FCML

2022 ANNUAL REPORT

Contents

Corporate

03 Company Profile
05 Corporate Vision and Mission Statement
06 Notice of Meeting
12 Chairman Review
13 چیئرمین کا جائزہ
14 Directors' Report
20 ڈائریکٹر رپورٹ
27 Financial Highlights
34 Statement of Compliance with the Code of Corporate Governance
36 Review Report to the Members on Statement of Compliance with best Practices of the Code of Corporate Governance

Financial Statements of Fazal Cloth Mills Limited

38 Auditors' Report to the Member
42 Statement of Financial Position
44 Statement of Profit or Loss
45 Statement of Comprehensive Income
46 Statement of Changes in Equity
48 Statement of Cash Flows
49 Notes to the Financial Statements
141 Pattern of Shareholding of Shareholder
142 Pattern of Shareholding As Per Requirements of Code of Corporate Governance
143 Investors Education
145 Consent Form for Transmission of Financial Statements Through E-mail
147 Form of Proxy
149 پراکسی فارم

Company Profile

Board of Directors	Sh. Naseem Ahmad	Chairman / Non-Executive Director
	Mr. Rehman Naseem	Chief Executive Officer
	Mr. Amir Naseem Sheikh	Non - Executive Director
	Mr. Muhammad Mukhtar Sheikh	Executive Director
	Mr. Faisal Ahmed	Non - Executive Director
	Mr. Fahd Mukhtar	Executive Director
	Mr. Babar Ali	Independent Director
	Mr. Masood Karim Shaikh	Independent Director
	Ms. Parveen Akhter Malik	Independent Director
Audit Committee		
	Ms. Parveen Akhter Malik	Independent Director/Chairman
	Mr. Sheikh Naseem Ahmad	Non – Executive Director
	Mr. Amir Naseem Sheikh	Non – Executive Director
	Mr. Babar Ali	Independent Director
Human Resource and Remuneration Committee	Mr. Babar Ali	Independent Director/Chairman
	Mr. Amir Naseem Sheikh	Non – Executive Director
	Mr.Faisal Ahmad	Non - Executive Director
Strategic Planning Committee		
	Mr. Rehman Naseem	Chief Executive Officer - Chairman
	Mr. Masood Karim Sheikh	Independent Director - Member
	Mrs. Parveen Akhtar Malik	Independent Director - Member
Company Secretary	Mr. Azher Iqbal	
Chief Financial Officer	Mr. Muhammad Azam	
Auditors	KPMG Taseer Hadi & Co., Chartered Accountants	

Bankers

Bank Al Habib Limited	Summit Bank Limited
Askari Bank Limited	Faysal Bank Limited
National Bank of Pakistan	Saudi Pak Industrial & Agricultural Investment Company Limited
MCB Bank Limited	Allied Bank Limited
Meezan Bank Limited	Pak Oman Investment Company Limited
The Bank of Khyber	Bank Islami Pakistan Limited
The Bank of Punjab	Pak Brunei Investment Company Limited
JS Bank Limited	Soneri Bank Limited
Habib Metropolitan Bank Limited	Pak Libya Holding Company (Pvt.) Limited
Dubai Islamic Bank Pakistan Limited	Industrial And Commercial Bank of China Ltd.
Bank Alfalah Limited	Pakistan Kuwait Investment Company (Private) Limited
Standard Chartered Bank (Pakistan) Limited	United Bank Limited
Habib Bank Limited	PAIR Investment Company Limited

Head Office & Shares Department:
59/3, Abdali Road, Multan.
Phone: (92),4781637 Fax: (92) 61-4541832
E-mail: corporate@fazalcloth.comShares@fazalcloth.com
Website: www.fazalcloth.com

Shares Registrar:
Vision Consulting Ltd.
3-C, LDA Flats, Lawrence Road, Lahore.shares@vcl.com.pk
Phone: (92) 42-36283096, 36283097 Fax: (92) 42-36374839

Registered Office:
69/7, Abid Majeed Road, Survey No. 248/7, Lahore Cantt, Lahore.
Phone: (92) 42-36684909

Mills:
I) Fazal Nagar, Jhang Road, Muzaffargarh – Pakistan
Ph. (92) 66-2422216,18Fax: (92) 66-2422217
ii) Qadirpur Rawan Bypass, Khanewal Road, Multan – Pakistan
Ph. (92)61-6740041-43, Fax : (92) 61-6740052

Corporate Vision / Mission Statement

Vision

The Company aims to establish a vertically integrated textile business producing finished products, processed and gre ige fabrics and yarn. The Company aims to produce high quality diversified products at competitive price to be marketed globally.

Mission

The Company should provide a secure and rewarding investment to its shareholders and investors, quality products to its customers, a secure place of work to its employees and be an ethical partner with its business associates.

NOTICE OF 57th ANNUAL GENERAL MEETING

Notice is hereby given that the **57th Annual General Meeting** of the Company will be held on **Friday** the **November 25, 2022**at **11:00 a.m.** at FG Head Office, E/110, Khayaban-e-Jinnah, Defence Chowk, Lahore to transact the following business:

A. ORDINARY BUSINESS

1. To confirm the minutes of the Extra Ordinary General Meeting of the Company held on June 23, 2022.
2. To receive, consider and adopt the Financial Statements of the Company for the year ended June 30, 2022 together with the Auditors' and Director's Report thereon.
3. To consider and approve final cash dividend of 100% (i.e. Rs. 10per share) as recommended by the Board of Directors for the year ended June 30, 2022.
4. To appoint External Auditors of the Company for the year ending June 30, 2023 and fix their remuneration. The retiring auditors M/s. KPMG Taseer Hadi & Co., Chartered Accountants, Lahore being eligible have consented and offered themselves for re-appointment.
5. To transact any other business with the permission of the Chairman.

B. SPECIAL BUSINESS

1. **To ratify and approve the transactions carried out by the Company with related parties as disclosed in Financial Statements for the year ended June 30, 2022 and to pass the following Resolution with or without modification(s):**

   "**Resolved that** the related party transactions carried out by the Company during the year as disclosed in Note 46 of the financial statement for the year ended June 30, 2022 be and are hereby ratified, confirmed and approved."

2. **To authorize the Board of Directors of the Company to approve those transactions with Related Parties (if executed) during the financial year ending June 30, 2023 which require approval of shareholders by passing the following Resolution(s) with or without modification(s);**

   "**RESOLVED THAT** the Board of Directors of the Company be and are hereby authorized to approve the transactions to be conducted with Related Parties on case to case basis for the financial year ending June 30, 2023."

   "**RESOLVED FURTHER THAT** these transaction approved by the board shall be deemed to have been approved by the shareholders (if triggered) and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification / approval, if required".

   "RESOLVED FURTHER THAT the Chief Executive, Chief Financial Officer and Company Secretary be and are hereby singly empowered and authorized to do all acts, matters, deeds and things, take any or all necessary actions including signing and execution of agreement(s) with the Related Parties and to complete all legal formalities including filing of documents as may be necessary or incidental or expedient for the purpose of implementing the aforesaid resolutions."

A statement under section 134(3) of the Companies Act, 2017 to the aforesaid Special Businesses to be transacted at the said Annual General Meeting is annexed to the notice being sent to the members.

BY ORDER OF THE BOARD

MULTAN.
Dated: November 03, 2022

AZHER IQBAL
Company Secretary

NOTES:

1. **CLOSURE OF SHARE TRANSFER BOOKS**

The Share Transfer Books of the Company will remain closed from November 18, 2022 to November 25, 2022 (both days inclusive). Physical transfers / CDS Transaction IDs received at the Company's Share Registrar, M/s. Vision Consulting Ltd, 3-C, LDA Flats, Lawrence Road, Lahore, at the close of business on November 17, 2022 will be considered in time for the purpose of above entitlement and to determine voting rights of the shareholders for attending the meeting.

2. **PARTICIPATION IN ANNUAL GENERAL MEETING:**

I A member entitled to attend and vote at the Annual General Meeting is entitled to cast his/ her vote by proxy. Proxies must be deposited at the Head Office of the Company i.e. 59/3 Abdali Road, Multan, not later than forty-eight (48) hours before the time for holding the meeting.

ii. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular No. 1 of 2000 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan:

A. For Attending the Meeting:

I In case of individuals, the account holder or sub-account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/ her identity by showing his/ her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

ii. In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For Appointing Proxies:

I In case of individuals, the account holder or sub-account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirements.

ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv. The proxy shall produce his/ her original CNIC or original passport at the time of the AGM.

3. **PARTICIPATION IN THE AGM VIA THE VIDEO CONFERENCING FACILITY:**

Shareholders interested in attending the meeting through video conferencing are requested to email the following information with the subject “Registration for Fazal Cloth Mills Limited AGM” along with a valid copy of both sides of their Computerized National Identity Card (CNIC) at corporate@fazalcloth.com. Video link and login credentials can be shared with only those members whose emails, containing all the required particulars, are received at least 48 hours before the time of AGM.

Registration to attend Annual General Meeting through Video Conferencing Facility:

I/We, _______________ of ________________, being a member of Fazal Cloth Mills Limited, holder of __________ ordinary share(s) as per Registered Folio/CDC Account No. ________________ hereby opt for video link facility at _______________________.

____
Signature of Member

4. **MANDATORY INFORMATION - (EMAIL, CNIC, IBAN AND ZAKAT DECLARATION)**

A. In compliance with Section 119 of the Companies Act, 2017 and Regulation 19 Companies (General Provisions and Forms) Regulations, 2018, members are requested to immediately provide their mandatory information such as CNIC number, updated mailing address, email, contact mobile/telephone number and International Banking Account Number (IBAN) together with a copy of their CNIC to update our records and to avoid any non-compliance of the law. Otherwise, all dividends will be withheld in terms of Regulation 6 of the Companies (Distribution of Dividends) Regulations, 2017.

- For physical shares to M/s. Vision Consulting Ltd, Lahore(Share Registrar)
- For shares in CDS to CDC Investors A/c Services or respective participant

B. Members are requested to submit a declaration (CZ-50) as per Zakat & Ushr Ordinance 1980 for zakat exemption and advise a change in address if any.

5. **UNCLAIMED DIVIDENDS AND BONUS SHARES**

Shareholders, who for any reason, could not claim their dividend and/or bonus shares are advised to contact our Shares Registrar M/s. Vision Consulting Ltd, Lahore to collect/enquire about their unclaimed dividends and/or bonus shares if any.

6. **E-DIVIDEND MANDATE**

As per Section 242 of the Companies Act, 2017, in the case of a public-listed company, any dividend payable in cash shall only be remitted through electronic mode directly into the bank account designated by the entitled shareholders. Therefore, through this notice, all shareholders are requested to update their bank account number (IBAN) and details in the Central Depository System through respective participants. In case of physical shares, they are requested to provide bank account details to our Share Registrar, M/s. Vision Consulting Ltd, Lahore. Please ensure an early update of your particulars to avoid any inconvenience.

7. **CONVERSION OF PHYSICAL SHARES INTO BOOK ENTRY FORM**

As per Section 72 of the Companies Act, 2017 all existing companies are required to convert their physical shares into book-entry form within a period not exceeding four years from the date of commencement of the Companies Act, 2017.

We hereby request all such members of Fazal Cloth Mills Limited who are holding shares in physical form to convert their shares into book-entry form at the earliest. They are also suggested to contact the Central Depository Company of Pakistan Limited or any active member/stockbroker of the Pakistan Stock Exchange to open an account in the Central Depository System to facilitate the conversion of physical shares into book-entry form.

We once again strongly advise members of the Company, in their best interest, to convert their physical shares into book-entry form at the earliest.

8. **ELECTRONIC VOTING**

Members can exercise their right to demand a poll subject to meeting requirements of Section 143 -145 of the Companies Act, 2017 and applicable clauses of the Companies (Postal Ballot) Regulations, 2018.

9. **FILER AND NON-FILER STATUS**

i. Government of Pakistan, through the Finance Act, 2022 in Section 150 of the Income Tax Ordinance, 2001, has prescribed the following rates for withholding tax against dividend payments by the companies:

a) For filers of income tax returns – 15%
b) For non-filers of income tax returns – 30%

Members whose names are not entered into the Active Taxpayers List (ATL) provided on the FBR website, despite the fact that they are filers, are advised to make sure that their names are entered into ATL to avoid higher tax deductions against dividends.

ii. For any query/problem/information, the investors may contact the Share Registrar at the following phone numbers or email address:

Vision Consulting Limited
3-C, LDA Flats, Lawrance Road
Lahore, Pakistan
Tel: +92 423 6283096-97
Fax: +92 423 6312550
Email: info@vcl.com.pk

iii. Corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Share Registrar i.e. M/s Vision Consulting Limited, Lahore. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio number.

STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017.

This statement sets out the material facts pertaining to the special business of the Notice to be transacted at the Annual General Meeting of the Company. Directors of the Company have no interest in special business except in their capacity as director / shareholder.

Special Business No.1

The transactions carried out with associated companies/related parties have been approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to provisions of applicable laws. However, the majority of Directors of the Company were related due to their common directorship and holding of shares in the associated companies, the Board has recommended the same for placement before the shareholders of the Company in general meeting for ratification/approval.

All these related party transactions during the mentioned period were executed at Arm's Length Price in a fair and transparent manner and there was no departure from the guidelines mentioned in Code of Corporate Governance for such transactions and Companies Act, 2017. Pursuant to the above, these transactions have to be approved/ratified by the shareholders in the General Meeting. The directors and their relatives have no direct or indirect interest in the aforesaid business except to the extent of their shareholding/common directorship with the related parties.

Special Business No.2

The Company shall be conducting transactions with the related parties during the year ending June 30, 2023 on an arm's length basis as per approved policy with respect to 'transactions with related parties' in the normal course of business. Being the Director of the Company, many Directors may be deemed to be treated as interested in transactions with related parties due to their common directorship and / or shareholding. In order to promote good corporate governance and transparent business practices, the shareholders desire to authorize the Board of Directors to approve transactions with related parties from time-to-time on case to case basis, including transactions (if executed) triggering approval of shareholders u/s 207 and / or 208 of the Companies Act, 2017, for the year ending June 30, 2023, which transactions shall be deemed to be approved by the shareholders. The nature and scope of such related party transactions is explained above. The transactions shall be placed before the shareholders in next Annual General Meeting for their formal ratification / approval. The directors are interested in the resolution only to the extent of their shareholding and / or common directorship in such related parties.

CHAIRMAN'S REVIEW

I am pleased to present the review on the overall performance of the board and effectiveness of the role played by the board in achieving the company's objectives.

The Company follows the best practices relating to corporate governance and complies with the relevant requirements of Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 with respect to composition, meetings and procedures of the Board of Directors (the "Board") and its Committees. The Board has nine members with diverse background having core competencies, knowledge, skills and experience relevant to the business of the Company.

The Directors of your company are well aware with their responsibilities, under the applicable regulations, for governance of the company in an effective and efficient manner. Evaluation of the board of Directors is aimed to measure the Board overall performance and conduct of the company's affairs in accordance with the best practices of corporate governance. For the year under review, based on the evaluation, the overall performance and effectiveness of the Board has been assessed as satisfactory. During the financial year 2021-22 Six Board meetings were convened. The Board has duly formulated a vision and mission statement, is actively involved in formulation of appropriate policies and procedures and ensures due compliance with all the regulatory requirements. It closely monitors the performance of its committees and is committed to uphold and stable operation.

During the year, the board considered and approved, among other things, quarterly and annual financial statements, appointments of external auditors, distribution of dividend and financial matters.

I am thankful to the members of the Board of Directors of the Company, shareholders, bankers, financial institutions, our valued customers and suppliers for their support and assistance. I also thank the executives and other employees of the Company for their dedication and hard work and look forward to getting the same cooperation in future.

