on the financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision effects only that period, or in the period of the revision and future periods. Judgements made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in respective policy notes. The areas where assumptions and estimates are significant to the Company's financial statements or where judgements were exercised in application of accounting policies are as follows:

i) Financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependant on conditions at existing statement of financial position date.

ii) Useful lives, patterns of economic benefits and impairments

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. Further the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might effect the carrying amount of respective item of property, plant and equipment, with corresponding effect on the depreciation charge and impairment.

iii) Inventories

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

iv) Taxation

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.

v) Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in Note 9.1 to the financial statement for valuation of present value of defined benefit obligations.

vi) Future estimation of export sales

Deferred tax calculation has been based on estimates of future ratio of export and local sales.

vii) **Contingencies and commitments**

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

viii) **Provision for doubtful debts**

The Company reviews its receivable against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

5. 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:

5.1 Employee benefits

Defined benefit plans

The Company operates an unfunded gratuity for all of its permanent employees, who attain the minimum qualification period for entitlement to gratuity. Provision is made annually to cover the obligation on the basis of actuarial valuation and charged to income currently. The most recent actuarial valuation was carried out on June 30 ,2021 using the Projected Unit Credit Method.

All actuarial gains and losses are recognised in other comprehensive income as they occur, immediately recognises all past service costs and replaces interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability / asset.

5.2 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation income. The charge for current year is calculated using prevailing tax rates or tax rate expected to apply to the profit for the year if enacted. The charge for the 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 statement of financial position liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and corresponding tax bases in the computation of the taxable profits. Deferred tax liabilities are generally recognized for all temporary differences and deferred tax assets to the extent that it is probable that taxable profit 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 statement of financial position date. Deferred tax is charged or credited in the profit or loss account, except in the case of items credited or charged to equity in which case it is included in equity.

The carrying amount of deferred tax assets is reviewed at each financial year end and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of deferred tax asset to be utilized.

5.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the statement of financial position date or rates fixed under the Exchange Rate Absorption Scheme of State Bank of Pakistan or forward exchange rate booking, while the transactions in foreign currency during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All known monetary items are translated in Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. The Company charges all the exchange differences to profit or loss account.

5.4 Property, plant and equipment

Owned

Property, plant and equipment except freehold land and capital work-in-process are stated at cost / revalued amount less accumulated depreciation and accumulated impairment losses (if any). Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition. Freehold land and capital work in progress are stated at cost / revalued amount less any recognized impairment loss.

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 benefit 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 profit or loss account during the period in which they are incurred.

Increases in the carrying amount arising on revaluation of operating fixed assets are credited to surplus on revaluation of operating fixed assets. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to the statement of profit or loss. Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the statement of profit or loss) and depreciation based on the assets' original cost is transferred from surplus on revaluation of operating fixed assets to retained earnings. All transfers to / from surplus on revaluation of operating fixed assets are net of applicable deferred income tax.

Depreciation

Depreciation on property, plant and equipment is charged to profit or loss account applying the reducing balance method so as to write off the cost / revalued amount of the assets over their estimated useful lives at the rates given in Note 14. The Company charges the depreciation on additions from the date when the asset is available for use and on deletions up to the date when the asset is de-recognized.

The residual values and useful lives 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 is included in the profit or loss account in the year the asset is de-recognized.

5.5 Inventories

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

Stores, spare parts and loose tools

Useable 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 value plus other charges incurred thereon.

Stock in trade

Cost of raw material, work-in-process and finished good is determined as follows:

Raw material	at weighted average purchase cost
Work-in-process and finished goods	at weighted 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 / rags are valued at net realizable value.

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

5.6 Borrowing cost

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

5.7 Trade debts

Known bad debts are written off and provision is made against doubtful debts.

5.8 Borrowings

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

5.9 Trade and other payables

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

5.10 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for goods sold or services rendered, net of discounts and sales tax. Revenue is recohnised over the time and on point of time, when (or as) the Company satisfies perfomance obligations by transferring the promised goods or services to its customers. Any bundled goods or services that are distinct are seperately recognized, and any discounts or rebates on the contract price are generally allocated to the seperate elements.

Revenue is recognized in accordance with the aforementioned principle in the following manner:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price of the contract
- Allocate the transaction price to each of the separate performance obligations in the contract
- Recognize the revenue when (or as) the entity satisfies a performance obligation

Revenue from different sources is recognized as under:

i) Sales revenue is recognized when the goods are dispatched and significant risks and rewards of ownership are transferred to the customer, which is the only performance obligation.

ii) Interest income is accounted for on accrual basis.

iii) Rebate on exports, if any is accounted for on actual receipt basis.

5.11 Share capital

Ordinary shares are classified as equity.

5.12 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

5.13 Impairment

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

5.14 Off setting

Financial assets and financial liabilities are off set and the net amount is reported in the financial statements when there is legal enforceable right to off set and the Company intends either to settle on a net basis, or to realize the asset and to settle the liabilities simultaneously.

5.15 Cash and cash equivalents

Cash and cash equivalents compromises cash in hand, cash at bank on current, saving and deposit accounts.

5.16 Financial instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and assets and liabilities are stated initially at cost which is the fair value of consideration given or received. The financial assets are subsequently measured at fair value, amortized cost or cost as the case may be with classifications into:

i) at fair value through profit or loss (FVTPL)
ii) at fair value through other comprehensive income (FVTOCI) and
iii) at amortized cost. Subsequently:

i) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

ii) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income / (loss).

iii) Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts and other receivables, the Company had to apply the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Derecognition of financial instruments

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. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability. 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 expires.

5.17 Related party transaction

Transactions and contracts with the related parties are carried out at arm's length price determined in accordance with comparable uncontrolled price method, except decided by Board of Directors in exceptional circumstances.

5.18 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 the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

5.19 Government Grants

Governemnt grant is recognised when there is reasonable assurance that:

a) The company shall comply with the conditions attaching to them

b) The grants will be received

The benefit of a government loan at a below-market rate of interest is treated as a government grant. Initially, it is worked out as difference between Loan proceeds and its Present value discounted at market interest rate. Subsequently, Government grants are recognised in statement of profit or loss on systematic basis in line with related expenditure using income approach.