Multan
Date: October 28, 2022

(Sh. Naseem Ahmed)
Chairman

چیئر مین کا جائزہ

میں بورڈ کی مجموعی کارکردگی اور کمپنی کے مقاصد کے حصول میں بورڈ کے کردار کی تاثیر پر جائزہ پیش کرنے پر خوشی محسوس کرتا ہوں۔

کمپنی کارپوریٹ گورننس کے بہترین طریقہ کار کی تقلید کرتی ہے۔کمپنی کمپنیز ایکٹ **2017** اور کوڈ آف کارپوریٹ گورننس کے قوانین **2019** کو بورڈ اور اسکی کمیٹیز کے حوالے سے مکمل طور پر لاگو کرتی ہے۔ بورڈ کے نو اراکین ہیں جو متنوع پس منظر کے حامل ہیں جن میں بنیادی قابلیت، علم، مہارت اور تجربہ ہے جو کمپنی کے کاروبار سے متعلق ہے۔

قابل اطلاق قواعد وضوابط کے تحت، کمپنی کو موثر انداز میں چلانے کے لیے آپ کی کمپنی کے ڈائریکٹر اپنی ذمہ داریوں سے اچھی طرح واقف ہیں،۔ بورڈ آف ڈائریکٹرز کی کارکردگی کے جائزہ کا مقصد بورڈ کی مجموعی کارکردگی اور کارپوریٹ گورننس کے بہترین طریقوں کے مطابق کمپنی کے معاملات کی کارکردگی کو جانچنا ہے۔زیر جائزہ سال کے لیے، کارکردگی کے جائزے کی بنیاد پر، بورڈ کی مجموعی کارکردگی اور تاثیر کو تسلی بخش قرار دیا گیا ہے۔ مالی سال **22-2021** کے دوران بورڈ کے چھ اجلاس بلائے گئے۔ بورڈ نے مناسب طریقے سے ایک ویژن تیار کیا ہے اور مشن کا بیان مناسب پالیسیوں اور طریقہ کار کی تشکیل میں فعال طور پر شامل ہے اور تمام ریگولیٹری ضروریات کی مناسب تعمیل کو یقینی بناتا ہے۔ یہ اپنی کمیٹیوں کی کارکردگی پر کڑی نظر رکھتا ہے اور اسے برقرار رکھنے اور مستحکم آپریشن کے لیے پرعزم ہے۔

سال کے دوران، بورڈ نے دوسری چیزوں کے علاوہ سہ ماہی اور سالانہ مالیاتی بیانات، بیرونی آڈیٹرز کی تقرریوں، منافع کی تقسیم اور مالی معاملات پر غور اور منظوری دی۔

میں کمپنی کے بورڈ آف ڈائریکٹرز، شیئر ہولڈرز، بینکرز، مالیاتی اداروں، ہمارے قابل قدر گاہکوں اور سپلائرز کے تعاون اور مدد کے لیے شکر گزار ہوں۔ میں کمپنی کے ایگزیکٹوز اور دیگر ملازمین کا ان کی لگن اور محنت کے لیے بھی شکریہ ادا کرتا ہوں اور مستقبل میں بھی اسی طرح کے تعاون کے منتظر ہوں۔

شیخ نسیم احمد

چیئر مین

تاریخ: **28 اکتوبر 2022**

ملتان

Directors' Report

To the shareholders

The directors of the Company are pleased to present the Annual Report along with the audited financial statements for the year ended 30 June 2022

COMPANY'S AFFAIRS

Fazal Cloth Mills Limited (The Company) was incorporated in Pakistan in 1966 as a public limited company under the Companies Act, 1913 (now the Companies Act, 2017). The shares of the company are quoted on Pakistan Stock Exchange. The registered office of the company is situated at 69/7, Abid Majeed Road, Survey No 248/7, Lahore Cantt, Lahore. The Company is principally engaged in manufacture and sale of textile goods.

During the year, Board of Directors of the Company in the meeting held on 30 September 2021, approved the acquisition of Imperial Textile Mills Limited (ITML), a dormant entity. Share purchase agreement between the Company and the shareholders of ITML was signed on 30 September 2021. However, the Company acquired 100% shareholding of ITML on 17 May 2022 after completion of regulatory approvals. ITML's manufacturing facility located near to Company's manufacturing facility in Muzaffargarh will be used for expansion of Company's production capacity.

The Company has filed a scheme of arrangement with the Securities and Exchange Commission of Pakistan (SECP) to amalgamate ITML with the Company with effect from 01 June 2022. The approval for scheme of amalgamation was granted on 28 October 2022. Pursuant to this order, the acquired company Imperial Textile Mills Limited was merged within the Company through asset acquisition accounting. After the merger any consolidated financial statements will not be required and status of these financial statements will remain individual financial statement of the Company.

Review of Financial Performance

During the period under review, the financial performance of the Company was satisfactory. Sales of the Company increased to Rs. 65,406.26 million as compared to Rs. 52,132.24 million last year. Gross profit increased to Rs.11, 167.95 million compared to Rs. 8,004.99 million last year. However, Profit after tax of the Company reduced to Rs. 4,610.26 million compared to Rs. 5,431.76 million during the last year. The reason for decrease in PAT was 1) Higher financial cost due to increase in interest rates 2) Super Tax 3) Provision related to investment of the Company in Fatima Energy Limited.

Following is a summary of the key financial numbers:

Financial Highlights	2022	2021	Increase / (decrease)
	Rupees in ('000')	Rupees in ('000')	% Age
Sales – net	**65,406,262**	52,132,243	25.46%
Cost of sales	**54,238,314**	44,127,253	22.91%
Gross profit	**11,167,948**	8,004,990	39.51%
EBITDA	**10,485,539**	8,793,472	19.24%
Depreciation	**1,664,133**	1,436,003	15.89%
Finance cost	**2,922,661**	1,794,692	62.85%
Other income	**561,257**	644,455	-12.91%
Profit before tax	**5,898,745**	5,562,778	6.04%
Profit after tax	**4,610,255**	5,431,757	-15.12%
Earnings per share – Rs.	**153.68**	181.06	-15.12%

Sales of the Company increased by Rs. 13,274.02 million in the current year as compared to the last year. Cost of sales increased by Rs. 10,111.06 million in the current year as compared to the last year; mainly due to increase in raw material prices.

Gross profit ratio of the Company is 17.07% in the current year as compared to 15.36% in the last year.
The Company received dividend income of Rs. 241.90 million during the year as compared Rs. 172.78 million during the last year. EBITDA of Rs. 10,485.54 million was generated as compared to Rs. 8,793.47 million last year. EBITDA per share was Rs. 349.52 million (2021: Rs. 293.12 million).

Finance cost of the Company increased from Rs. 1,794.69 million to Rs. 2,922.67 million, an increase of 62.85% as compared to previous year due to increase in KIBOR and increase in working capital.

Capital Expenditure

The Company incurred capital expenditure of Rs. 4,987.01 million during the year for modernization and expansion of its plant.

Earnings per Share (EPS)

Earnings per share (EPS) were reported at Rs. 153.68 and earnings per share of Rs. 181.06 in the previous year.

FUTURE OUTLOOK

The Russia Ukraine War has resulted in sharply higher fuel and energy prices. Consumers have decreased expenditure on discretionary items as a result. Demand for Textile Products has been badly hit across the world. Covid lock downs in China and tight monetary policy in the US and EU have amplified the slowdown in demand. As a result, prices for all textile products including cotton, polyester, yarn and fabric have fallen sharply.

Cost of production continues to rise due to higher interest rate, higher salary and wages and increase in energy and fuel prices. As a result margins have been squeezed. Your management is making all efforts to manage the situation and reduce negative impact of this situation on operations and financial performance of your Company.

MEETINGS OF THE BOARD OF DIRECTORS &COMMITTEE'S

During the year 2021-2022, six board meetings were held which were attended as follows:

Names of Directors	Designation	BOD Meeting
Mr. Sheikh Naseem Ahmad	Chairman/Non - Executive Director	6
Mr. Rehman Naseem	Chief Executive Officer- Executive Director	6
Mr. Muhammad Mukhtar	Executive Director	4
Mr. Faisal Ahmed	Non – Executive Director	3
Mr. Fahd Mukhtar	Executive Director	3
Mr. Amir Naseem Sheikh	Non – Executive Director	4
Mr. Babar Ali	Independent Director	4
Mr. Masood Karim Shaikh	Independent Director	6
Ms. Parveen Akhter Malik	Independent Director	6

MEETINGS OF THE AUDIT COMMITTEE

During the year 2021-2022, four audit committee meetings were held which were attended as follows:

Names of Members	Designation	Audit Committee Meeting
Ms. Parveen Akhter Malik	Independent Director/ Chairman	4
Mr. Sheikh Naseem Ahmad	Non – Executive Director	4
Mr. Aamir Naseem Sheikh	Non – Executive Director	4
Mr. Babar Ali	Independent Director	4

MEETINGS OF THE HR & REMUNERATION COMMITTEE

During the year 2021-2022, one HR and remuneration committee meetings were held which were attended as follows:

Names of Members	Designation	HR & Remuneration committee Meeting
Mr. Babar Ali	Independent Director/ Chairman	1
Mr. Faisal Ahmed	Non – Executive Director	0
Mr. Aamir Naseem Sheikh	Non – Executive Director	1

HEALTH, SAFETY & ENVIRONMENT (HSE)

The Company is committed to provide a safe, injury-free workplace where everyone is healthy, energized and protects the society. HSE remains a priority for the Company at all levels and this year we focused on bringing an attitudinal change in the HSE culture by creating awareness and providing strong feedback on safety performance.

RISK MANAGEMENT

The Company is exposed to operational, financial and compliance risk which are mitigated through effective risk management framework, coupled with our internal controls, helps us maintain our focus on managing the potential risks affecting our business. Internal Audit department provides independent report to the board of directors on effectiveness of risk management and control processes.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations. The company developed standards for the management of operational risk in the various areas like requirements for the reconciliation and monitoring of transactions, compliance with regulatory and other legal requirements, documentation of controls and procedures etc.

Currency Risk

Pakistani Rupee is the functional currency of the Company and exposure arises from transactions and balances in currencies other than Pakistani Rupee as foreign exchange rate fluctuations may create unwanted and unpredictable earnings and cash flow volatility. The maximum amount exposed to currency risk is only 9.06% (2021: 11.92%) of the Company's total assets, any adverse/ favorable movement in functional currency with respect to US dollar will not have any material impact on the operational results.

Credit Risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has established an effective and efficient system of internal and financial controls to safeguard the assets of the Company, prevent and detect fraud and ensure compliance with all statutory and legal requirements. The internal control structure is regularly reviewed and monitored by the Internal Audit function duly established by the Board. Audit Committee reviews the internal control system on quarterly basis in accordance with the term of its reference.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company considers CSR as a fundamental responsibility and strives to be a good corporate citizen. The Company contributes to society by supporting public health and education facilities.

Further as CSR measures, during the year the company emphasized more on Occupational Safety and Health of the workers and staff as the most important thing for the Company. The Company formulated a crisis management team which implemented measures to protect against outbreak of Covid-19. The team launched a campaign at all locations of the Company and its surrounding for the awareness of appropriate precautions which an individual should take to save himself / herself and colleagues. The Company also regularly organizes medical camps and regular fumigation is carried out at premises of all manufacturing facilities by using fogging machines to prevent viral diseases.

SUBSEQUENT EVENTS

No material changes and commitments affecting the financial position of the Company occurred between 30 June 2022 and 28 October 2022.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors confirm compliance with Corporate and Financial Reporting Framework of the Securities and Exchange Commission of Pakistan and Listed Companies (Code of Corporate Governance) Regulations, 2019 (the CCG Regulations) for the following matters:

1. The financial statements, prepared by the management of Fazal Cloth Mills Ltd., present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

2. Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgments.
3. The Company has maintained proper books of account.

4. International accounting standards, as applied in Pakistan, have been followed in preparation of these financial statements and departures there from have been adequately disclosed.

5. The system of internal control is sound in design and has been effectively implemented and monitored. The process of monitoring internal controls will continue as on-going process with objective to strengthen the controls and bring improvements in the system.

6. There are no doubts about the Company's ability to continue as a going concern.

7. There has been no material departure from the best practices of the CCG Regulations.

8. There are no statutory payments on account of taxes, duties levies and charges which are outstanding as at June 30, 2022, except for those disclosed in the financial statements.

PATTERN OF SHAREHOLDING

The pattern of shareholding as on June 30, 2022 is annexed.

DIVIDEND ANNOUNCEMENT

Your directors have recommended to pay final cash dividend @ Rs10 per ordinary share (i.e.100 %).

AUDITORS

M/s. KPMG Taseer Hadi & Co., Chartered Accountants, auditors of the Company retire and being eligible offers themselves for reappointment for the year 2022-2023.

RELATED PARTY TRANSACTIONS

During the year, all transactions with related parties have been executed at arm's length, and detail of these transactions are disclosed in note 46 to the financial statements of the Company.

MANAGEMENT/LABOUR RELATIONS

The management/labor relations remained warm and cordial throughout the year under review. We place great importance on our employees. We continue to invest in the professional development and improvement of skills of our human resources, since we believe that by investing in our people we invest in our future. The Company's human resource policy is based on the underlying values of fairness, merit, equal opportunity and social responsibility. Complying with our human resource policies we do not hire any child labor. The employees and management of the Company continued to make joint efforts to keep up high standards of productivity. Relationship of management and employees continued to remain in total harmony. The board wishes to place on record its deep appreciation to all of them for their hard work and dedication to achieve these results.

For and on behalf of the Board

(Rahman Naseem)
Chief Executive Officer

(Sheikh Naseem Ahmad)
Chairman

Dated: October 28, 2022

ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز 30 جون 2022 کو ختم ہونے والے سال کے لیے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ سالانہ رپورٹ پیش کرنے پر خوش ہیں۔

کمپنی کے معاملات

فضل کلاتھ ملز لمیٹڈ (دی کمپنی) کو پاکستان میں 1966 میں کمپنیز ایکٹ، 1913 (اب کمپنیز ایکٹ، 2017) کے تحت ایک پبلک لمیٹڈ کمپنی کے طور پر شامل کیا گیا تھا۔ کمپنی کے حصص پاکستان اسٹاک ایکسچینج میں درج ہیں۔ کمپنی کا رجسٹرڈ آفس 69/7، عابد مجید روڈ، سروے نمبر 248/7، لاہور کینٹ، لاہور میں واقع ہے۔ کمپنی بنیادی طور پر ٹیکسٹائل کے سامان کی تیاری اور فروخت میں مصروف ہے۔

سال کے دوران، کمپنی کے بورڈ آف ڈائریکٹرز نے 30 ستمبر 2021 کو ہونے والی میٹنگ میں امپیریل ٹیکسٹائل ملز لمیٹڈ (ITML) کے حصول کی منظوری دی، جو ایک غیر فعال ادارہ ہے۔ کمپنی اور کمپنی کے درمیان حصص کی خریداری کا معاہدہ (ITML) کے شیئر ہولڈرز نے 30 ستمبر 2021 کو دستخط کیے تھے۔ تاہم، کمپنی نے ریگولیٹری منظوریوں کی تکمیل کے بعد 17 مئی 2022 کو ITML کی 100% شیئر ہولڈنگ حاصل کی۔ مظفر گڑھ میں کمپنی کی مینوفیکچرنگ سہولت کے قریب واقع ITML کی مینوفیکچرنگ سہولت کمپنی کی پیداواری صلاحیت کو بڑھانے کے لیے استعمال کی جائے گی۔

کمپنی نے 01 جون 2022 سے آئی ٹی ایم ایل کو کمپنی کے ساتھ ضم کرنے کے لیے سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے پاس انتظامات کی اسکیم دائر کی ہے۔ انضمام کی اسکیم کی منظوری 28 اکتوبر 2022 کو دی گئی۔ اس حکم کے مطابق، حاصل شدہ کمپنی امپیریل ٹیکسٹائل ملز لمیٹڈ کو اثاثوں کے حصول کے اکاؤنٹنگ کے ذریعے کمپنی کے اندر ضم کر دیا گیا تھا۔ انضمام کے بعد کسی بھی مالیاتی بیانات کی ضرورت نہیں ہوگی اور ان مالیاتی بیانات کی حیثیت کمپنی کے انفرادی مالی بیانات پر ہی رہے گی

مالیاتی کارکردگی کا جائزہ

زیر جائزہ مدت کے دوران، کمپنی کی مالی کارکردگی تسلی بخش رہی۔ کمپنی کی مجموعی فروخت بڑھ کر 65,406.26 ملین روپے ہوگئی۔ جو کہ پچھلے سال 52,132.24 ملین روپے تھی۔ مجموعی منافع بڑھ کر 11, 167.95 ہوگیا جو پچھلے سال 8,004.99 ملین روپے تھا۔ تاہم، کمپنی کا بعد از ٹیکس منافع گزشتہ سال کے 5,431.76 ملین روپے کے مقابلے میں 4,610.26 ملین روپے ہوگیا۔ بعد از ٹیکس منافع میں کمی کی وجہ (1) شرح سود میں اضافے کی وجہ سے زیادہ مالی لاگت (2) سپر ٹیکس (3) فاطمہ انرجی لمیٹڈ میں کمپنی کی سرمایہ کاری سے متعلقہ نقصان تھیں۔

ذیل میں مالیتی احوالک سے متعلق اعدادوشمار دکھائے گئے ہیں۔

مالیاتی سرخیاں مستحکم مالیاتی اعدادوشمار	2022 روپیہ بطور (000)	2021 روپیہ بطور (000)	اضافہ/کمی فیصد
فروختگی	**65,406,262**	52,132,243	25.46%
فروخت پر لاگت	**54,238,314**	44,127,253	22.91%
گراس منافع	**11,167,948**	8,004,990	39.51%
منافع قبل از ٹیکس و فرسودگی	**10,485,539**	8,793,472	19.24%
فرسودگی	**1,664,133**	1,436,003	15.89%
مالیاتی خرچہ	**2,922,661**	1,794,692	62.85%
دیگر آمدن	**561,257**	644,455	-12.91%
منافع قبل از ٹیکس	**5,898,745**	5,562,778	6.04%
منافع بعد از ٹیکس	**4,610,255**	5,431,757	15.12%
آمدن فی حصص	**153.68**	181.06	-15.12%

کمپنی کی مجموعی فروخت میں گزشتہ سال کے مقابلے میں رواں سال **13,274.02** ملین روپے کا اضافہ ہوا۔ گزشتہ سال کے مقابلے موجودہ سال میں فروخت کی لاگت میں **10,111.06** ملین روپے کا اضافہ ہوا ہے۔ جسکی بنیادی وجہ خام مال کی قیمتوں میں اضافہ تھا۔ کمپنی کے مجموعی منافع کا تناسب موجودہ سال میں **17.07%** رہا جو پچھلے سال کے **15.36%** تھا۔ کمپنی نے گزشتہ سال کے دوران **172.78** ملین روپے کے مقابلے میں سال کے دوران **241.90** ملین روپے کا ڈیوڈنڈ حاصل کیا۔ گزشتہ سال **8,793.47** ملین روپے کے مقابلے میں اس سال **10,485.54** ملین روپے کا EBITDA ہوا۔ EBITDA فی حصص **349.52** ملین روپے (2021: **293.12** ملین روپے) تھا۔ کمپنی کی مالیاتی لاگت **1,794.69** ملین روپے سے بڑھ کر **2,922.67** ملین روپے ہوگئی، **KIBOR** میں اضافے اور ورکنگ کیپٹل کی ضرورت میں اضافے کی وجہ سے پچھلے سال کے مقابلے میں **62.85** فیصد اضافہ ہوا۔

کیپٹل ایکسپینڈیچر

کمپنی نے اپنے پلانٹ کی جدید کاری اور توسیع کے لیے سال کے دوران **4,987.01** ملین روپے کا سرمایہ خرچ کیا۔

فی شیئر آمدنی (EPS)

فی حصص آمدنی (EPS) **153.68** روپے پر رپورٹ کی گئی تھی جیسا کہ پچھلے سال میں **181.06** روپے فی شیئر آمدنی تھی۔

مستقبل کا نقطہ نظر

روس یوکرین جنگ کے نتیجے میں ایندھن اور توانائی کی قیمتوں میں تیزی سے اضافہ ہوا ہے۔اس کے نتیجے میں صارفین نے صوابدیدی اشیاء پر اخراجات میں کمی کی ہے۔دنیا بھر میں ٹیکسٹائل مصنوعات کی مانگ بری طرح متاثر ہوئی ہے۔چین میں کووِڈ لاک ڈاؤن، امریکہ اور یورپی یونین میں سخت مالیاتی پالیسی نے مانگ میں کمی کو بڑھا دیا ہے۔اس کے نتیجے میں، کپاس، پولی ایسٹر، یارن اور فیبرک سمیت تمام ٹیکسٹائل مصنوعات کی قیمتوں میں تیزی سے کمی ہوئی ہے۔

زیادہ شرح سود، زیادہ تنخواہ اور اجرت اور توانائی اور ایندھن کی قیمتوں میں اضافے کی وجہ سے پیداواری لاگت مسلسل بڑھ رہی ہے۔ نتیجے کے طور پر مارجن میں کمی واقع ہوئی ہے۔آپ کی انتظامیہ صورتحال کو سنبھالنے اور آپ کی کمپنی کے آپریشنز اور مالیاتی کارکردگی پر اس صورت حال کے منفی اثرات کو کم کرنے کے لیے تمام کوششیں کر رہی ہے۔

بورڈ آف ڈائریکٹرز اور کمیٹی کے اجلاس

سال 2021-2022 کے دوران بورڈ کے چھ اجلاس منعقد ہوئے جن میں مندرجہ ذیل شرکت کی گئی۔

نام ڈائریکٹران	عہدے	اجلاس بورڈ آف ڈائریکٹرز / حاضری
شیخ نسیم احمد	چیئرمین / نان ایگزیکٹو ڈائریکٹر	6
رحمٰن نسیم	چیف ایگزیکٹو آفیسر / ایگزیکٹو ڈائریکٹر	6
محمد مختار	ایگزیکٹو ڈائریکٹر	4
فیصل احمد	نان ایگزیکٹو ڈائریکٹر	3
فہد مختار	ایگزیکٹو ڈائریکٹر	3
عامر نسیم شیخ	نان ایگزیکٹو ڈائریکٹر	4
بابر علی	آزاد ڈائریکٹر	4
مسعود کریم شیخ	آزاد ڈائریکٹر	6
پروین اختر ملک	آزاد ڈائریکٹر	6

آڈٹ کمیٹی کے اجلاس

سال 2021-2022 کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے جن میں مندرجہ ذیل شرکت کی گئی۔

نام ڈائریکٹران	عہدے	آڈٹ کمیٹی میٹنگ
پروین اختر ملک	آزاد ڈائریکٹر / چیئر مین	4
شیخ نسیم احمد	نان ایگزیکٹو ڈائریکٹر	4
عامر نسیم شیخ	نان ایگزیکٹو ڈائریکٹر	4
بابر علی	آزاد ڈائریکٹر	4

ہیومن ریسورس اور معاوضہ کمیٹی کی میٹنگز

سال 2021-2022 کے دوران HR اور معاوضہ کمیٹی کا ایک اجلاس منعقد ہوا جس میں مندرجہ ذیل نے شرکت کی:

نام ڈائریکٹران	عہدے	ہیومن ریسورس اور معاوضہ کمیٹی کی میٹنگز
بابر علی	آزاد ڈائریکٹر / چیئر مین	1
فیصل احمد	نان ایگزیکٹو ڈائریکٹر	0
عامر نسیم شیخ	نان ایگزیکٹو ڈائریکٹر	1

حفاظت، صحت اور ماحولیات (ح۔ ص۔ م)

کمپنی ایک محفوظ، چوٹ سے پاک کام کی جگہ فراہم کرنے کے لیے پرعزم ہے جہاں ہر شخص صحت مند، توانا اور معاشرے کی حفاظت کرتا ہے۔ (ح۔ص۔م) ہر سطح پر کمپنی کے لیے ایک ترجیح بنی ہوئی ہے اور اس سال ہم نے بیداری پیدا کر کے اور حفاظتی کارکردگی پر مضبوط تاثرات فراہم کر کے (ح۔ص۔م) کلچر میں رویہ کی تبدیلی لانے پر توجہ مرکوز کی۔

رسک مینجمنٹ

کمپنی آپریشنل، مالیاتی اور تعمیل کے خطرے سے دوچار ہے جسے مؤثر رسک مینجمنٹ فریم ورک کے ذریعے کم کیا جاتا ہے، ہمارے اندرونی کنٹرول کے ساتھ، ہمارے کاروبار کو متاثر کرنے والے ممکنہ خطرات کے انتظام پر اپنی توجہ برقرار رکھنے میں ہماری مدد کرتا ہے۔ اندرونی آڈٹ ڈیپارٹمنٹ بورڈ آف ڈائریکٹرز کو رسک مینجمنٹ اور کنٹرول کے عمل کی تاثیر پر آزاد رپورٹ فراہم کرتا ہے۔

آپریشنل خطرہ

آپریشنل رسک کمپنی کے عمل، عملے، ٹیکنالوجی اور انفراسٹرکچر سے منسلک مختلف وجوہات سے پیدا ہونے والے براہ راست یا بالواسطہ نقصان کا خطرہ ہے، اور کریڈٹ، مارکیٹ اور لیکویڈیٹی کے خطرات کے علاوہ بیرونی عوامل جیسے کہ قانونی اور ریگولیٹری تقاضوں سے پیدا ہونے والے خطرات۔ اور کارپوریٹ رویے کے عام طور پر قبول شدہ معیارات۔ آپریشنل خطرات کمپنی کے تمام کاموں سے پیدا ہوتے ہیں۔ کمپنی نے مختلف شعبوں میں آپریشنل رسک کے انتظام کے لیے معیارات تیار کیے ہیں جیسے لین دین کی مصالحت اور نگرانی کے لیے تقاضے، ریگولیٹری اور دیگر قانونی تقاضوں کی تعمیل، کنٹرولز اور طریقہ کار کی دستاویزات وغیرہ۔

کرنسی کا خطرہ

پاکستانی روپیہ کمپنی کی فنکشنل کرنسی ہے اور پاکستانی روپے کے علاوہ دیگر کرنسیوں میں لین دین اور بیلنس سے ایکسپوژر پیدا ہوتا ہے کیونکہ زرمبادلہ کی شرح میں اتار چڑھاو ناپسندیدہ اور غیر متوقع آمدنی اور نقد بہاؤ میں اتار چڑھاؤ پیدا کرسکتا ہے۔ کرنسی کے خطرے سے دوچار ہونے والی زیادہ سے زیادہ رقم کمپنی کے کل اثاثوں کا صرف 9.06% (2021: 11.92%) ہے، امریکی ڈالر کے حوالے سے فنکشنل کرنسی میں کسی بھی منفی/ سازگار حرکت کا آپریشنل نتائج پر کوئی مادی اثر نہیں پڑے گا۔

قرض کا خطرہ

کریڈٹ رسک اکاؤنٹنگ نقصان کی نمائندگی کرتا ہے جسے رپورٹنگ کی تاریخ میں شامل کیا جائے گا اگر ہم منصب معاہدے کے مطابق کارکردگی کا مظاہرہ کرنے میں مکمل طور پر ناکام رہے۔ کریڈٹ رسک کی نمائش کو کم کرنے کے لیے کمپنی نے منظوری کا ایک باضابطہ عمل تیار کیا ہے جس کے تحت اس کے صارفین پر کریڈٹ کی حدیں لاگو ہوتی ہیں۔

لیکویڈیٹی کا خطرہ

لیکویڈیٹی رسک وہ خطرہ ہے جس کی وجہ سے کمپنی اپنی مالی ذمہ داریوں کو پورا نہیں کر سکے گی۔ لیکویڈیٹی کے انتظام کے لیے کمپنی کا نقطہ نظر یہ ہے کہ جہاں تک ممکن ہو اس بات کو یقینی بنایا جائے کہ واجب الاداواجبات کو پورا کرنے کے لیے ہمیشہ کافی لیکویڈیٹی ہو۔

داخلی مالیاتی کنٹرول کی مناسبیت

کمپنی نے کمپنی کے اثاثوں کی حفاظت، دھوکہ دہی کو روکنے اور اس کا پتہ لگانے اور تمام قانونی اور قانونی تقاضوں کی تعمیل کو یقینی بنانے کے لیے اندرونی اور مالیاتی کنٹرول کا ایک موثر اور موثر نظام قائم کیا ہے۔ اندرونی کنٹرول کے ڈھانچے کا باقاعدگی سے جائزہ لیا جاتا ہے اور بورڈ کے ذریعہ قائم کردہ اندرونی آڈٹ فنکشن کے ذریعے نگرانی کی جاتی ہے۔ آڈٹ کمیٹی اپنے ریفرنس کی مدت کے مطابق سہ ماہی بنیادوں پر انٹرنل کنٹرول سسٹم کا جائزہ لیتی ہے۔

کارپوریٹ سماجی ذمہ داری (CSR)

کمپنی CSR کو ایک بنیادی ذمہ داری سمجھتی ہے اور ایک اچھا کارپوریٹ شہری بننے کی کوشش کرتی ہے۔ کمپنی صحت عامہ اور تعلیم کی سہولیات کی حمایت کر کے معاشرے میں اپنا حصہ ڈالتی ہے۔

مزید CSR اقدامات کے طور پر، سال کے دوران کمپنی نے سب سے اہم چیز کے طور پر کارکنوں اور عملے کی پیشہ ورانہ حفاظت اور صحت پر زیادہ زور دیا۔ کمپنی نے ایک کرائسس مینجمنٹ ٹیم تشکیل دی جس نے کووڈ-19 کے پھیلنے سے نمٹنے کے لیے اقدامات کو نافذ کیا۔ ٹیم نے مناسب احتیاطی تدابیر کے بارے میں آگاہی کے لیے کمپنی اور اس کے آس پاس کے تمام مقامات پر ایک مہم شروع کی جو کہ ایک فرد کو اپنے آپ کو اور ساتھیوں کو بچانے کے لیے اپنانا چاہیے۔ کمپنی باقاعدگی سے میڈیکل کیمپ بھی منعقد کرتی ہے اور وائرل بیماریوں سے بچنے کے لیے فوگنگ مشینوں کے ذریعے تمام مینوفیکچرنگ سہولیات کے احاطے میں باقاعدہ فیومیگیشن کی جاتی ہے۔

بعد کے واقعات

30 جون 2022 اور 28 اکتوبر 2022 کے درمیان کمپنی کی مالی پوزیشن کو متاثر کرنے والی کوئی مادی تبدیلیاں اور وعدے نہیں ہوئے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

ڈائریکٹرز مندرجہ ذیل امور کے لیے سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 (سی سی جی ریگولیشنز) کے کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کی تعمیل کی تصدیق کرتے ہیں:

1) فضل کلاتھ ملز لمیٹڈ کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشواروں میں اس کی حالت، اس کے آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں ہونے والی تبدیلیوں کو پیش کیا گیا ہے۔

2) ان مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلوں پر مبنی ہیں۔

3) کمپنی نے حساب کتاب کی مناسب دیکھ بھال کی ہے۔

4) بین الاقوامی اکاؤنٹنگ معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے، ان مالیاتی گوشواروں کی تیاری میں پیروی کی گئی ہے اور وہاں سے روانگیوں کو مناسب طور پر ظاہر کیا گیا ہے۔

5) اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔ اندرونی کنٹرول کی نگرانی کا عمل جاری عمل کے طور پر جاری رہے گا جس کا مقصد کنٹرول کو مضبوط کرنا اور نظام میں بہتری لانا ہے۔

6) ایک جاری تشویش کے طور پر جاری رکھنے کی کمپنی کی صلاحیت کے بارے میں کوئی شک نہیں ہے۔

7) CCG ضوابط کے بہترین طریقوں سے کوئی مادی خارج نہیں ہوا ہے۔

8) ٹیکسز، ڈیوٹی لیویز اور چارجز کی مد میں کوئی قانونی ادائیگیاں نہیں ہیں جو کہ 30 جون 2022 تک بقایا ہیں، سوائے ان مالیاتی گوشواروں کے جن کا انکشاف کیا گیا ہے۔