	Note	**2021 Rupees**	2020 Rupees
6. SHARE CAPITAL			
Authorized:			
15,000,000 (2020 : 15,000,000) Ordinary shares of Rupees 10 each		**150,000,000**	150,000,000
Issued, subscribed and paid up:			
6,691,000 (2020 : 6,691,000) ordinary shares of Rupees 10 each, issued for cash		**66,910,000**	66,910,000
869,000 (2020 : 869,000) ordinary shares of Rupees 10 each, issued for consideration other than cash		**8,690,000**	8,690,000
		75,600,000	75,600,000

7. SHARE DEPOSIT MONEY

This represents amount received from Chief Executive Officer Mr. Ghulam Ali Raja in 1993.

	Note	**2021 Rupees**	2020 Rupees
8. SURPLUS ON REVALUATION OF FIXED ASSETS			
Opening balance		**246,985,138**	252,704,369
Surplus not subject to deferred tax:			
Opening balance		**61,689,105**	61,689,105
Assets revalued during the year		**-**	-
		61,689,105	61,689,105
Surplus subject to deferred tax:			
Opening balance		**185,296,033**	191,015,264
Assets revalued/adjustment during the year		**-**	-
		185,296,033	191,015,264
Deferred tax relating to revalued amount		**(53,735,850)**	(55,394,427)
Revaluation surplus net of deferred tax		**193,249,288**	197,309,942
Surplus realized during the year (net of deferred tax):			
- Incremental depreciation		**(5,448,174)**	(5,719,231)
- Surplus realized on disposal of assets		**-**	-
		(5,448,174)	(5,719,231)
		187,801,115	191,590,711

The latest revaluation of property, plant and equipment was carried out on June 30, 2016 by independent valuer M/s Harvesters Services (Private) Limited using market based approach. The incidence of deferred tax doesn't arise on revaluation of land.

	Note	**2021 Rupees**	2020 Rupees
9. DEFERRED LIABILITIES			
Gratuity - unfunded defined benefit plan	9.1	**2,789,548**	3,474,152
Deferred tax	9.2	**119,018,907**	113,225,592
		121,808,455	116,699,744

9.1 Gratuity - unfunded defined benefit plan

Company operates unfunded gratuity scheme for its employees that pays a lump sum gratuity to members on leaving company's service after completion of one year of continuous service. The future contribution rates of the scheme include allowances for deficit and surplus. Projected unit credit method based on below mentioned significant assumptions used for valuation of this scheme. The latest actuarial valuation was carried out by M/S TRT Associates as on June 30, 2021.

Staff Gratuity-Defined Benefit Plan

The amounts recognized in financial statements are determined as follows :-

	Note	**2021 Rupees**	2020 Rupees
a) Liability recognized in the statement of financial			
Present value of defined benefit obligation		**2,789,548**	3,474,152
		2,789,548	3,474,152
b) Movement in present value of defined benefit obligation:			
Present value of defined benefit obligation at the beginning of the year		**3,474,152**	3,321,041
Current service cost		**5,100,773**	7,680,100
Interest cost		**27,893**	(66,389)
Benefits paid		**(6,292,000)**	(7,704,304)
Actuarial (gain)/loss on present value of defined benefit obligation		**478,730**	243,704
		2,789,548	3,474,152
c) Remeasurement recognized in other comprehensive income:			
Actuarial (gain)/loss on present value of defined benefit obligation		**478,730**	243,704
		478,730	243,704
d) Amount recognized in the statement of profit or loss:			
Current service cost		**5,100,773**	7,680,100
Interest cost		**27,893**	(66,389)
		5,128,666	7,613,711
e) Expense is recognized in the following line items in the statement of profit or loss:			
Administrative expenses		**512,867**	749,762
Cost of sales		**4,615,799**	6,863,949
		5,128,666	7,613,711

f) Principal actuarial assumptions used in the actuarial valuation carried out as at year end are as follows:

Discount rate - per annum	**10.00%**	8.50%
Expected rate of increase in salary - per annum	**9.00%**	7.50%
Average duration of Liability	**8 years**	8 years
Average expected remaining working life of employees	**9 years**	8 years
Mortality rates	Adjusted SLIC 2001-2005	Adjusted SLIC 2001-2005

g) Sensitivity analysis

Sensitivity analysis as at June 30, 2021

	Discount rate + 1%	Discount rate - 1%	Salary increase + 1%	Salary increase -1%
PVDBO	2,576,069	3,020,644	3,020,718	2,576,101

Sensitivity analysis as at June 30, 2020

	Discount rate + 1%	Discount rate - 1%	Salary increase + 1%	Salary increase -1%
PVDBO	3,147,483	3,868,586	3,868,586	3,141,906

The above sensitivity analysis are based on the changes in assumptions 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 defined benefit obligation to significant assumptions the same method (present value of the defined benefit obligation calculated with the projected credit unit method at the end of the reporting period) has been applied when calculating the liability recognized within the statement of financial position.

h) Risk associated with defined benefit plan

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

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

• **Withdrawal Rate Risk-** The present value of the defined benefit liability is calculated by reference to the best estimate of the withdrawal rate / attrition rate of plan participants. As such, an increase in the withdrawal rate may increase/ decrease the liability and vice versa depending on the age-service distribution of the exiting employees.

• **Mortality rate risk-** The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants during employment. An improvement in the mortality rates of the participants may increase/decrease the liability and vice versa depending on the age-service distribution of the exiting employees.

	Note	2021 Rupees	2020 Rupees

9.2 Deferred tax

	2021 Rupees	2020 Rupees
Differences in tax and accounting bases of assets	**71,188,601**	64,002,130
Surplus on revaluation of property, plant and equipment	**53,735,850**	55,394,427
	124,924,451	119,396,557
Provision for gratuity	**(808,969)**	(1,007,504)
Workers profit participation payable	**(5,096,574)**	(5,163,461)
	119,018,907	113,225,592

9.3 Movement in Deffered Tax Balances

	As at 1st July 2020	Statement of Changes in Equity	Statement of profit or loss	As at 30th June 2021
	Rupees			
Differences in tax and accounting bases of assets	64,002,130		7,186,471	71,188,601
Surplus on revaluation of property, plant and equipment	55,394,427	(1,658,577)	-	53,735,850
Provision for gratuity	(1,007,504)		198,535	(808,969)
Workers profit participation payable	(5,163,461)		66,886	(5,096,574)
	113,225,592	**(1,658,577)**	**7,451,893**	**119,018,908**

10. LONG TERM LOAN

This represents present value of loan abtained under State Bank of Pakistan's Temporary Economic Relief Funding policy. The discount rate used is 10.69 %. Further details are provided under note 13.1

11. GOVERNMENT GRANT

	2021 Rupees	2020 Rupees
Current portion	**271,839**	-
Non-current portion	**4,867,278**	-
	5,139,117	

This represents difference between present value of loan and loan proceeds against TERF scheme of State Bank of Pakistan according to note 10 . It will charged to statement of profit or loss against related expenditure.