شیئر ہولڈنگ کا پیٹرن

30 جون 2022 تک شیئر ہولڈنگ کا پیٹرن منسلک ہے۔

ڈیویڈنڈ کا اعلان

آپ کے ڈائریکٹرز نے 10 روپے فی عام شیئر (یعنی 100%) کے حساب سے حتمی نقد ڈیویڈنڈ ادا کرنے کی سفارش کی ہے۔

آڈیٹرز

MS. KPMG تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، کمپنی کے آڈیٹرز ریٹائر ہو رہے ہیں اور اہل ہونے کی وجہ سے سال 2022-2023 کے لیے دوبارہ تقرری کی پیشکش کرتے ہیں۔

متعلقہ پارٹی لین دین

سال کے دوران، متعلقہ فریقوں کے ساتھ تمام لین دین کو مکمل کیا گیا ہے، اور ان لین دین کی تفصیل کمپنی کے مالی بیانات میں نوٹ 46 میں ظاہر کی گئی ہے۔

مینجمنٹ/مزدوری تعلقات

زیر نظر سال کے دوران انتظامیہ/مزدور تعلقات گرم جوش اور خوشگوار رہے۔ ہم اپنے ملازمین کو بہت اہمیت دیتے ہیں۔ ہم اپنے انسانی وسائل کی پیشہ ورانہ ترقی اور مہارتوں کی بہتری میں سرمایہ کاری کرتے رہتے ہیں، کیونکہ ہم سمجھتے ہیں کہ اپنے لوگوں میں سرمایہ کاری کر کے ہم اپنے مستقبل میں سرمایہ کاری کرتے ہیں۔ کمپنی کی انسانی وسائل کی پالیسی انصاف پسندی، میرٹ، مساوی مواقع اور سماجی ذمہ داری کی بنیادی اقدار پر مبنی ہے۔ اپنی انسانی وسائل کی پالیسیوں کی تعمیل کرتے ہوئے ہم کسی بھی چائلڈ لیبر کی خدمات حاصل نہیں کرتے ہیں۔ کمپنی کے ملازمین اور انتظامیہ نے پیداواری صلاحیت کے اعلیٰ معیار کو برقرار رکھنے کے لیے مشترکہ کوششیں جاری رکھیں۔ انتظامیہ اور ملازمین کے درمیان مکمل ہم آہنگی برقرار رہی۔ بورڈ ان نتائج کو حاصل کرنے کے لیے ان کی محنت اور لگن کے لیے ان سب کی دل کی گہرائیوں سے تعریف کرنا چاہتا ہے۔

بورڈ کی طرف سے

رحمان نسیم
چیف ایگزیکٹو آفیسر

شیخ نسیم احمد
ڈائریکٹر

بتاریخ 28 اکتوبر 2022

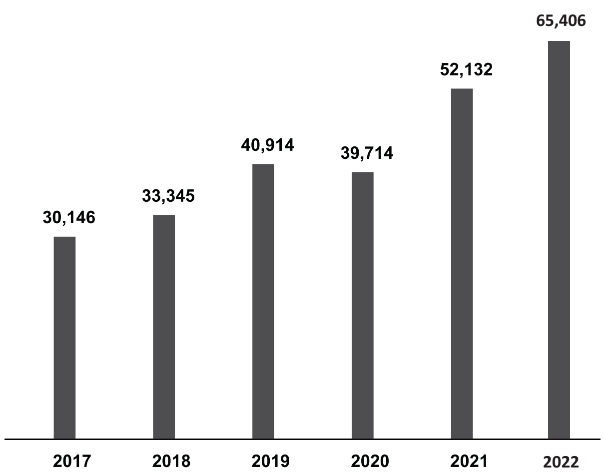
FINANCIAL HIGHLIGHTS

Key Financial Performance Indicators

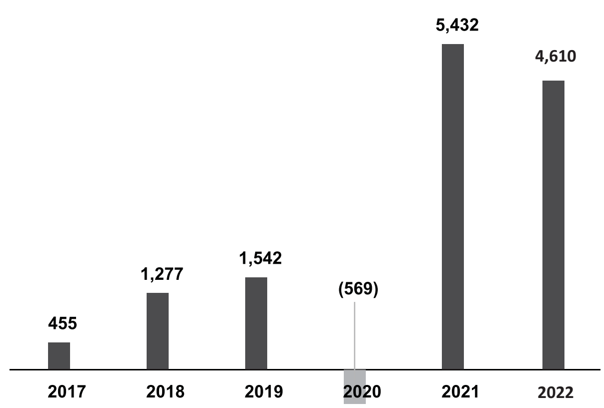
Rupees In Millions

	2022	2021	2020	2019	2018	2017
Sales	**65,406**	52,132	39,714	40,914	33,345	30,146
Gross Profit	**11,168**	8,005	4,561	5,015	3,204	2,198
EBIT	**8,821**	7,357	3,003	4,881	2,907	1,763
EBITDA	**10,485**	8,793	4,242	6,040	3,928	2,676
Profit Before Tax	**5,899**	5,563	58	2,547	1,535	709
Profit After Tax	**4,610**	5,432	(569)	1,542	1,277	455
Net Assets	**40,529**	34,697	20,680	21,739	20,783	15,835

SALES - RUPEES IN MILLIONS

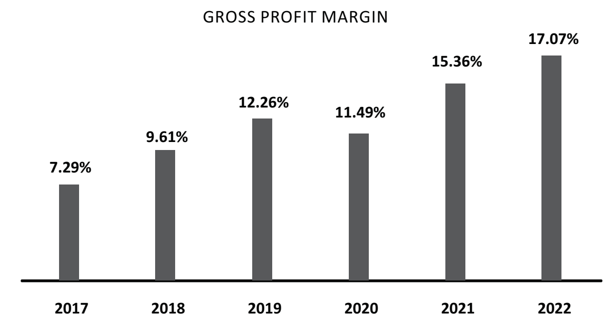


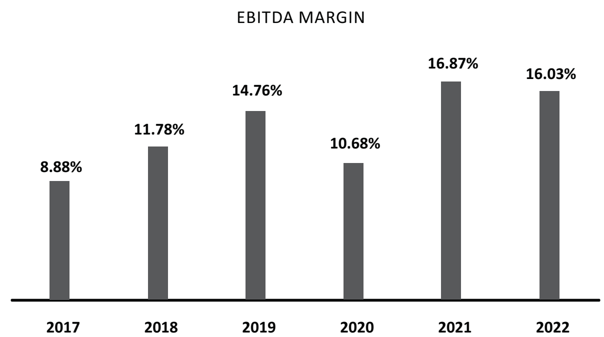
PROFIT AFTER TAX - RUPEES IN MILLIONS

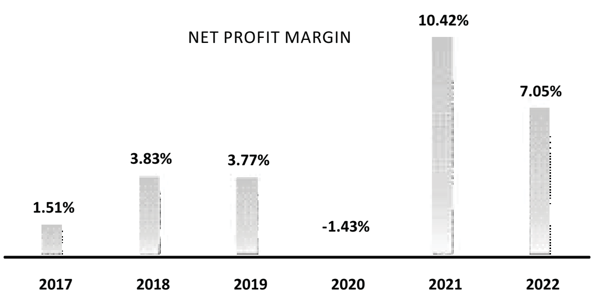


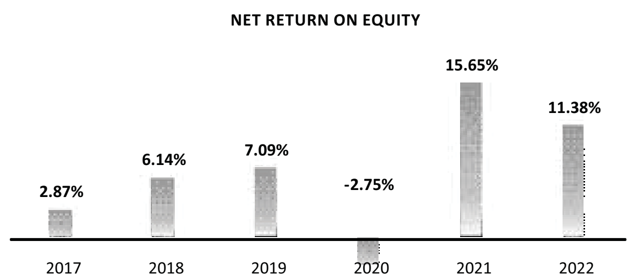
Profitability

	2022	2021	2020	2019	2018	2017
	Ratios					
Gross Profit Margin	**17.07%**	15.36%	11.49%	12.26%	9.61%	7.29%
EBITDA Margin	**16.03%**	16.87%	10.68%	14.76%	11.78%	8.88%
EBIT to Sales	**13.49%**	14.11%	7.56%	11.93%	8.72%	5.85%
Pre Tax Profit	**9.02%**	10.67%	0.15%	6.23%	4.60%	2.35%
Net Profit Margin	**7.05%**	10.42%	-1.43%	3.77%	3.83%	1.51%
Net Return on Equity	**11.38%**	15.65%	-2.75%	7.09%	6.14%	2.87%
Net Return on Asset	**5.27%**	8.09%	-1.03%	2.82%	2.62%	1.15%
Return on Capital Employed	**14.48%**	14.04%	7.81%	13.75%	8.95%	6.67%



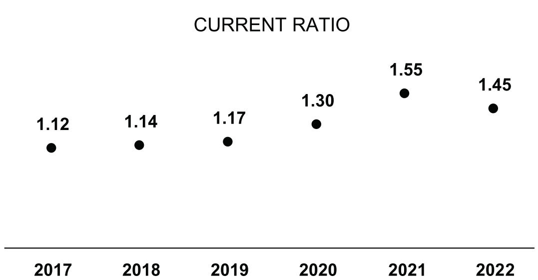


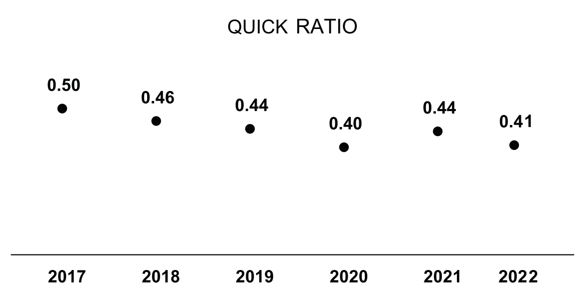




Liquidity

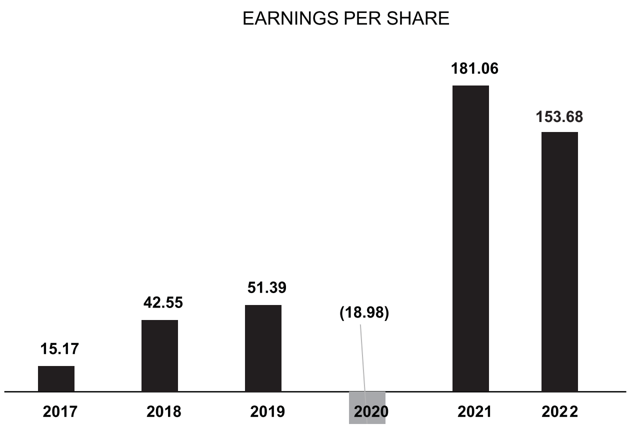
	2022	2021	2020	2019	2018	2017
	Ratios					
Current Ratio	**1.45**	1.55	1.30	1.17	1.14	1.12
Quick Ratio	**0.41**	0.44	0.40	0.44	0.46	0.50

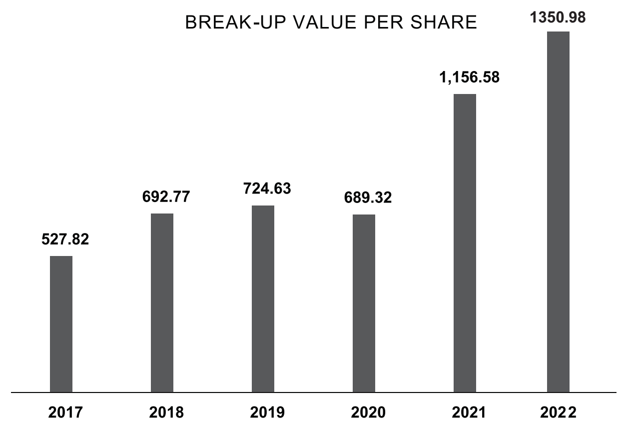




Investment

		2022	2021	2020	2019	2018	2017
Earning Per Share	Rupees	**153.68**	181.06	(18.98)	51.39	42.55	15.17
Price Earning Ratio	Times	**1.57**	1.62	(7.36)	2.72	3.52	11.80
Dividend Yield Ratio	%	**4.15**	10.20	-	7.50	5.68	2.93
Dividend Payout Ratio	%	**6.51**	16.57	-	20.43	19.98	34.62
Dividend Cover Ratio	Times	**15.37**	-	-	4.89	5.01	2.89
Dividend Per Share	Rupees	**10.00**	30.00	-	10.50	8.50	5.25
Break-Up Value	Rupees	**1,350.98**	1,156.58	689.32	724.63	692.77	527.82
Proposed Dividend/Interim Dividend	Rupees In Millions	**300**	900	-	315	255	157.5
Market Value Per Share at Year End	Rupees	**241.00**	294.00	139.75	140.00	149.69	178.99





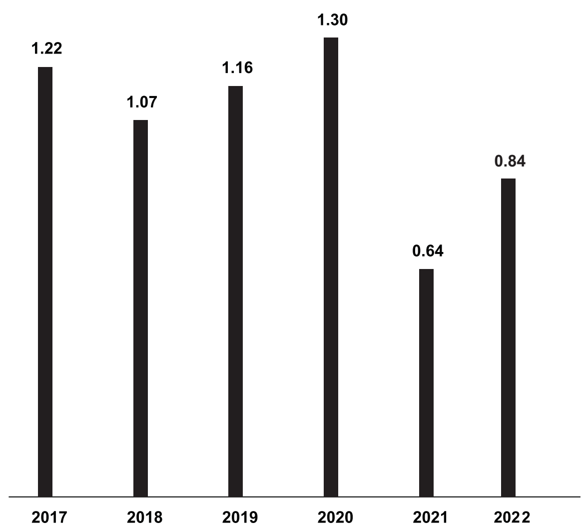
Activity /Turnover Ratios

		2022	2021	2020	2019	2018	2017
Inventory Turnover Ratio	Times	**2.57**	2.94	2.55	3.07	3.36	4.05
No. of Days in Inventory	Days	**142.27**	123.97	142.96	118.91	108.61	90.11
Debtors Turnover Ratio	Times	**10.90**	10.55	7.04	7.20	6.77	8.92
No. of Days in Receivables	Days	**33.50**	34.60	51.83	50.72	53.95	40.92
Creditors Turnover Ratio	Times	**9.04**	12.82	21.52	26.45	45.21	67.29
No. of Days in Creditors	Days	**40.37**	28.47	16.96	13.80	8.07	5.42
Operating Cycle	Days	**135.40**	130.10	177.83	155.83	154.48	125.61
Total Assets Turnover Ratio	Times	**0.75**	0.78	0.72	0.75	0.69	0.76
Fixed Assets Turnover Ratio	Times	**1.33**	1.17	1.19	1.27	1.10	1.21

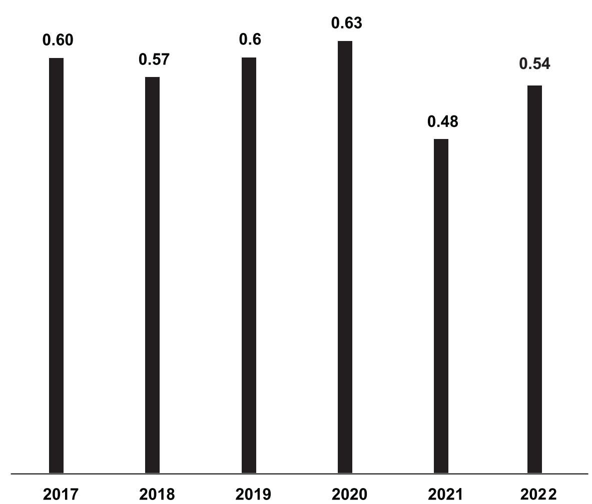
Capital Structure

		2022	2021	2020	2019	2018	2017
Debt to Equity Ratio	Times	**0.84**	0.64	1.30	1.16	1.07	1.22
Long Term Liabilities to Equity	Times	**0.50**	0.51	0.86	0.63	0.56	0.67
Interest Cover Ratio	Times	**3.02**	4.10	1.02	2.09	2.12	1.67
Debt Service Coverage	Times	**1.56**	2.82	0.91	1.35	1.18	0.77
Total Liabilities to Total Assets	Ratio	**0.54**	0.48	0.63	0.60	0.57	0.60
Gearing Ratio	%	**56%**	43%	70%	71%	68%	73%

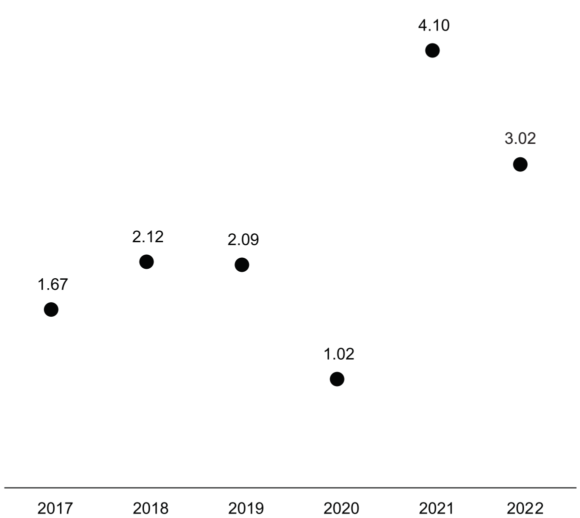
DEBT TO EQUITY RATIO - TIMES



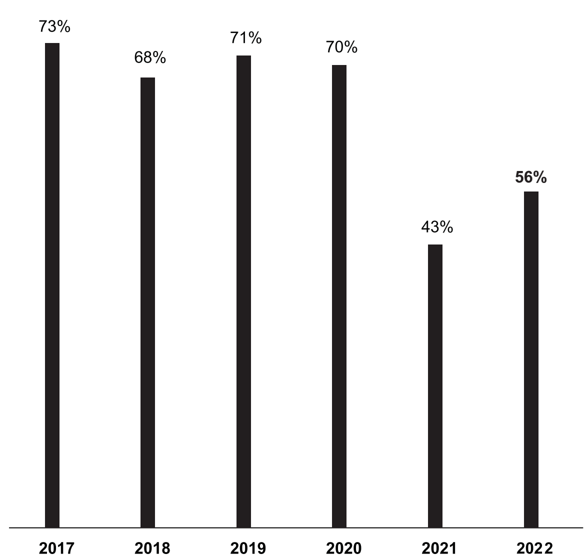
TOTAL LIABILITIES TO TOTAL ASSETS



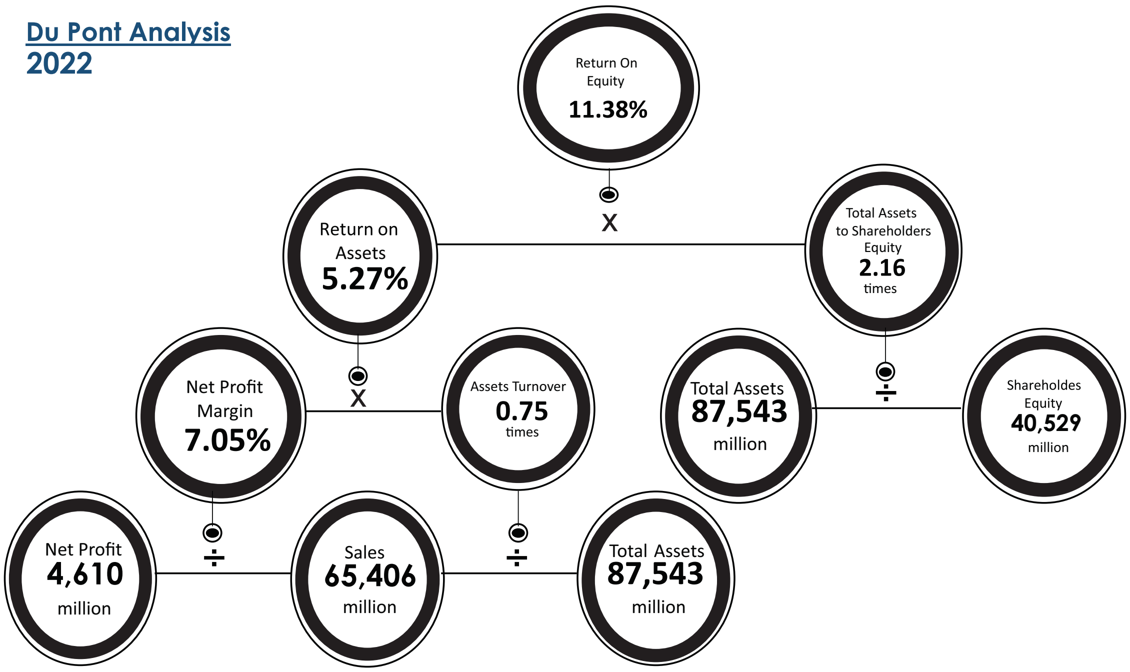
INTEREST COVER RATIO - TIMES



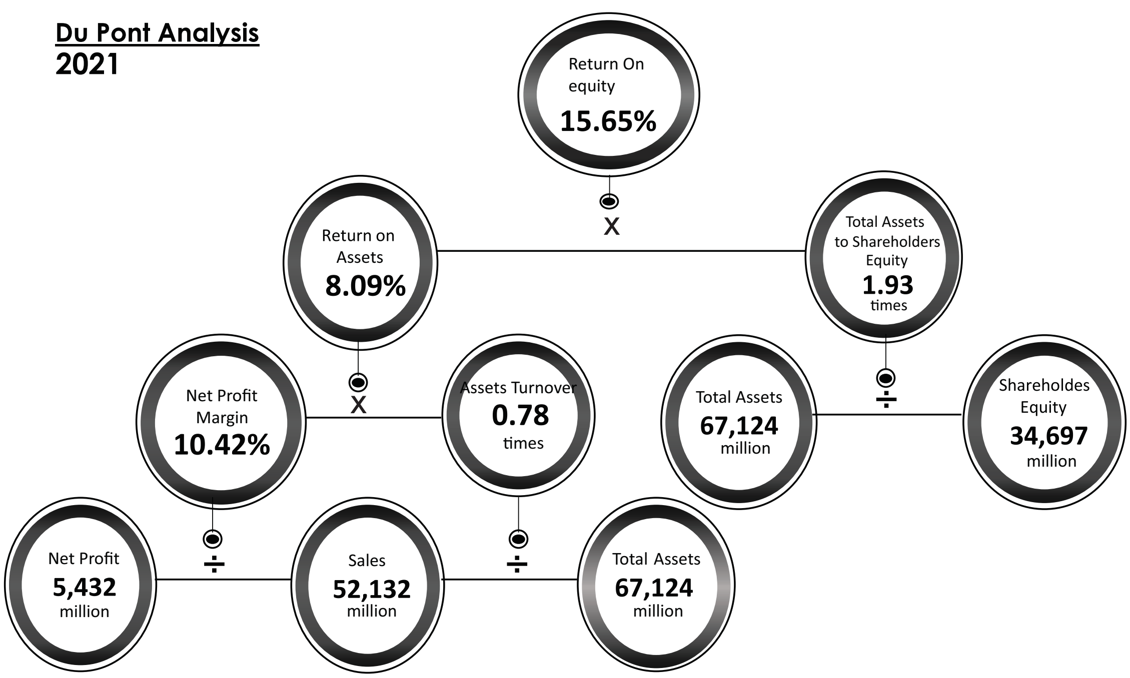
GEARING RATIO - %



Du Pont Analysis
2022



Du Pont Analysis
2021



Horizontal Analysis

For The Last Six Financial Years

Statement of Financial Position

Rupees in Millions

	2022		2021		2020		2019		2018		2017	
Property, Plant and Equipment	**8**	**41,518**	36	38,416	4	28,197	6	27,229	23	25,706	5	20,983
Long Term Investments and Advances	**26**	**7,485**	15	5,929	2	5,151	13	5,068	16	4,501	8	3,872
Long Term Deposits	**6**	**26**	-	24	0	24	-	24	(2)	24	-	24
Total Non Current Assets	**11**	**49,029**	33	44,370	3	33,371	7	32,321	22	30,231	6	24,880
Stores, Spares and Loose Tools	**(5)**	**807**	22	850	(8)	699	40	762	(13)	542	33	626
Stock in Trade	**73**	**26,813**	7	15,470	11	14,504	26	13,033	37	10,357	22	7,580
Loans and Advances	**77**	**400**	10	226	121	205	(44)	93	(17)	165	23	198
Short Term Investments	**31**	**231**	8	176	(10)	164	(8)	183	(10)	198	(1)	220
Trade Debts	**53**	**7,268**	(8)	4,738	(16)	5,146	17	6,132	13	5,238	116	4,619
Other Current Assets	**127**	**2,940**	17	1,294	(47)	1,107	8	2,071	24	1,919	60	1,549
Total Current Assets	**69**	**38,461**	4	22,754	18	21,824	25	18,419	45	14,792	(15)	10,180
Non-Current Assets Held for sale	**0**	**54**	-	-	-	-	-	-	-	-	-	-
Total Assets	**30**	**87,543**	22	67,124	13	55,196	23	48,650	18	39,672	(5)	33,685
No. of Ordinary Shares		**30**		30		30		30		30		30
Shareholder's Equity	**17**	**40,529**	68	34,697	(5)	20,680	5	21,739	31	20,783	2	15,835
Long Term Financing	**22**	**15,538**	(11)	12,689	55	14,261	11	9,209	14	8,329	5	7,284
Deferred Tax	**2**	**4,445**	39	4,357	42	3,126	7	2,201	6	2,057	4	1,943
Other Non-Current Liabilities	**(38)**	**416**	76	672	42	382	25	269	(2)	215	(1)	219
Total Non-Current Liabilities	**15**	**20,399**	(0)	17,717	52	17,769	10	11,679	12	10,601	5	9,446
Short Term Borrowings	**156**	**15,371**	(48)	6,007	8	11,537	20	10,729	101	8,941	(34)	4,451
Current Portion of Long Term Liabilities	**(16)**	**3,095**	263	3,664	(54)	1,011	10	2,201	(1)	1,994	32	2,020
Trade Payable and Bills Payable	**61**	**7,369**	310	4,570	39	1,114	126	804	2	356	46	349
Other Current Liabilities	**66**	**780**	(85)	469	26	3,085	26	2,455	0	1,946	(3)	1,942
Total Current Liabilities	**81**	**26,615**	(12)	14,710	3	16,747	22	16,188	51	13,237	(16)	8,762
Total Equity and Liabilities	**30**	**87,543**	22	67,124	11	55,196	11	49,606	31	44,621	(3)	34,043

Statement of Profit or Loss

Rupees in Millions

	2022		2021		2020		2019		2018		2017	
Sales	**25**	**65,406**	31	52,132	(3)	39,714	23	40,914	11	33,345	29	30,146
Cost of Sales	**23**	**54,238**	26	44,127	(2)	35,153	19	35,899	8	30,141	31	27,948
Gross Profit	**40**	**11,168**	76	8,005	(9)	4,561	57	5,015	46	3,204	10	2,198
EBITDA	**19**	**10,485**	107	8,793	(30)	4,242	54	6,040	47	3,928	11	2,676
Depreciation	**16**	**1,664**	16	1,436	7	1,239	13	1,159	12	1,022	(0)	913
EBIT	**20**	**8,821**	145	7,357	(38)	3,003	68	4,881	65	2,907	18	1,763
Other Income	**(13)**	**561**	(6)	644	(17)	685	70	823	17	485	45	415
Finance Cost	**63**	**2,923**	(39)	1,795	26	2,945	70	2,334	30	1,372	(4)	1,055
Profit Before Tax	**6**	**5,899**	9,514	5,563	(98)	58	66	2,547	117	1,535	77	709

Vertical Analysis

For The Last Six Financial Years

Statement of Financial Position

Rupees in Millions

	2022		2021		2020		2019		2018		2017	
Property, Plant and Equipment	**47**	**41,518**	57	38,416	51	28,197	56	27,229	65	25,706	62	20,983
Long Term Investments and Advances	**9**	**7,485**	9	5,929	9	5,151	10	5,068	11	4,501	11	3,872
Long Term Deposits	**0**	**26**	0	24	0	24	0	24	0	24	0	24
Total Non Current Assets	**56**	**49,029**	66	44,370	60	33,371	66	32,321	76	30,231	74	24,880
Stores, Spares and Loose Tools	**1**	**807**	1	850	1	699	2	762	1	542	2	626
Stock in Trade	**31**	**26,813**	23	15,470	26	14,504	27	13,033	26	10,357	23	7,580
Loans and Advances	**0**	**400**	0	226	0	205	0	93	0	165	1	198
Short Term Investments	**0**	**231**	0	176	0	164	0	183	0	198	1	220
Trade Debts	**8**	**7,268**	7	4,738	9	5,146	13	6,132	13	5,238	14	4,619
Other Current Assets	**3**	**2,940**	2	1,294	2	1,107	4	2,071	5	1,919	5	1,549
Total Current Assets	**44**	**38,461**	34	22,754	40	21,824	38	18,419	37	14,792	30	10,180
Non-Current Assets Held for sale	**0**	**54**		-		-		-		-		-
Total Assets	**100**	**87,543**	100	67,124	100	55,196	100	48,650	100	39,672	100	33,685
No. of Ordinary Shares		**30**		30		30		30		30		30
Shareholder's Equity	**46**	**40,529**	52	34,697	37	20,680	44	21,739	47	20,783	47	15,835
Long Term Financing	**18**	**15,538**	19	12,689	26	14,261	19	9,209	19	8,329	21	7,284
Deferred Tax	**5**	**4,445**	6	4,357	6	3,126	4	2,201	5	2,057	6	1,943
Other Non-Current Liabilities	**0**	**416**	1	672	1	382	1	269	0	215	1	219
Total Non-Current Liabilities	**23**	**20,399**	26	17,717	32	17,769	24	11,679	24	10,601	28	9,446
Short Term Borrowings	**18**	**15,371**	9	6,007	21	11,537	22	10,729	20	8,941	13	4,451
Current Portion of Long Term Liabilities	**4**	**3,095**	5	3,664	2	1,011	4	2,201	4	1,994	6	2,020
Trade Payable and Bills Payable	**8**	**7,369**	7	4,570	2	1,114	2	804	1	356	1	349
Other Current Liabilities	**1**	**780**	1	469	6	3,085	5	2,455	4	1,946	6	1,942
Total Current Liabilities	**30**	**26,615**	22	14,710	30	16,747	33	16,188	30	13,237	26	8,762
Total Equity and Liabilities	**100**	**87,543**	100	67,124	100	55,196	100	49,606	100	44,621	100	34,043

Statement of Profit or Loss

Rupees in Millions

	2022		2021		2020		2019		2018		2017	
Sales	**100**	**65,406**	100	52,132	100	39,714	100	40,914	100	33,345	100	30,146
Cost of Sales	**83**	**54,238**	85	44,127	89	35,153	88	35,899	90	30,141	93	27,948
Gross Profit	**17**	**11,168**	15	8,005	11	4,561	12	5,015	10	3,204	7	2,198
EBITDA	**16**	**10,485**	17	8,793	11	4,242	15	6,040	12	3,928	9	2,676
Depreciation	**3**	**1,664**	3	1,436	3	1,239	3	1,159	3	1,022	3	913
EBIT	**13**	**8,821**	14	7,357	8	3,003	12	4,881	9	2,907	6	1,763
Other Income	**1**	**561**	1	644	2	685	2	823	1	485	1	415
Finance Cost	**4**	**2,923**	3	1,795	7	2,945	6	2,334	4	1,372	3	1,055
Profit Before Tax	**9**	**5,899**	11	5,563	0	58	6	2,547	5	1,535	2	709
Profit After Tax	**7**	**4,610**	10	5,432	-1	(569)	4	1,542	4	1,277	2	455

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of Company : Fazal Cloth Mills Limited
Year Ended : June 30, 2022

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

1. The total number of directors arenine (9) as per the following:

   a. Male: Eight
   b. Female: One

2. The composition of board as at June 30, 2022 is as follows:

CATEGORY	NAMES
Independent Director	1. Mr. Babar Ali 2. Mr. Masood Karim Shaikh 3. Ms. Parveen Akhtar Malik
Non-Executive Directors	4. Mr. Sh. Naseem Ahmed 5. Mr. Faisal Ahmed 6. Mr. Aamir Naseem Sheikh
Executive Directors	7. Mr. Rehman Naseem 8. Mr. Muhammad Mukhtar Sheikh 9. Mr. Fahd Mukhtar

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;

4. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these regulations;

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

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

9. Detailed as below; Nine directors have completed their Directors’ Training Certification (DTC) and one director is exempt from this due to 14 years of education and 15 years of experience on the Board.