12. TRADE AND OTHER PAYABLES

	Note	2021 Rupees	2020 Rupees
Trade creditors		**12,524,309**	22,103,296
Accrued and other payables		**57,170,449**	74,319,826
Advance from customer		**89,568,940**	75,929,078
Excise duty payable		**1,629,032**	1,629,032
Withholding tax payable		**1,174,663**	1,021,850
Sales tax payable		**38,357,368**	23,269,652
Workers' Profit Participation Fund	12.1	**17,574,394**	17,805,037
Workers' Welfare Fund		**6,891,919**	2,803,081
		224,891,076	218,880,852

	Note	**2020 Rupees**	2019 Rupees
12.1 Workers' Profit Participation Fund			
Opening balance		**17,805,037**	16,612,838
Allocation for the period		**17,574,394**	7,195,424
Paid during the year		**(17,805,037)**	(6,954,565)
		17,574,394	16,853,697
Interest on unpaid balance		**-**	951,340
		17,574,394	17,805,037

The Company retains Worker's Profit Participation Fund for its business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profit (Workers Participation Act), 1968 on funds utilized by the Company till the date of allocation to workers.

	Note	**2021 Rupees**	2020 Rupees
13. SHORT TERM BORROWINGS			
Banks - secured	13.1	**-**	-
Related parties - unsecured	13.2	**1,386,427**	54,386,427
		1,386,427	54,386,427

13.1 Banks - secured

Bank Alfalah Limited -FAPC		**-**	-
Bank Alfalah Limited-FAFB		**-**	-
Bank Alfalah Limited - Cash Finance (Hypo)		**-**	-
Bank Alfalah Limited - Cash Finance (Pledge)		**-**	-
		-	-

Other facilities obtained by the Company:

NATURE OF FACILITY	2021 LIMIT	2021 MARK UP / COMMISSION	2020 LIMIT	2020 MARK UP / COMMISSION	Expiry	Security
	Rupees (Million)		Rupees (Million)			
Current Finance (Pledge)	650.00	3 Months KIBOR + 2.25% per annum	700.00	1 Months KIBOR + 2.25% per annum	February 28, 2022	Pledge of fresh crop local cotton bales at 10% margin on KCA rates.
Current Finance (Hypo)	(50.00)	3 Months KIBOR + 2.25% per annum	(50.00)	1 Months KIBOR + 2.25% per annum		1st charge on the Company's entire current assets.(with 30% margin)
Sub-limit of Current Finance: FAPC Own Sources	(100.00)	3 Months KIBOR + 2.25% per annum / Treasury rate*	(120.00)	1 Months KIBOR + 2.25% per annum / Treasury rate*		Pledge of fresh crop local cotton bales at 10% margin on KCA rates.
Sub-limit of Current Finance Pledge: FAFB Own Sources	(100.00)	3 Months KIBOR + 2.25% per annum / Treasury rate*	(170.00)	3 Months KIBOR + 2.25% per annum / Treasury rate*		Acceptance of issuing bank. Lien on original export LC. Acceptance of issuing bank
Sub-limit of Current Finance: FIM	(200.00)	3 Months KIBOR + 2.25% per annum	(200.00)	3 Months KIBOR + 2.25% per annum		Pledge of imported cotton bales at invoice value (imported under LCs established through Bank Alfalah Limited). All Other charges (import duties, taxes etc.) towards landed cost at godown would be borne by the customer in shape of margin
FBP-Discrepant Documents	100.00	Treasury rate*	170.00	Treasury rate*		1st charge on the Company's entire current assets. (with 30% margin) Indemnity for discrepant documents.
Sub-limit of FBP-Discrepant Docs: FAFB-FE-25 Own Sources-Discrepant	-	-	(120.00)	1 Months KIBOR + 2.25% per annum / Treasury rate*		1st charge on the Company's entire current assets. (with 30% margin) . Indemnity for discrepant documents.
L/C Sight -Sub limit of FBP	(100.00)	0.20% for 1st quarter and 0.10% for subsequent quarters*	-	-		Charge on import of cotton bale, spare parts, machinery items etc.
L/C Sight	(200.00)	0.20% for 1st quarter and 0.10% for subsequent quarters*	(200.00)	0.20% for 1st quarter and 0.10% for subsequent quarters*		Lien on documents. Nil margin on LC or as per SBP directives whichever is higher.

NATURE OF FACILITY	2021 LIMIT	2021 MARK UP / COMMISSION	2020 LIMIT	2020 MARK UP / COMMISSION	Expiry	Security
	Rupees (Million)		Rupees (Million)			
LC Usance 1 <Current finance/Hypo>	(20.000)	0.20 % for 1st & 0.10% for subsequent quarters.*	(20.000)	0.20 % for 1st & 0.10% for subsequent quarters.*	February 28, 2022	20% cash margin against ULC (OTT) for import of machinery. Lien on accepted bills.
Acceptance against Foreign LC 1 <Current finance/Hypo>	(20.000)	0.10% / Month beyond expiry of ULC	(20.000)	0.10% / Month beyond expiry of ULC		20% cash margin against ULC (OTT) for import of machinery. Lien on accepted bills.
Letter of credit (Sight)-OTT	(221.000)	0.2% for 1st Qtr,0.1% subs qtr. (All inclusive)	-	-	OTT	For import of brand new machinery and parts under planned CAPEX/BMR/Efficiency Improvement)
Term finance-under temporary economic relief fund-Sub limit of SLC-OTT	221.000	SBP rate +4% pa	-	-	7 years after disbursement	To retire LCs established through BAFL for import of brand new spinning machinery and parts under CAPEX/BMR

*Rates will be on case to case basis.