Directors exempt from DTC - Mr. Faisal Ahmed

Directors who have completed their DTC

- Mr. Sh. Naseem Ahmed - Mr. Aamir Naseem Sheikh
- Mr. Babar Ali - Mr. Masood Karim Shaikh
- Ms. Parveen Akhtar Malik - Mr. Rehman Naseem
- Mr. Muhammad Mukhtar Sheikh - Mr. Fahd Mukhtar

10. During the year, the Board has approved the appointment of Head of Internal Audit including his remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. There was no change in the position of Company Secretary and Chief Financial Officer.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before the approval of the board.

12. The Board has formed committees comprising of members given below:

Name of Committee	Name of Members and Chairman
Audit Committee	1. Ms. Parveen Akhter Malik (Independent Director) - Chairman 2. Mr. Babar Ali (Independent Director) Mr. Sh Naseem Ahmed – Member 4. Mr. Aamir Naseem Sheikh – Member
Human Resource and Remuneration Committee	1. Mr. Babar Ali (Independent Director) - Chairman 2. Mr. Aamir Naseem Sheikh– Member 3. Mr. Faisal Ahmed – Member
Strategic Planning Committee	1. Mr. Rehman Naseem(CEO) - Chairman 2. Mr. Masood Karim Sheikh(Independent Director) - Member 3. Ms. Parveen Akhter Malik (Independent Director) - Member

13. The terms of reference of the aforesaid committee have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the Committees were as per following:

a) Board Audit Committee: four (4) meetings have been convened during the financial year ended June 30, 2022;

b) Human Resource and Remuneration Committee: one (1) meeting has been convened during the financial year ended June 30, 2022;

c) Strategic Planning Committee: no meeting convened during the financial year ended June 30, 2022.

15. The Board has set up an effective internal audit function which is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with;

(Sheikh Naseem Ahmad)
Chairman
Dated: October 28, 2022

(Rehman Naseem)
Chief Executice Officer

KPMG

KPMG Taseer Hadi & Co.
Chartered Accountants
351 Shadman-1, Jail Road,
Lahore 54000 Pakistan
+92 (42) 111-KPMGTH (576484), Fax +92 (42) 3742 9907

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Fazal Cloth Mills Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") prepared by the Board of Directors of Fazal Cloth Mills Limited ("the Company") for the year ended 30 June 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Lahore

Date: 04 November 2022

UDIN: CR202210114lYjykFdrI

Fazal Cloth Mills Limited

Financial Statements
for the year ended 30 June 2022

KPMG Taseer Hadi & Co.
Chartered Accountants
351 Shadman-1, Jail Road,
Lahore 54000 Pakistan
+92 (42) 111-KPMGTH (576484), Fax +92 (42) 3742 9907

INDEPENDENT AUDITOR'S REPORT

To the members of Fazal Cloth Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Fazal Cloth Mills Limited** ("the Company"), which comprise the statement of financial position as at 30June 2022, and the statement of profit or loss, statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

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

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
01	**Revenue from contracts with customers** Refer to notes 4.16 and 30 to the financial statements. The Company recognized revenue of Rs. 65,406.26 million from the sale of goods to domestic as well as export customers during the year ended 30 June 2022. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to a risk that revenue may be recognized without transferring the control.	Our audit procedures to assess recognition of revenue, amongst others, included the following: • obtaining an understanding of the process relating to recording of revenue and testing the design, implementation and operating effectiveness of key internal controls; • assessing the appropriateness of the Company's accounting policies for recording of revenue and compliance of those policies with applicable accounting standards; • comparing a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents to assess whether the related revenue was recorded in accordance with the Company's accounting policy; • comparing, on a sample basis, specific revenue transactions recorded just before and after the financial year end date to determine whether the revenue had been recognized in the appropriate financial period; and • scanning for any manual journal entries relating to sales raised during the year which were considered to be material or met other specific risk based criteria for inspecting underlying documentation.
02	**Valuation of Investment in Fatima Energy Limited** Refer note 2.4.9, 4.11.2 and 18.2 to the financial statements. The Company holds investment of Rs. 1,151.22 million in ordinary shares and investment of Rs. 3,552.63 in preference shares of Fatima Energy Limited (FEL). These investments have been classified and measured at fair value through OCI under IFRS 9. Equity investment of FEL are not listed and do not have a quoted price in an active market. Therefore, fair value of these investments has been determined through valuation methodology based on discounted cash flow model. This involves several estimation techniques and management's judgements to obtain reasonable and expected future cash flows of business and related discount rates. Management involved an expert to perform these valuations on its behalf.	Our audit procedures, amongst others, included the following: • understanding and evaluating the process by which the cash flow forecasts were prepared and approved, including confirming the mathematical accuracy of the underlying calculations; • evaluating the cash flow forecasts by obtaining an understanding of business of FEL; • evaluating the valuer's competence, capability and objectivity and assessing the appropriateness of methodology adopted by the professional valuer engaged by the management; • involving our internal valuation specialist to assist us in assessing the significant assumptions and judgments applied by management in the cash flow forecasts, including discount rate, projected growth rates, future revenue and costs and production volumes, with reference to available market information; • performing independently, a sensitivity analysis in consideration of the potential impact of reasonably possible upside or downside changes in key assumptions; and

Sr. No.	Key audit matters	How the matter was addressed in our audit
	Due to the significant level of judgement and estimation required to determine the fair values of the investments, we consider it to be a key audit matter.	• assessing the adequacy of the disclosures made by the Company in this area with regard to applicable accounting and reporting standards.

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

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2022 but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017(XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVlII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance, subsequent to the year end.

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

KPMG Taseer Hadi & Co.

Lahore

KPMG Taseer Hadi & Co
Chartered Accountants

Date: November 04, 2022

UDIN Number: AR202210114wKOZFH4aq

Statement of Financial Position

	Note	2022 Rupees	2021 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital		**700,000,000**	700,000,000
Issued, subscribed and paid-up capital	5	**300,000,000**	300,000,000
Capital reserves:			
- Others capital reserves	6	**2,710,352,637**	1,144,019,215
- Revaluation surplus on property, plant and equipment - *net*	7	**17,150,488,830**	18,009,492,456
Unappropriated profits - *revenue reserve*		**20,368,453,281**	15,243,771,588
		40,529,294,748	34,697,283,259
Non-current liabilities			
Long term financing - *secured*	8	**12,904,528,693**	10,824,513,728
Long term musharika - *secured*	9	**2,633,239,782**	1,864,061,320
Lease liability - *unsecured*	10	**73,951,536**	72,906,099
Long term payable - *GIDC*	12.1	**-**	304,498,376
Deferred liabilities:			
- *Employee retirement benefits*	11	**342,254,877**	288,700,623
- *Deferred grant*	8	**-**	5,659,415
- *Deferred taxation*	11	**4,444,957,285**	4,356,792,163
		20,398,932,173	17,717,131,724
Current liabilities			
Trade and other payables	12	**7,369,471,043**	4,569,974,235
Contract liabilities		**207,164,832**	150,711,419
Current portion of non-current liabilities	13	**3,094,869,352**	3,663,834,315
Short term borrowings - *secured*	14	**15,370,774,156**	6,007,110,905
Accrued mark-up	15	**551,182,285**	299,113,187
Unclaimed dividend		**21,213,835**	18,946,571
		26,614,675,503	14,709,690,632
Contingencies and commitments	16		
		87,542,902,424	67,124,105,615

The annexed notes from 1 to 54 form an integral part of these financial statements.

(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER

As at 30 June 2022

ASSETS	Note	2022 Rupees	2021 Rupees
Non-current assets			
Property, plant and equipment	*17*	**41,518,303,559**	38,416,208,361
Long term investments	*18*	**7,484,731,321**	2,567,978,856
Long term loans and advances	*19*	**-**	3,361,379,821
Long term deposits		**25,540,293**	24,128,493
		49,028,575,173	44,369,695,531
Current assets			
Stores, spares and loose tools	*20*	**807,324,380**	850,372,683
Stock-in-trade	*21*	**26,812,955,712**	15,470,402,276
Trade debts	*22*	**7,268,389,855**	4,737,549,612
Loans and advances	*23*	**400,285,716**	225,972,661
Deposits, prepayments and other receivables	*24*	**186,368,496**	120,424,898
Mark-up accrued	*25*	**-**	-
Short term investment	*26*	**231,336,000**	175,950,000
Tax refunds due from the Government - *net*	*27*	**2,367,882,058**	1,017,878,311
Cash and bank balances	*28*	**386,199,525**	155,859,643
		38,460,741,742	22,754,410,084
Non-current assets held for sale	*29*	**53,585,509**	-
		38,514,327,251	22,754,410,084
		87,542,902,424	67,124,105,615

(SHEIKH NASEEM AHMAD)
DIRECTOR

Statement of Profit or Loss

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
Revenue from contracts with customers - *net*	30	**65,406,261,578**	52,132,242,650
Cost of sales	31	**(54,238,313,795)**	(44,127,252,925)
Gross profit		**11,167,947,783**	8,004,989,725
Marketing and distribution expenses	32	**(592,012,445)**	(371,693,882)
Administrative and general expenses	33	**(521,178,745)**	(404,194,205)
Other operating expenses	34	**(1,519,865,733)**	(686,006,869)
		(2,633,056,923)	(1,461,894,956)
Fair value (loss) / gain - *financial assets*	18.2.1 & 18.3.1	**(274,735,729)**	216,797,126
Other income	35	**561,256,702**	644,454,530
Profit from operations		**8,821,411,833**	7,404,346,425
Share of loss from associates - *net*	36	**(6,066)**	(46,877,170)
Finance cost	37	**(2,922,660,654)**	(1,794,691,668)
Profit before taxation		**5,898,745,113**	5,562,777,587
Taxation	38	**(1,288,490,371)**	(131,020,878)
Profit after taxation		**4,610,254,742**	5,431,756,709
Earnings per share - *basic and diluted*	39	**153.68**	181.06

The annexed notes from 1 to 54 form an integral part of these financial statements.

(MUHAMMAD AZAM) **CHIEF FINANCIAL OFFICER**	**(REHMAN NASEEM)** **CHIEF EXECUTIVE OFFICER**	**(SHEIKH NASEEM AHMAD)** **DIRECTOR**

Statement of Comprehensive Income

For the year ended 30 June 2022

	2022 Rupees	2021 Rupees
Profit after taxation	**4,610,254,742**	5,431,756,709
Other comprehensive income / (loss) - net of tax		
Items that will never be reclassified in profit or loss:		
- Revaluation surplus on property, plant and equipment		
- *Gross amount*	**-**	10,558,450,056
- *Related deferred tax*	**-**	(1,360,153,650)
	-	9,198,296,406
- Re-measurement of defined benefit liability	**(30,164,809)**	4,978,807
- Equity investments at FVOCI -*net change in fair value*	**1,566,333,422**	(35,959,631)
Total comprehensive income for the year	**6,146,423,355**	14,599,072,291

The annexed notes from 1 to 54 form an integral part of these financial statements.

(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER

(SHEIKH NASEEM AHMAD)
DIRECTOR

Statement of Changes in Equity

For the year ended 30 June 2022

		Capital reserves				Revenue reserve	
	Share capital	Share premium	Capital redemption reserve	Fair value reserve	Revaluation surplus on property, plant and equipment	Un-appropriated profits	Total
	Rupees						
Balance as at 30 June 2020	300,000,000	77,616,000	175,000,000	927,362,846	9,243,287,786	9,956,439,891	20,679,706,523
Total comprehensive income for the year:							
Profit for the year 30 June 2021	-	-	-	-	-	5,431,756,709	5,431,756,709
Other comprehensive income for the year	-	-	-	(35,959,631)	9,198,296,406	4,978,807	9,167,315,582
	-	-	-	(35,959,631)	9,198,296,406	5,436,735,516	14,599,072,291
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - *net of tax*	-	-	-	-	(444,377,651)	444,377,651	-
Transfer from surplus on revaluation of fixed assets on disposal - *net of tax*	-	-	-	-	(6,218,530)	6,218,530	-
Effect on deferred tax due to change in proration rate	-	-	-	-	18,504,445	-	18,504,445
Transactions with the owners of the Company:							
Interim cash dividend @ Rs. 20 per ordinary share for the year ended 30 June 2021	-	-	-	-	-	(600,000,000)	(600,000,000)
Balance as at 30 June 2021	300,000,000	77,616,000	175,000,000	891,403,215	18,009,492,456	15,243,771,588	34,697,283,259

	Share capital	Capital reserves: Share premium	Capital reserves: Capital redemption reserve	Capital reserves: Fair value reserve	Capital reserves: Revaluation surplus on property, plant and equipment	Revenue reserve: Un-appropriated profits	Total
	-----------	-----------	-----------	Rupees	-----------	-----------	-----------
Balance as at 30 June 2021	300,000,000	77,616,000	175,000,000	891,403,215	18,009,492,456	15,243,771,588	34,697,283,259
Total comprehensive income for the year:							
Profit for the year 30 June 2022	-	-	-	-	-	4,610,254,742	4,610,254,742
Other comprehensive income for the year	-	-	-	1,566,333,422	-	(30,164,809)	1,536,168,613
	-	-	-	1,566,333,422	-	4,580,089,933	6,146,423,355
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - *net of tax*	-	-	-	-	(573,188,983)	573,188,983	-
Transfer from surplus on revaluation of fixed assets on disposal - *net of tax*	-	-	-	-	(271,402,777)	271,402,777	-
Effect on deferred tax due to change in proration rate	-	-	-	-	(14,411,866)	-	(14,411,866)
Transactions with the owners of the Company:							
Final cash dividend @ Rs. 10 per ordinary share for the year ended 30 June 2021	-	-	-	-	-	(300,000,000)	(300,000,000)
Balance as at 30 June 2022	300,000,000	77,616,000	175,000,000	2,457,736,637	17,150,488,830	20,368,453,281	40,529,294,748

The annexed notes from 1 to 54 form an integral part of these financial statements.