13.2 Related parties - unsecured

This represents un-secured interest free and without repayment terms loan obtained from:

	Note	2021 Rupees	2020 Rupees
Ghulam Ali Raja - Chief Executive Officer		**1,386,427**	4,386,427
Muhammad Bashir Raja - Director		**-**	-
H.Q Yarns Fabrics Private Limited		**-**	50,000,000
		1,386,427	54,386,427

	Note	2021 Rupees	2020 Rupees
14. PROVISION FOR TAXATION			
Opening balance		**33,386,644**	55,937,727
Provision for the			
Current year		**90,623,070**	33,386,644
Prior years		**1,167,927**	(2,794,711)
		91,790,997	30,591,933
		125,177,641	86,529,660
Paid / adjusted during the year		**(34,555,593)**	(53,143,016)
		90,622,048	33,386,644

15. CONTINGENCIES AND COMMITMENTS

15.1 The company is commited to pay $2,794,840 against import Letter of credits (2020: Nil).

15.2 Tax status of the company against various pending cases is as follows:

Tax Year	Demand created (Rupees)	Under section	Expected outcome
2011	503,734	124	In favour of company
2012	2,088	124	In favour of company
2013	4,224,595	124	In favour of company
2019	4,113,732	205	Provision for 3,451,766 has been provided
2019	50,860,622	122(5A)	undeterminable
2021	To be quantified	205	unfavourable

	Note	2021 Rupees	2020 Rupees
16. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	16.1	**718,490,241**	624,058,483
Capital work-in-progress		**2,931,687**	-
		721,421,928	624,058,483

	Note	**2021 Rupees**	2020 Rupees
16.2 Depreciation for the year has been allocated as under:			
Cost of goods sold	26	**45,619,232**	32,343,354
Administrative expenses	28	**756,851**	877,978
		46,376,083	33,221,332

16.3 Freehold land, building and plant and machinery are stated at revalued amounts. Forced sale value of land, building and plant and machinery was Rs. 55,733,500/-, 105,534,400/- and 352,496,600 respectively as on the date of revaluation. Had there been no revaluation, related figures of these assets as at June 30, 2021 would have been as follows:

	Cost	**Accumulated depreciation**	**Written down value**
	----------------------Rupees--------------------		
Freehold land	3,879,645	-	3,879,645
Freehold building	57,569,451	45,736,101	11,833,350
Plant and machinery	992,880,617	510,907,975	481,972,641
2021	**1,054,329,713**	**556,644,077**	**497,685,636**
2020	926,496,620	531,616,415	394,880,205

	Note	**2021 Rupees**	2020 Rupees
17. LONG TERM DEPOSITS			
Security deposits		**444,599**	444,599
		444,599	444,599

18. STORES, SPARES AND LOOSE TOOLS			
Stores		**8,650,299**	7,696,021
Spares and loose tools		**4,132,119**	5,669,202
		12,782,418	13,365,223

16.1 Operating fixed assets

Particulars	Free hold land	Freehold Building	Plant and machinery	Office equipment	Furniture & fixture	Telephone installations	Vehicles	Weigh station	Total
	----------	----------	----------	----------	Rupees	----------	----------	----------	----------
Year ended June 30, 2019									
Opening net book value	65,568,750	112,052,698	358,797,325	354,301	671,592	24,555	4,829,669	504,435	542,803,324
Additions	-	-	6,093,200	76,000	-	-	-	-	6,169,200
Depreciation charge	-	(5,602,635)	(28,216,371)	(35,430)	(67,159)	(2,456)	(965,934)	(50,444)	(34,940,429)
Revaluation surplus	-	-	-	-	-	-	-	-	-
Net book value	65,568,750	106,450,063	336,674,154	394,871	604,433	22,099	3,863,735	453,991	514,032,095
As at June 30, 2019									
Cost	65,568,750	129,932,910	494,453,913	1,574,380	2,505,529	429,519	22,681,830	1,172,188	718,319,019
Accumulated depreciation	-	(23,482,847)	(157,779,759)	(1,179,509)	(1,901,096)	(407,420)	(18,818,095)	(718,197)	(204,286,923)
Net book value	65,568,750	106,450,063	336,674,154	394,871	604,433	22,099	3,863,735	453,991	514,032,095
Year ended June 30, 2020									
Opening net book value	65,568,750	106,450,063	336,674,154	394,871	604,433	22,099	3,863,735	453,991	514,032,095
Additions	-	2,517,495	140,354,221	376,000	-	-	-	-	143,247,716
Depreciation charge	-	(5,322,503)	(26,975,452)	(42,574)	(60,443)	(2,210)	(772,747)	(45,399)	(33,221,328)
Revaluation surplus									-
Net book value	65,568,750	103,645,055	450,052,923	728,297	543,990	19,889	3,090,988	408,592	624,058,483
As at June 30, 2020									
Cost	65,568,750	132,450,405	634,808,134	1,950,380	2,505,529	429,519	22,681,830	1,172,188	861,566,735
Accumulated depreciation	-	(28,805,350)	(184,755,211)	(1,222,083)	(1,961,539)	(409,630)	(19,590,842)	(763,596)	(237,508,251)
Net book value	65,568,750	103,645,055	450,052,923	728,297	543,990	19,889	3,090,988	408,592	624,058,483
Year ended June 30, 2021									
Opening net book value	65,568,750	103,645,055	450,052,923	728,297	543,990	19,889	3,090,988	408,592	624,058,483
Additions	-	-	143,582,993	71,920	27,000	-	-	-	143,681,913
Cost of deletions	-	-	15,749,900	-	-	-	-	-	15,749,900
Depreciation charge	-	(5,182,253)	(40,396,121)	(79,998)	(56,666)	(1,989)	(618,198)	(40,859)	(46,376,083)
Accumulated dep for deletions	-	-	(12,875,828)	-	-	-	-	-	(12,875,828)
Net book value	65,568,750	98,462,802	550,365,723	720,219	514,324	17,900	2,472,790	367,733	718,490,241
As at June 30, 2021									
Cost	65,568,750	132,450,405	762,641,227	2,022,338	2,532,495	429,519	22,681,830	1,172,188	989,498,752
Accumulated depreciation	-	(33,987,603)	(212,275,504)	(1,302,119)	(2,018,171)	(411,619)	(20,209,040)	(804,456)	(271,008,511)
Net book value	65,568,750	98,462,802	550,365,723	720,219	514,324	17,900	2,472,790	367,732	718,490,241
Rate of depreciation - %	0	5	5-15	10	10	10	20	10	

	Note	2021 Rupees	2020 Rupees
19. STOCK IN TRADE			
Raw material		**371,922,200**	330,709,089
Work-in-process		**15,868,128**	14,550,538
Finished goods		**4,489,713**	7,015,197
Waste		**880,642**	475,018
		393,160,683	352,749,842
20. TRADE DEBTS - CONSIDERED GOOD			
Unsecured - considered good		**53,257,750**	35,781,614
		53,257,750	35,781,614
21. SHORT TERM ADVANCES AND DEPOSITS			
Advances considered good - unsecured			
- To suppliers		**29,870,456**	21,634,614
- To employees		**2,244,837**	1,950,307
Income tax		**48,848,090**	32,574,978
Letter of credit		**35,939,574**	-
		116,902,957	56,159,899
22. TAX REFUNDS DUE FROM THE GOVERNMENT			
Sales tax refundable		**15,958,246**	21,601,289
		15,958,246	21,601,289
Income tax refundable		**-**	-
		15,958,246	21,601,289
23. SHORT TERM INVESTMENT (At fair value through profit or loss)			
Opening balance		**101,554**	151,154,515
Investment during the year		**10,000,000**	100,000,000
Dividend re-invested		**5,798**	4,062,518
Fair value gain/(loss)		**110**	2,185,151
Redeemed		**-**	(257,300,630)
		10,107,462	101,554

This represent investment in 102,886.9728 units (2020: 1,034.8048 units) of Alfalah GHP money market fund.

	Note	2021 Rupees	2020 Rupees
24. CASH AND BANK BALANCES			
Cash in hand		**9,664,637**	877,288
Cash at banks:			
Local currency			
on current accounts		**148,716,449**	59,448,510
on deposit accounts	22.1	**3,891,394**	14,114,106
Foreign currency			
on deposit account - USD 16,653.81 (2020 : USD 16,633.02)	22.1	**2,615,747**	2,794,352
		155,223,590	76,356,969
		164,888,227	77,234,257

24.1 Rate of profit on bank deposit is per annum (2021 :0.39% to 5.50% per annum).

	Note	2021 Rupees	2020 Rupees
25. SALES			
Local			
Yarn		**3,578,370,887**	2,507,853,698
Waste		**19,001,537**	14,819,048
		3,597,372,424	2,522,672,746
Less: Sales tax		**(523,370,171)**	(366,542,325)
		3,074,002,253	2,156,130,421

26. COST OF SALES

	Note	2021 Rupees	2020 Rupees
Raw material consumed	26.1	**1,993,198,018**	1,490,970,162
Salaries, wages and benefits	26.2	**165,020,367**	130,364,303
Packing material		**30,196,149**	18,025,800
Fuel and power		**353,858,668**	270,621,247
Stores, spares and loose tools consumed		**6,949,020**	3,118,116
Repairs and maintenance		**39,982,543**	23,765,250
Insurance		**2,504,530**	2,186,214
Cotton cess		**1,747,850**	1,414,550
Depreciation	16.2	**45,619,232**	32,343,354
Miscellaneous		**642,586**	534,694
		2,639,718,963	1,973,343,690
Work-in-process			
Opening stock		**14,550,538**	11,730,168
Closing stock		**(15,868,128)**	(14,550,538)
		(1,317,590)	(2,820,370)
Cost of goods manufactured		**2,638,401,373**	1,970,523,320
Finished goods			
Opening stock		**7,015,197**	2,395,635
Closing stock		**(4,489,713)**	(7,015,197)
		2,525,484	(4,619,562)
		2,640,926,857	1,965,903,758

26.1 Raw material consumed

	2021 Rupees	2020 Rupees
Opening stock	**331,184,107**	77,914,262
Purchases	**2,034,816,752**	1,744,240,007
	2,366,000,859	1,822,154,269
Closing balance	**(372,802,841)**	(331,184,107)
	1,993,198,018	1,490,970,162

26.2 This includes employees' retirement benefits amounting to Rupees 4,615,799 (2020 : Rupees 6,863,949)

27. SELLING AND DISTRIBUTION EXPENSES

	2021 Rupees	2020 Rupees
Commission paid on local sales	**1,849,620**	591,265
	1,849,620	591,265

	Note	2021 Rupees	2020 Rupees
28. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	28.1	**9,476,071**	7,024,311
Directors' remuneration		**9,555,368**	9,640,685
Insurance		**304,449**	194,463
Vehicle running and maintenance		**2,599,210**	1,467,518
Traveling and conveyance		**646,372**	189,990
Entertainment		**1,076,859**	53,863
Postage and telecommunication		**796,840**	663,799
Printing and stationery		**5,469**	27,600
Legal and professional charges		**1,279,200**	529,880
Fee and subscription		**1,230,350**	401,426
ISO system		**161,250**	85,174
Guest house		**1,277,731**	965,428
Depreciation	16.2	**756,851**	877,978
News paper, books and periodicals		**45,230**	35,290
Repair and Maintenance (Admin building)		**-**	13,000
Miscellaneous Admin		**718,460**	241,910
Punjab sales tax on services		**1,151,372**	-
Default surcharge		**3,451,766**	-
Exchange loss		**178,605**	-
		34,711,453	22,412,315

28.1 This includes employees' retirement benefits amounting to Rupees 512,867 (2020 :Rupees 749,762).

	Note	2021 Rupees	2020 Rupees
29. OTHER OPERATING EXPENSES			
Auditors' remuneration	29.1	**1,160,000**	800,000
Donations	29.2	**-**	-
Workers' Profit Participation Fund (WPPF)		**17,574,394**	8,146,764
Workers' Welfare Fund (WWF)		**6,891,919**	2,803,081
Sales tax written off		**6,022,182**	-
		31,648,496	11,749,845
29.1 Auditors' remuneration			
Audit fee		**1,160,000**	800,000
Tax services		**-**	-
		1,160,000	800,000