(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER

(SHEIKH NASEEM AHMAD)
DIRECTOR

Statement of Cash Flows

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
Cash flows from operating activities			
Profit before taxation		**5,898,745,113**	5,562,777,587
Adjustments for:			
Depreciation on property, plant and equipment	*17.1.1*	**1,664,133,109**	1,436,002,532
Unrealized gain on re-measurement of short term investment	*35*	**(55,386,000)**	(12,362,400)
Loss allowance for the year	*34*	**371,160,859**	21,417,486
Fair value gain / (loss) on investment	*18.2.1 & 18.3.1*	**274,735,729**	(216,797,126)
Provision for gratuity	*11.1.3*	**158,352,137**	123,862,775
Provision for infrastructure cess		**374,444,515**	128,510,336
Provision for workers' profit participation fund	*12.4*	**318,406,192**	296,382,205
Provision for workers' welfare fund	*12.5*	**128,060,725**	32,914,742
Loss on disposal of property, plant and equipment	*34*	**41,059,318**	7,821,431
Notional interest expense on long term payable	*34*	**57,587,839**	-
Dividend income	*35*	**(241,899,109)**	(172,785,078)
Notional gain on discounting of long term payable	*35*	**-**	(57,587,839)
Share of loss from associates	*36*	**6,066**	46,877,170
Finance income on advance to associate undertaking	*35*	**(213,186,068)**	(271,480,277)
Present value adjustment on long term loans - *net of unwinding*	*34*	**-**	299,279,465
Finance cost	*37*	**2,922,660,654**	1,794,691,668
Cash generated from operations before working capital changes		**11,698,881,079**	9,019,524,677
Effect on cash flows due to working capital changes			
(Increase)/ decrease in current assets:			
Stores, spares and loose tools		**43,048,303**	(150,934,234)
Stock-in-trade		**(11,342,553,436)**	(966,559,634)
Trade debts		**(2,578,194,768)**	423,809,724
Loans and advances		**(174,313,055)**	(21,442,487)
Deposits, prepayments and other receivables		**(65,943,598)**	206,781,800
		(14,117,956,554)	(508,344,831)
(Decrease)/ increase in current liabilities:			
Trade and other payables		**1,672,952,541**	956,442,633
Cash (used in) / generated from operations		**(746,122,934)**	9,467,622,479
Gratuity paid	*11.1.2*	**(134,962,692)**	(121,949,949)
Taxes (paid) / refund - *net*		**(2,564,740,826)**	(945,818,478)
Long term deposits - net		**(1,411,800)**	-
		(2,701,115,318)	(1,067,768,427)
Net cash (used in) / generated from operating activities		**(3,447,238,252)**	8,399,854,052
Cash flows from investing activities			
Fixed capital expenditure		**(4,987,012,374)**	(1,121,969,126)
Assets acquired on merger	48	**(356,536,261)**	-
Proceeds from sale of property, plant and equipment		**482,675,501**	17,089,715
Long term investments		**(155,127,195)**	-
Long term loan and advances		**(219,274,090)**	(680,424,000)
Dividend received		**241,899,109**	311,013,140
Net cash used in investing activities		**(4,993,375,310)**	(1,474,290,271)
Cash flows from financing activities			
Long term financing obtained		**4,574,380,960**	2,386,340,693
Long term financing repaid		**(3,048,679,042)**	(1,048,683,159)
Long term musharika obtained		**1,512,406,446**	-
Long term musharika repaid		**(763,539,316)**	(270,258,778)
Short term borrowings - *net*		**9,363,663,251**	(5,530,113,312)
Lease rentals paid		**(9,663,060)**	(8,784,600)
Finance cost paid - *net*		**(2,659,883,059)**	(2,002,252,150)
Dividend paid		**(297,732,736)**	(594,801,852)
Net cash generated from / (used in) financing activities		**8,670,953,444**	(7,068,553,158)
Net increase / (decrease) in cash and cash equivalents		**230,339,882**	(142,989,377)
Cash and cash equivalents at beginning of the year		**155,859,643**	298,849,020
Cash and cash equivalents at end of the year	*28*	**386,199,525**	155,859,643

The annexed notes from 1 to 54 form an integral part of these financial statements.

(MUHAMMAD AZAM)	(REHMAN NASEEM)	(SHEIKH NASEEM AHMAD)
CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE OFFICER	DIRECTOR

Notes to the Financial Statements

For the year ended 30 June 2022

1 Corporate and general information

1.1 Fazal Cloth Mills Limited ("the Company") was incorporated in Pakistan in 1966 as a Public Limited Company under the Companies Act, 1913 (now the Companies Act, 2017). The shares of the Company are quoted on Pakistan Stock Exchange ('PSX'). The registered office of the Company is situated at 69/7, Abid Majeed Road, Survey No. 248/7, Lahore Cantt, Lahore. The Company is principally engaged in manufacture and sale of yarn and fabric. The manufacturing facilities and warehouses are located at Fazal Nagar, Jhang Road, Muzaffargarh and Qadirpur Rawan Bypass, Khanewal Road, Multan in the province of Punjab.

The Company has following investments in associated undertakings:

Name of the company	Shareholding	Nature	Place of business
Fatima Transmission Company Limited ('FTCL')	24.00%	Transmission of energy	Sanawan, Kot Addu, Punjab
Fatima Electric Company Limited ('FECL')	20.00%	Energy generation	Khayaban-e-Jinnah Lahore Cantt

1.2 During the year, Board of Directors of the Company in the meeting held on 30 September 2021, approved the acquisition of Imperial Textile Mills Limited (ITML), a dormant entity. Share purchase agreement between the Company and the shareholders of ITML was signed on 30 September 2021, however the transfer of shares and transfer of control of ITML to the Company was completed on 01 May 2022 after completion of necessary regulatory approvals. ITML's manufacturing facility is located near to Company's manufacturing facility in Muzaffargarh and will be instrumental in expansion of Company's production capacity. ITML was principally engaged in manufacture and sale of yarn. The registered office of ITML is situated at H 8/3 Aziz Avenue Canal Road, Gulberg-V, Lahore and its manufacturing facilities are located at Village Khanpur Bagga Sher,District Muzafargarh in the province of Punjab. The head office of ITML is situated at House No. 493, G-III, Phase II, Johar Town, Lahore.

The Company has filed a scheme of arrangement with the Securities and Exchange Commission of Pakistan (SECP) to amalgamate ITML with the Company with effect from 01 June 2022. The approval for scheme of amalgamation was granted on 28 October 2022. Pursuant to this order, the acquired company Imperial Textile Mills Limited was merged within the Company through asset acquisition accounting treatment as explained in note 4.12 and 48.

1.3 Impact of COVID-19 on the financial statements

On 11 March 2020, COVID-19 was declared a pandemic by the World Health Organization, impacting countries globally. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services and factories have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. However, the impact varies from industry to industry in different jurisdictions. As per relaxation given by the authorities to export oriented entities, the Company continued its operations uninterrupted during the year with all precautionary measures to prevent the pandemic spread.

There is no material financial impact of COVID-19 on the carrying amounts of assets and liabilities or items of income and expenses.

Based on management's assessment, considering demand from its customers, availability of raw material and measures taken by Government to support the industry, COVID-19 does not have a significant impact on the Company.

2 Basis of preparation

2.1 Statement of compliance

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

The accounting and reporting standards applicable in Pakistan comprise of:

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

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

2.2 Basis of measurement

These financial statements have been prepared on the historical cost convention except for certain items of property, plant and equipment that are stated at revalued amounts (note 4.1), recognition of staff retirement benefits at present value (note 4.8) and revaluation of certain financial instruments at fair values (note 4.11). The methods used to measure fair values are discussed further in their respective policy notes.

2.3 Functional and presentation currency

These financial statements have been prepared in Pak Rupees ('Rs.') which is the Company's functional currency. All financial information has been rounded to the nearest rupee, except when otherwise indicated.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and 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 from the basis of making the judgments about the 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 a continuous basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods affected.

The areas where assumptions and estimates are relevant to the Company's financial statements or where judgement was exercised in application of accounting policies are as follows:

2.4.1 Property, plant and equipment

The Company reviews the useful lives, residual values, depreciation method and rates for each item of property, plant and equipment on regular basis by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period upto which such benefits are expected to be available.

Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

2.4.2 Recoverable amount of assets/ cash generating units and impairment

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.4.3 Revaluation of property, plant and equipment

Revaluation of property, plant and equipment is carried out by independent professional valuers. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values.

The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. It may be necessary to revalue the item only every three to five years.

2.4.4 Stores, spares, loose tools and stock-in-trade

The Company reviews the stores, spares, loose tools and stock-in-trade for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores, spares and loose tools and stock-in-trade with a corresponding effect on the provision.

2.4.5 Expected credit loss (ECL)/ Loss allowance against trade debts, other receivables, loan, advances and deposits, mark up accrued and bank balances

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Company has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The Company reviews the recoverability of its trade debts, other receivables, loans advances and deposits, mark up accrued and bank balances to assess amount of loss allowance required on an annual basis.

2.4.6 Provisions and Contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the statement of financial position date. However, based on the best judgment of the Company and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognize any liability at the reporting date.

2.4.7 Employee benefits

The Company operates an un-funded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits respective of the qualifying period. The Projected Unit Credit method used for the valuation of the scheme is based on assumptions stated in note 11.1.

2.4.8 Taxation

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the views taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

The Company also regularly reviews the trend of proportion of incomes between 'Final Tax Regime' income and 'Normal Tax Regime' income and the change in proportions, if significant, is accounted for in the year of change.

2.4.9 Fair value of investments

The Company regularly reviews the fair value of investments including level 3 fair values. The estimate of fair values are based on both observable market data and unobservable inputs. Any change in estimate will effect the carrying value of investments with the corresponding impact on statement of profit of loss except for equity investments at fair value through OCI which are directly charged to statement of comprehensive income. The valuation technique and inputs are disclosed in note 40.

3 Standards, amendments or interpretations to published approved accounting standards, that are not yet effective

3.1 Standards, amendments or interpretations to published approved accounting standards, that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 01 January 2022 clarifies that the 'cost of fulfilling a contract' for the purposes of the onerous contract assessment comprises the costs that relate directly to the contract, including both the incremental costs and an allocation of other direct costs to fulfil the contract. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

- The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022.

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

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

  - IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This amendment enables the fair value measurement of biological assets on a post-tax basis.

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

  The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 01 January 2022.

- Classification of liabilities as current or non-current (Amendments to IAS 1) apply retrospectively for the annual periods beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a Company's financial statements.

  The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 01 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 01 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the Company applies the amendments.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences.

  As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 01 January 2023 with earlier application permitted.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The above amendments are effective from annual period beginning on or after 01 July 2022 and the management is in the process of determining the impact of these on the Company's financial statements.

4 Significant accounting policies

The significant accounting policies set out below have been consistently applied to all periods presented in these financial statements.

4.1 Property, plant and equipment

Owned

Freehold land is measured at revalued amount less impairment if any.

Factory building', 'non-factory building', 'plant and machinery', 'electric fitting and installations', 'tools', 'laboratory equipment, sui gas installations and arms' and 'fire extinguishing equipment and scales' are measured at revalued amount less accumulated depreciation and impairment if any.

Office equipment, furniture and fixture and vehicles are measured at cost less accumulated depreciation and impairment if any.

Capitalization threshold for 'building', 'office equipment', electric appliances and furniture and fixiture is Rs. 200,000, Rs. 10,000, Rs. 5,000 and Rs. 5,000 respectively, items below this are directly reconginsed as current expenses in the year of purchase.

Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and other costs directly attributable to the acquisition or construction including expenditures on material, labor and overheads directly relating to construction, erection and installation of operating fixed assets.

Depreciation is charged on a systematic basis over the useful life of the assets, on reducing balance method, which reflects the patterns in which the economic benefits are consumed by the Company, at the rates specified in note 17.1. Depreciation on additions is charged full in the month of the asset is available for use and nil in the month the asset is disposed off.

An item of property, plant and equipment is de-recognized when permanently retired from use. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Major renewals and improvements to an item of property, plant and equipment are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in statement of profit or loss as incurred.

The asset's residual values and useful lives are continually reviewed by the Company and adjusted if impact on depreciation is significant. The Company’s estimate of residual values of property, plant and equipment as at 30 June 2022 has not required any adjustment as its impact is considered insignificant.

Capital work-in-progress

Capital work in progress is stated at cost less identified impairment loss, if any. Cost includes expenditures on material, labour, appropriate directly attributable overheads and includes borrowing cost in respect of qualifying assets if any, as stated in note 4.5. These costs are transferred to operating fixed assets as and when assets are available for their intended use.

Assets held for sale

Non-current assets, or disposal Companys comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal Companys, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal Company is allocated first to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological asset, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognized in profit or loss. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

4.2 Revaluation surplus on property, plant and equipment

Revaluation of items of property, plant and equipment measured at revalued amount is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. Any revaluation increase arising on the revaluation is recognized, by restating gross carrying amounts and accumulated depreciation of respective assets being revalued in proportion to the change in their carrying amounts due to revaluation, in other comprehensive income and presented as a separate component of equity as ‘Revaluation surplus on property, plant and equipment’, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to statement of profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation is charged to statement of profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset.

The revaluation reserve is not available for distribution to the Company’s shareholders. The revaluation surplus on item of property, plant and equipment measured at revalued amount, except land, is transferred to unappropriated profit to the extent of incremental depreciation charged (net of deferred tax). Upon disposal, any revaluation surplus is transferred to unappropriated profit (net of deferred tax).

4.3 Lease

At the inception of a contract, the Company assesses whether a contract is or contains lease. A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct cost incurred less any lease incentive received. The right of use asset is subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability, if any. The right of use assets is depreciated using the straight line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or cost of the right of use asset reflects that the Company will exercise a purchase option.

In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. Right of use asset is disclosed in the property, plant and equipment as referred to in note 17.1 of the financial statements.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company has used it incremental borrowing rate as the discount rate for leases where rate is not readily available. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in rate or a change in the terms of the lease arrangement, if there is change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in statement of profit or loss if the carrying amount of the right of use asset has been reduced to zero. Refer note 10 to these financial statements for disclosure of lease liability.

Short term leases and leases of low value assets

The Company has elected not to recognize right of use assets and liabilities for some leases of low value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

Sale and lease back

Where the sale and lease back transactions result in a lease liability, any excess of sale proceeds over the carrying amount is deferred and amortized over the lease term. However, sale proceeds less than the carrying value is immediately recognized in the statement of profit or loss.

4.4 Intangible assets

Expenditure incurred on intangible asset is capitalized and stated at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized using the straight-line method over the estimated useful life of three years. Amortization of intangible assets is commenced from the date an asset is capitalized.

4.5 Borrowing cost

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset, which are assets that necessarily take a substantial year of time to get ready for their intended use or sale, are added to the cost of those assets to the extent the carrying amount of the assets does not exceed its recoverable value, until such time as the assets are substantially ready for their intended use or sale.

4.6 Taxation

Income tax expense comprises current tax and deferred tax. It is recognized in statement of profit or loss except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in equity.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent liabilities and Contingent assets.

Current

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred

Deferred tax is recognized using balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Further, the Company recognizes deferred tax asset/ liability on deficit/ surplus on revaluation of property, plant and equipment which is adjusted against the related deficit/ surplus.

The Company accounts for the tax consequences of transactions and other events in the same way that it accounts for the transactions and other events themselves. Thus, for transactions and other events recognized in statement of profit or loss, any related tax effects are also recognized in statement of profit or loss. For transactions and other events recognized outside statement of profit or loss (either in other comprehensive income or directly in equity), any related tax effects are also recognized outside profit and loss (either in other comprehensive income or directly in equity, respectively).

4.7 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are generally recognized in the statement of profit or loss.

4.8 Employee retirement benefits

The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount. Calculation of defined benefit obligation is performed annually by a qualified actuary using the 'Projected Unit Credit Method'.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognized immediately in other comprehensive income. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments.

Net interest expense and other expenses related to defined benefit plan are recognized in the statement of profit or loss. Past service costs are immediately recognized in statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in statement of profit or loss. The Company recognizes gain and losses on the settlement of a defined benefit plan when the settlement occurs.

4.9 Provisions

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

4.10 Contingent liabilities

A contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.11 Financial instruments

4.11.1 Recognition and initial measurement

All financial assets or financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A receivable without a significant financing component is initially measured at the transaction price.

4.11.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in statement of profit or loss.

Financial assets measured at amortized cost comprise of cash and bank balances, deposits, loan and advances, mark up accrued, trade debts and other receivables.

Debt Instrument - FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in statement of profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss. However, the Company has no such instrument at the reporting date.

Equity Instrument - FVOCI

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to statement of profit or loss.

Financial assets measured at FVOCI comprise of long term investments as included in note 18 of these financial statements.

Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in statement of profit or loss.

Financial asset measured at FVTPL comprise of short term investments in equity instruments as detailed in note 26 of these financial statements.

Financial assets – Business model assessment:

For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial liabilities

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

Financial liabilities comprises of trade and other payables, long term and short term financing, dividend payable, accrued markup and lease liability.

4.11.3 Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial 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 in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company might enter into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in statement of profit or loss.

4.11.4 Impairment

Financial assets

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The Company measured its long term advances and related markup to associated companies under the general approach.

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

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

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

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in statement of profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

4.11.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

4.12 Acquisition of assets that do not constitute a business

When the Company acquires an asset or a Company (including any liabilities assumed) that does not constitute a business, then the transaction is outside the scope of IFRS 03 'Business Combinations' since it does not meet the definition of a business combination. Such transactions are accounted for by the Company as asset acquisitions in which the cost of acquisition is generally allocated between the individual identifiable assets and liabilities acquired based on their relative fair values at the date of acquisition. These transactions do not give rise to goodwill or a gain on a bargain purchase.