29.2 None of the directors and their spouses have any interest in the donee's fund.

	2021 Rupees	2020 Rupees
30. OTHER OPERATING INCOME		
Financial assets		
Profit on deposit accounts	**2,525,073**	4,325,994
Exchange gain	**-**	66,592
Dividend	**6,822**	4,779,433
Fair value gain / loss	**110**	2,185,151
WWF written off	**774,672**	-
Gain on disposal of fixed assets	**1,929,428**	-
	5,236,104	11,357,170

	Note	**2021 Rupees**	2020 Rupees

31. FINANCE COST

	Note	**2021 Rupees**	2020 Rupees
Markup on short term finance		**25,285,592**	27,997,038
Markup on long term loan		**49,128**	-
Bank charges and commission		**171,243**	138,819
		25,505,964	28,135,857

32. TAXATION

	Note	**2021 Rupees**	2020 Rupees
Current year	14	**91,790,997**	30,591,932
Deferred		**7,451,893**	27,520,857
		99,242,890	58,112,789

32.1 Provision for taxation has been made in accordance with sections 113, 154 and 169 of the Income Tax Ordinance, 2001. The assessments of the Company have been finalized up to tax year 2020 other than those mentioned at note 15.

32.2 The applicable tax rate is 29% (2020 : 29 %) on the taxable income of the Company.

32.3 No numeric tax rate reconciliation is presented in these financial statements as the Company is liable to pay minimum tax under section 113 and final tax under section 154 of the Income Tax Ordinance 2001.

	Note	2021 Rupees	2020 Rupees

33. CASH FLOWS FROM OPERATING ACTIVITIES

	Note	2021 Rupees	2020 Rupees
Profit before taxation		**344,595,967**	138,694,550
Adjustments for:			
Depreciation		**46,376,083**	33,221,332
Worker's Welfare Fund		**6,117,247**	2,803,081
Gain on disposal of fixed assets		**(1,929,428)**	-
Sales tax written off		**6,022,182**	-
Provision for gratuity		**5,128,666**	7,613,711
WPPF		**17,574,394**	8,146,764
Fair value (gain)/loss		**(110)**	(2,185,151)
Finance cost		**25,505,964**	28,135,857
		104,794,999	77,735,595
Working capital changes:			
(Increase) / decrease in current assets			
Stores, spares and loose tools		**582,805**	2,865,250
Stock in trade		**(40,410,840)**	(260,709,778)
Trade debts		**(17,476,136)**	18,975,819
Advances		**(44,469,946)**	(6,611,643)
Increase / (decrease) in current liabilities			
Trade and other payables		**2,152,028**	89,382,960
		(99,622,089)	(156,097,392)
Cash used in operations		**349,768,877**	60,332,753
Finance cost paid		**(24,795,296)**	(26,397,683)
Taxes paid		**(53,236,251)**	(81,242,805)
WPPF paid		**(17,805,037)**	(6,954,565)
Gratuity paid		**(6,292,000)**	(7,704,304)
		247,640,293	(61,966,604)

33.1 Reconciliation of movement of liabilities to cash flows arising from financing activities:

	2021				
	Liabilities from financing activities				Total
	Short term borrowings			Long term loan	
	Loan from directors	Associated company	Bank	Bank	
Balance as at July 01, 2020	4,386,427	50,000,000	-	-	54,386,427
Increase in long term borrowings	-	-	-	44,829,576	44,829,576
Increase in short term borrowings	-	-	536,000,000	-	536,000,000
Short term borrowings repaid	(3,000,000)	(50,000,000)	(536,000,000)	-	(589,000,000)
Balance as at June 30, 2021	**1,386,427**	**-**	**-**	**44,829,576**	**46,216,003**

	2020				
	Liabilities from financing activities				Total
	Short term borrowings			Long term loan	
	Loan from directors	Associated company	Bank	Bank	
Balance as at July 01, 2019	4,386,427	-	-	-	4,386,427
Increase in long term borrowings	-	-	-	-	-
Increase in short term borrowings	1,000,000	50,000,000	458,000,000	-	509,000,000
Short term borrowings repaid	(1,000,000)	-	(458,000,000)	-	(459,000,000)
Balance as at June 30, 2020	**4,386,427**	**50,000,000**	**-**		**54,386,427**

34. REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

The aggregate amounts charged in these financial statements in respect of remuneration including benefits applicable to the managing director, directors and executives of the Company are given below:

	2021			2020		
	Chief Executive	**Executive**	**Director**	Chief Executive	Executive	Director
	-----------------------Rupees-----------------------					
Remuneration	**-**	**1,260,000**	**6,120,000**	**-**	1,260,000	8,040,000
Utilities and other benefits			**3,435,368**			1,600,685
	-	**1,260,000**	**9,555,368**	**-**	1,260,000	9,640,685
Number	**1**	**1**	**3**	1	1	3

35. FINANCIAL RISK MANAGEMENT

35.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including 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 financial performance.

Risk management is carried out by the Board of Directors. 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 and liquidity risk.

(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 because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or 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 the United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to bank balances. The Company uses forward exchange contracts to hedge its foreign currency risk, when considered appropriate. The Company's exposure to currency risk was as follows:

	2021	2020
Cash at banks - USD	**16,653.82**	16,633.05

The following significant exchange rates were applied during the year:

	2021	2020
Rupees per US Dollar		
Average rate	**158.62**	162.80
Reporting date	**157.25**	168.00

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on profit after taxation for the year would have been Rupees (47,685) (2020 : Rupees 206,310) higher / lower respectively, 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 as the year end exposure does not reflect the exposure during the year.

(ii) **Other price risk**

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is exposed to commodity price risk as the Company has made investment in Alfalah GHP Money Market Fund B Growth Units.

Sensitivity analysis

If the value of investment, at reporting date, had weakened / strengthened by 10% against with all other variables held constant, the impact on profit after taxation for the year would have been Rupees.11,118,208 (2020 : Rupees 111,709) higher / lower respectively, mainly as a result of price risk sensitivity to price movements. In management's opinion, the sensitivity analysis is unrepresentative of inherent price risk as the year end exposure does not reflect the exposure during the year.

(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 has no significant long-term interest-bearing assets. The Company's interest rate risk arises from short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was:

	2021	2020
	Rupees	Rupees
Floating rate instruments		
Financial liabilities		
Short term borrowings-Banks secured	**-**	-

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. 179,578 (2020: Rupees 307,172) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities / deposits outstanding at average 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:

	2021 Rupees	2020 Rupees
Long term deposits	**444,599**	444,599
Advances	**2,244,837**	1,950,307
Trade debts	**53,257,750**	35,781,614
Short term investment	**10,107,462**	101,554
Bank balances	**155,223,590**	76,356,969
	221,278,239	114,635,043

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:

	Rating			2021	2020
	Short term	**Long term**	**Agency**	**Rupees**	Rupees
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	**209,864**	428,164
Allied Bank Limited	A1+	AAA	PACRA	**6,170**	6,170
Bank Alfalah Limited	A1+	AA+	PACRA	**28,960,099**	19,143,008
Habib Bank Limited	A-1+	AAA	JCR-VIS	**85,103,884**	7,592,116
MCB Bank Limited	A1+	AAA	PACRA	**2,773,507**	2,659,478
United Bank Limited	A-1+	AAA	JCR-VIS	**3,873**	8,186
Faysal Bank Limited	A1+	AA	PACRA	**4,749**	4,749
Meezan Bank Limited	A-1+	AA+	JCR-VIS	**17,438,245**	11,670,254
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	**20,723,200**	34,844,845
				155,223,590	76,356,969
Short term investment					
Bank Alfalah GHP Money	-	A+(f)	PACRA	**10,107,462**	101,554

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 counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 20 and hereunder:

The-aging of trade debts at the reporting date was:

	2021		2020	
	Gross	**Impairment**	Gross	Impairment
	Rupees			
Not yet due	**-**	-	-	-
Past due 1 - 30 days	**40,561,815**	-	25,856,917	-
Past due 31 - 90 days	**2,068,968**	-	415,885	-
Past due 91 - 180 days	**2,448,089**	-	1,928,905	-
Past due 181 - 360 days	**504,700**	-	1,468,877	-
Over 360	**6,674,178**	-	6,111,030	-
	52,257,750	-	35,781,614	-

(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 June 30, 2021, the Company has available borrowing facilities from financial institutions as mentioned in Note 13 and Rupees:164,888,227 (2020: Rupees 77,234,257) cash and bank balances. So, management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at June 30, 2021:

	Carrying amount	**Contractual cash flows**	**12 month or less**	**More than 1 year**
	Rupees			
Trade and other payables	224,891,076	224,891,076	224,891,076	-
Long term loan	39,690,459	39,690,459	-	39,690,459
Gratuity	2,789,548	2,789,548	-	-
Unclaimed dividend	1,526,097	1,526,097	1,526,097	-
Accrued mark-up	2,538,104	2,538,104	2,538,104	-
Short term borrowings related parties - unsecured	1,386,427	1,386,427	1,386,427	-
	272,821,711	**272,821,711**	**230,341,704**	**39,690,459**

Contractual maturities of financial liabilities as at June 30, 2020:

	Carrying amount	Contractual cash flows	12 month or less	More than 1 year
	Rupees			
Trade and other payables	218,880,852	218,880,852	218,880,852	-
Gratuity	3,474,152	3,474,152	-	-
Unclaimed dividend	1,526,097	1,526,097	1,526,097	-
Accrued mark-up	1,827,436	1,827,436	1,827,436	-
Short term borrowings	54,386,427	54,386,427	54,386,427	-
	280,094,964	280,094,964	276,620,812	-

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 June 30, 2021. The rates of interest / mark up have been disclosed in Note 11 to these financial statements.

35.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

	2021 Rupees	2020 Rupees
35.3 Financial instruments by categories		
Financial assets as per balance sheet- at amortized cost		
Long term deposits	**444,599**	444,599
Advances	**2,244,837**	1,950,307
Trade debts	**53,257,750**	35,781,614
Cash and bank balances	**164,888,227**	77,234,257
	220,835,414	115,410,777
Financial assets as per balance sheet- at fair value through profit or loss		
Short term investment	**10,107,462**	101,554

	2021 Rupees	2020 Rupees
Liabilities as per balance sheet at amortized cost		
Gratuity	**2,789,548**	3,474,152
Trade and other payables	**224,891,076**	218,880,852
Unclaimed Dividends	**1,526,097**	1,526,097
Accrued mark-up	**2,538,104**	1,827,436
Long term borrowing	**39,690,459**	-
Short term borrowings:	**-**	-
Banks- secured	**-**	-
Related parties - unsecured	**1,386,427**	54,386,427
	272,821,711	280,094,964

35.4 Capital risk management

The Company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or 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 represent short term borrowings obtained by the Company. Total capital employed includes 'total equity' as shown in the balance sheet plus 'borrowings'. the Company's strategy is to maintain debt burden at minimum possible level. The capital structure of the Company is equity based with no financing through long term borrowings. The Company avails short term borrowing for working capital purposes only.

	2021 Rupees	2020 Rupees
Borrowings	**41,076,886**	54,386,427
Total equity	**1,001,322,486**	754,789,561
Total capital employed	**1,042,399,372**	809,175,988
Gearing ratio (percentage)	**3.94**	6.72

36 RECOGNIZED FAIR VALUE MEASUREMENT

(i) Fair value

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

(ii) Fair value hierarchy

Judgements and estimates are made for 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.

As at 30 June 2021	Level 1	Level 2	Level 3	Total
		……….Rupees………..		
Property, plant and equipment:				
Freehold land	-	65,568,750	-	65,568,750
Freehold Buildings	-	98,462,802	-	98,462,802
Plant and machinery	-	550,365,723	-	550,365,723
Short term investment	10,107,462	-	-	10,107,462
Total	**10,107,462**	**714,397,276**	**-**	**724,504,737**

As at 30 June 2020	Level 1	Level 2	Level 3	Total
	……….Rupees………..			
Property, plant and equipment:				
Freehold land	-	65,568,750	-	65,568,750
Buildings	-	103,645,055	-	103,645,055
Plant and machinery	-	450,052,923	-	450,052,923
Short term investment	101,554	-	-	101,554
Total	**101,554**	**619,266,728**	**-**	**619,368,282**

The Companys policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of assets traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of assets that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise 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: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There was no transfer between any level during the year.

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

The Company obtains independent valuations for the items of property, plant and equipment carried at revalued amounts every five years with exception of current year. The management updates the assessment of the fair value of each item of property, plant and equipment carried at revalued amount, taking into account the most recent independent valuations. The management determines the value of items of property, plant and equipment carried at revalued amounts 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. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same building. The best evidence of fair value of plant and machinery is current price in an active market for similar items and depreciated market value.

(iv) Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's items of property, plant and equipment carried at revalued amounts at the end of every five years with exception of current year. As at 30 June 2016, the fair values of the items of property, plant and equipment were determined by Messers Harvester Services (Private) Limited, the approved valuer.

Changes in fair values are analysed between the chief financial officer and the valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements.

	2021	2020
37. PLANT CAPACITY AND PRODUCTION		
Number of Spindles installed	**38,668**	38,668
Installed capacity in 20's count	**14,500,500**	14,500,500
Actual production after conversion into 20's count in kgs for 1063 shifts (2020 : 1,020 shifts) in kgs (approximately)	**13,624,851**	11,662,097

38. RELATED PARTY TRANSACTIONS

The related parties comprise of directors and major shareholders and entities under common directorship and employees' funds. Transactions with related parties made during the year are given below. Remuneration of chief executive, directors and executives are disclosed in Note 31 to the financial statements respectively.

Name of the related party	Relationship	Transactions during the year	2021 (Rupees)	2020 (Rupees)
H.Q Yarns Fabrics	Associated company by virtue of common	Opening balance	**50,000,000**	
		Purchase of cotton	**200,786,942**	309,061,340
		Loan received/ paid	**(50,000,000)**	50,000,000
		Payment made during the year	**(200,788,267)**	(309,061,340)
		Net Payable at the year end.	**(1,325)**	50,000,000
Muhammad Bashir raja	Director	Loan received	-	1,000,000
		Repayment of loan	-	(1,000,000)
			-	-
Ghulam Ali Raja raja	Director	Loan received	**4,386,427**	-
		Repayment of loan	**(3,000,000)**	-
			1,386,427	-

	2021 Rupees	2020 Rupees
39. NUMBER OF EMPLOYEES		
Average during the year	**516**	506
As at 30 June 2021	**507**	461

40. GENERAL

In these financial statements figures have been rounded off to the nearest rupee and those of the previous year have been re-arranged and re-grouped wherever necessary to facilitate comparison.

41. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on by the Board of Directors of the Company.

CHIEF EXECUTIVE	DIRECTOR

AL-QADIR TEXTILE MILLS LIMITED

PATTERN OF SHAREHOLDINGS
AS AT JUNE 30, 2021

NO OF SHAREHOLDERS	SHAREHOLDINGS			NO. OF SHARES HELD
142	1	TO	100	13139
555	101	TO	500	243072
8	501	TO	1000	7500
17	1001	TO	5000	46500
3	20001	TO	50000	83800
1	50001	TO	60000	58300
1	60001	TO	70000	66750
8	100001	TO	200000	1083339
1	200001	TO	300000	204050
1	400001	TO	500000	437400
2	500001	TO	600000	1080400
1	700001	TO	800000	787050
1	3000001	TO	4000000	3448700
741				**7,560,000**

CATEGORIES OF SHAREHOLDINGS
AS AT JUNE 30, 2021

S. NO.	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	SHARES HELD	PERCENTAGE %
1	Individuals	734	7,551,699	99.89
2	Investment Companies	2	3,800	0.05
3	Financial Institutions	2	3,800	0.05
4	Joint Stock Companies	3	701	0.01
	TOTAL	**741**	**7,560,000**	**100%**

AL-QADIR TEXTILE MILLS LIMITED

INFORMATION AS REQUIRED UNDER THE CODE OF CORPORATE GOVERNANCE

AS AT JUNE 30, 2021

CATEGORY OF SHAREHOLDERS	*NUMBER OF SHAREHOLDERS*	*NUMBER OF SHARES HELD*	*% Percentage*
Associated Companies, Undertaking	0	0	0
and Related Parties			
Investment Companies	2	3,800	0.0608
Directors			
Mr. Ghulam Ali Raja	1	3,474,700	45.9616
Mr. Adil Bashir Raja	1	159,799	2.1137
Mr. Asif Ali Raja	1	234,440	3.1011
Mr. Aamiar Ali Raja	1	168,000	2.2222
Mst. Tasneem Akhtar	1	204,050	2.6991
Mst. Yasmeen Begum	1	116,600	1.5423
Sponsors, Directors Spouse and	3	912,100	12.0648
Minor Childern			
Executives	0	0	0
Public Sectors Companies & Corporation	3	701	0.0093
Banks , DFIs , NBFIs, Insurance Companies,	2	3,800	0.0608
Modarabas & Mutual Funds			
Shareholders Holdings Ten Percent or More			
Mr. Ghulam Ali Raja		3,474,700	45.9616
Mr. Muhammad Bashir Raja (Sponsor)		787,050	10.4107

PROXY FORM

Folio No. /CDC A/C No.	
Share held	

I/We ……….

of ……

a member(s) of AL-QADIR TEXTILE MILLS LIMITED and holder of …………………………………..

ordinary shares, as per Registered Folio No. ………………………… do hereby appoint…………………

of ……………………………………………………………………………………….……a member of

AL-QADIR TEXTILE MILLS LIMITED, vide Registered Folio No. ……………………...…As my / our proxy to act on my / our behalf at the 35th Annual General Meeting of the Company to be held on the 30th October 2021 at 10:00 A.M at Mills 6-K.M. Jhelum Road, Chakwal and or at my adjournment thereof.

Signed this …………………………………………….. day of October, 2021

Signature …………………………………………………

AFFIX
REVENUE
STAMP

1. Witness:
   Signature________________
   Name __________________
   Address_________________
   ____

2. Witness:
   Signature________________
   Name __________________
   Address_________________
   ____

Signature----------------------
(Signature appended above should agree with the specimen signatures registered with the Company.)

NOTICE

1. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote instead of him/her at the meeting.
2. The instrument appointing a proxy should be signed by the member(s) or by his/her attorney duly authorized in writing. If the member is a corporation, it common seal should be affixed on the instrument.
3. CDC shareholder are requested to bring with them their Computerized National Identity Cards along with the participants' ID number and their account numbers at the time of attending the Annual General meeting in order to facilitate identification of the respective shareholders.
4. The instrument appointing a proxy, together with Power of Attorney, if any, under which it is signed or notarially certified copy thereof, should be deposited at the Company's office not later than 48 hours before the time of holding the meeting.