Assets acquired in an asset acquisition are recognized based on the cost of acquisition. The cost of an asset acquisition may comprise the following:

- cash or cash equivalent price at the date of acquisition;
- fair value of non-cash consideration (e.g. non-cash assets given up or liabilities assumed); and
- transaction costs directly attributable to the acquisition of the assets.

Under asset acquisition, for any identifiable asset or liability initially measured at an amount other than cost, the Company initially measures that asset or liability at the amount specified in the applicable IFRS Standard. The Company deducts from the transaction price, the amounts allocated to the assets and liabilities initially measured at an amount other than cost, and then allocates the residual transaction price to the remaining identifiable assets and liabilities based on their relative fair values at the date of the acquisition.

4.13 Investments in associates

Associates are the entities over which the Company has significant influence but not control. Significant influence is generally considered where shareholding percentage is between 20% to 50% of the voting shares. However, such significant influence can also arise where shareholding is lesser than 20% but due to other quantitative factors e.g. Company’s representation on the Board of Directors of investee Company, the Company can exercise significant influence. Investments in associates are accounted for using the equity method of accounting in these financial statements and are initially recognized at cost. If the ownership interest is reduced but significant influence is retained, gain / loss on the partial disposal of ownership interest is recognized in the statement of profit or loss as the difference between the proceeds from the sale and the cost of investment sold. The cost of investment is disposed off on weighted average basis.

The Company’s share of its associate’s post-acquisition profits or losses, movement in other comprehensive income, and its share of post-acquisition movements in reserves is recognized in the statement of profit or loss, statement of comprehensive income and reserves respectively. When the Company’s share of losses in associates / joint ventures equals or exceeds its interest in the associate including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associates. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions received from an associate reduce the carrying amount of the investment.

The carrying amount of equity accounting investments is tested for impairment in accordance with policy described in note 4.11.4.

4.14 Stores, spares and loose tools

These are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

4.15 Stock-in-trade

These are stated at the lower of cost and net realizable value except for waste stock which is valued at net realizable value.

Cost has been determined as follows:

- Raw materials	Weighted average cost
- Work-in-process and finished goods	Cost of direct materials, labour and appropriate manufacturing overheads.

Materials in transit comprises of invoice value plus other charges paid thereon.

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

4.16 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for sale of goods, net of returns, allowances, trade discounts, rebates and sales tax. Revenue is recognized when or as performance obligations are satisfied by transferring control of a promised goods or services to a customer, and control either transfers over time or point in time.

4.17 Other Income

Other income comprises dividend income, exchange gain, markup accrued notional gain on discounting and changes in the fair value of financial asset at fair value through profit or loss. Income on bank deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return. Foreign currency gains and losses are reported on a net basis.

Dividend income and entitlement of bonus shares are recognized when the right to receive is established.

Gains and losses on sale of investments are accounted for on disposal of investments.

4.18 Government grants

The Company recognizes government grants when there is reasonable assurance that grants will be received and the Company will be able to comply with conditions associated with grants.

Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

Grants that compensate the Company for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that the government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant. The amount of grant shall be recognized and presented in the statement of financial position as 'deferred grant'. In subsequent periods, the loan amount is accreted using the effective interest method.

The accreditation increases the carrying value of the loan with a corresponding effect on the interest expense for the year in the statement of profit or loss. The grant is recognized in statement of profit or loss, in line with the recognition of interest expenses the grant is compensating.

4.19 Cash and cash equivalents

Cash and cash equivalents for the purpose of statement of cash flows comprise cash in hand and cash at banks. Cash and cash equivenlaents are carried in statement of financial position at amortised cost.

4.20 Contract liabilities

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract. It also includes refund liabilities arising out of customers‘ right to claim amounts from the Company on account of contractual delays in delivery of performance obligations and incentive on target achievements.

4.21 Operating segment

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. All operating segments' operating results are regularly reviewed by the Company's Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The details related to operating segements are disclosed in note 47.

4.22 Earnings per share ('EPS')

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit and loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

4.23 Dividend distribution

Dividend is recognized as a liability in th statement of financial position in the year in which it is declared and approved. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.

5 Issued, subscribed and paid-up capital

	2022	2021	**2022**	2021
	- - - - (Number of shares) - - - -		**- - - - - - - (Rupees) - - - - - - -**	
Ordinary shares of Rs. 10 each fully paid in cash	**1,000,000**	1,000,000	**10,000,000**	10,000,000
Ordinary shares of Rs. 10 each fully paid as right shares	**9,187,200**	9,187,200	**91,872,000**	91,872,000
Ordinary shares of Rs. 10 each issued as fully paid bonus shares	**19,812,800**	19,812,800	**198,128,000**	198,128,000
	30,000,000	30,000,000	**300,000,000**	300,000,000

5.1 As at the statement of financial position date, ordinary shares of the Company held by associated companies, undertakings and related parties are as follows:

	2022	2021	2022	2021
	------(Number of shares)---------		---(Percentage of holding)---	
Fazal Holdings (Private) Limited	**7,352,041**	7,346,541	**24.51**	24.49
Mr. Rehman Naseem	**3,101,320**	3,101,320	**10.34**	10.34
Mr. Fawad Ahmed Mukhtar	**2,415,422**	2,415,422	**8.05**	8.05
Mr. Fazal Ahmed Sheikh	**2,041,611**	2,041,611	**6.81**	6.81
Mr. Faisal Ahmed Mukhtar	**2,039,865**	2,039,865	**6.80**	6.80
Mr. Abdullah Amir Fazal S/O Amir Naseem Sheikh	**1,414,139**	1,414,139	**4.71**	4.71
Mr. Muhammad Yousaf Amir S/O Amir Naseem Sheikh	**1,421,643**	1,421,643	**4.74**	4.74
Mr. Asad Muhammad Sheikh S/O Fazal Ahmed Sheikh	**1,012,970**	1,012,970	**3.38**	3.38
Mr. Muhammad Mukhtar Sheikh S/O Fazal Ahmed Sheikh	**1,012,969**	1,012,969	**3.38**	3.38
Mr. Muhammad Fazeel Mukhtar S/O Faisal Ahmed Mukhtar	**675,895**	675,895	**2.25**	2.25
Mr. Ibrahim Mukhtar S/O Faisal Ahmed Mukhtar	**675,895**	675,895	**2.25**	2.25
Mr. Mohid Muhammad Ahmed S/O Faisal Ahmed Mukhtar	**675,895**	675,895	**2.25**	2.25
Mr. Fahad Mukhtar	**579,715**	579,715	**1.93**	1.93
Mr. Ali Mukhtar S/O Fawad Ahmed Mukhtar	**536,207**	536,207	**1.79**	1.79
Mr. Abbas Mukhtar S/O Fawad Ahmed Mukhtar	**536,206**	536,206	**1.79**	1.79
Fatima Trading Company (Private) Ltd	**392,283**	392,283	**1.31**	1.31
Farrukh Trading Company Limited	**392,282**	-	**1.31**	-
Fatima Management Company Limited	**392,282**	392,282	**1.31**	1.31
Fatima Trade Company Limited	**-**	392,282	**-**	1.31
Mr. Amir Naseem Sheikh	**82,828**	82,828	**0.28**	0.28
Mr. Sheikh Naseem Ahmad	**8,820**	8,820	**0.03**	0.03
Mrs. Mahnaz Amir Sheikh	**4,447**	4,447	**0.01**	0.01
Ms. Perveen Akhter Malik	**2,501**	2,501	**0.01**	0.01
Mr. Masood Karim Sheikh	**2,501**	2,501	**0.01**	0.01
Mr. Babar Ali	**2,501**	2,501	**0.01**	0.01
Reliance Commodities (Private) Limited	**500**	500	**0.002**	0.002
Fatima Holding Limited	**5**	5	**0.00002**	0.00002

6 Other capital reserves

	Note	2022 Rupees	2021 Rupees
Share premium			
Issue of 3,168,000 ordinary shares of Rs. 10 each at premium of Rs. 20 per share issued during the year 2001		**63,360,000**	63,360,000
Issue of 2,851,200 ordinary shares of Rs. 10 each at premium of Rs. 5 per share issued during the year 2002		**14,256,000**	14,256,000
	6.1	**77,616,000**	77,616,000
Capital redemption reserve	*6.2*	**175,000,000**	175,000,000
Fair value reserve	*6.3*	**2,457,736,637**	891,403,215
		2,710,352,637	1,144,019,215

6.1 This reserve can be utilized by the Company only for the purposes specified in section 81(2) of the Companies Act, 2017.

6.2 This represents capital redemption reserve created for the purpose of redemption of preference shares, and is not available for distribution to the shareholders.

6.3 This represents fair value adjustment on investments classified as fair value through OCI and is not available for distribution to the shareholders.

7 **Revaluation surplus on property, plant and equipment -** ***net***	**2022** **Rupees**	2021 Rupees
Gross surplus		
Balance at 01 July	**20,581,773,648**	10,575,362,962
Revaluation surplus arised during the year - *net of deferred tax*	**-**	9,198,296,406
Related deferred tax liability	**-**	1,360,153,650
	-	10,558,450,056
Effect of disposal of operating fixed assets during the year - net of deferred tax	**(271,402,777)**	(6,218,530)
Related deferred tax liability	**(7,893,846)**	(1,399,984)
	(279,296,623)	(7,618,514)
Transferred to unappropriated profits in respect of incremental depreciation charge during the year - net of deferred tax	**(573,188,983)**	(444,377,651)
Related deferred tax liability	**(129,937,867)**	(100,043,205)
	(703,126,850)	(544,420,856)
Balance at 30 June	**19,599,350,175**	20,581,773,648
Deferred tax liability on revaluation surplus		
Balance at 01 July	**2,572,281,192**	1,332,075,176
Related deferred tax liability:		
On revaluation of - property, plant and equipment during the year	**-**	1,360,153,650
- Effect of disposal of operating fixed assets during the year	**(7,893,846)**	(1,399,984)
- Transferred to unappropriated profits on account of incremental depreciation charge during the year	**(129,937,867)**	(100,043,205)
	(137,831,713)	1,258,710,461
Effect of change in proration rate	**14,411,866**	(18,504,445)
Balance at 30 June	**2,448,861,345**	2,572,281,192
Revaluation surplus on property, plant and equipment - net of deferred tax	**17,150,488,830**	18,009,492,456

7.1 Property, plant and equipment of the Company except office equipment, furniture and fittings and vehicles have been revalued on 01 January 2021 by Joseph Lobo (Private) Limited, an independent valuer not connected with the Company and approved by Pakistan Banks' Association 'any amount' category, resulting in recognition of additional surplus of Rs. 10,558 million. Previously, the revaluation of the Company was carried out on 30 June 2007, 31 March 2012, 31 March 2015, and 28 February 2018 by independent valuers resulting in additional surplus of Rs. 2,915 million, Rs. 2,028 million, Rs. 4,398 million and Rs. 4,589 million, respectively.

Freehold land

Fair market value of freehold land is assessed through examining plot profile and purchase terms, independent inquiries from local active realtors, current and past occupants of land, neighboring areas, current asking prices for industrial used land in the vicinity, access roads and independent inquiries from other real estate sources to ascertain the selling prices for the properties of the same nature.

Factory and non-factory building

Construction specifications were noted for each building and structure and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, residual factors are applied based on estimate of balance useful life to determine the current assessed market value.

Plant and machinery and others fixed assets

Plant and machinery and other fixed assets have been evaluated/ assessed by inspecting items of plant and machinery and fixed assets. The valuer also consulted industry related dealers, indentors and/ or manufactures in order to ascertain the current replacement values of imported and locally fabricated items. The value assigned reflects the present condition of items while considering age, condition and/ or obsolescence of the items.

8 Long term financing - *secured*

	Note	2022 Rupees	2021 Rupees
Long term financing under markup arrangements - Company:			
- banking companies	*8.1*	**13,525,336,725**	12,086,301,475
- other financial institutions	*8.2*	**1,730,833,335**	1,644,166,667
		15,256,170,060	13,730,468,142
Deferred grant		**(5,659,415)**	(38,761,145)
Current portion of long term financing	*13*	**(2,345,981,952)**	(2,867,193,269)
		12,904,528,693	10,824,513,728

8.1 Banking companies:

Lender	2022	2021	Rate of mark up per annum	Tenure and basis of principal repayments	Security
	---------Rupees---------				
Askari Bank Limited					
- Term finance - TF	**200,000,001**	266,666,667	6 Months KIBOR + 1.00%	Balance principal amount is payable in six equal half yearly instalments ending on 21 February 2025.	1st joint pari passu charge/ mortgage of Rs.1,840 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.
- Term finance - TF	**458,333,333**	500,000,000	6 Months KIBOR + 1.00%	Balance principal amount is payable in eleven equal half yearly instalments ending on 26 November 2027.	
- Term finance - TF	**-**	67,089,781	6 Months KIBOR + 1.00%	During year entire amount of term finance has been transferred to SBP's LTFF Loan	
- SBP's LTFF loan	**497,402,603**	53,627,242	SBP Rate + 1.00% (fixed rate)	Principal amount is payable in twelve equal half yearly instalments beginning on 22 December 2022.	
- Term finance - TF	**5,941,503**	8,318,105	6 Months KIBOR + 1.00%	Balance principal amount is payable in five equal half yearly instalments ending on 09 November 2024.	
- SBP's LTFF loan	**92,870,194**	123,826,926	SBP Rate + 1.00% (fixed rate)	Balance principal amount is payable in six equal half yearly instalments ending on 13 January 2025.	
	1,254,547,634	1,019,528,721			
Soneri Bank Limited					
- Term finance - TF	**500,000,000**	500,000,000	6 Months KIBOR + 1.00%	Principal amount is payable in ten equal half yearly instalments beginning on 01 October 2023.	1st joint pari passu charge/ mortgage of Rs.1,802 million over all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.
- Term finance - TF	**-**	40,000,000	3 Months KIBOR + 1.00%	This loan has been fully repaid during the year.	
- SBP's LTFF loan	**430,597,472**	492,111,404	SBP rate + 1.10% (fixed rate)	Balance principal amount is payable in twenty eight equal quarterly instalments ending on 20 June 2029.	
	930,597,472	1,032,111,404			
Habib Bank Limited					
- SBP's LTFF loan	**294,543,549**	348,096,923	SBP rate + 0.50% (fixed rate)	Balance principal amount is payable in eleven equal half yearly instalments ending on 29 September 2027.	1st joint pari passu charge/ mortgage of Rs.1,690 million over all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.

Lender	2022	2021	Rate of mark up per annum	Tenure and basis of principal repayments	Security
	--------- Rupees ---------				
National Bank of Pakistan					
- Demand finance - VII	**28,864,025**	86,592,069	6 Months KIBOR + 1.25%	Balance principal amount is payable in two equal quarterly instalments ending on 03 December 2022.	1st joint pari passu charge/ mortgage of Rs.5,099 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.
- SBP's LTFF loan	**14,489,618**	43,468,842	SBP rate + 1.25% (fixed rate)		
- SBP's LTFF loan	**800,000,000**	900,000,000	SBP rate + 0.60% (fixed rate)	Balance principal amount is payable in thirty two equal quarterly instalments ending on 08 April 2030.	
- Demand finance - X	**-**	11,057,200	6 Months KIBOR + 1.00%	During the year entire amount of term finance has been transferred to SBP's LTFF Loan	
- SBP's LTFF loan	**1,000,000,000**	209,316,800	SBP rate + 0.80% (fixed rate)	Principal amount is payable in sixteen equal half yearly instalments beginning on 23 August 2023.	
- Demand finance - XI	**183,450,000**	-	6 Months KIBOR + 1.00%	Principal amount is payable in twelve equal half yearly instalments beginning on 24 August 2024.	
	2,026,803,643	1,250,434,911			
United Bank Limited					
- SBP's LTFF loan	**519,470,668**	634,908,582	SBP rate + 0.50% (fixed rate)	Balance principal amount is payable in nine equal half yearly instalments ending on 31 December 2026.	1st joint pari passu charge/ mortgage of Rs.1,234 million on all present and future fixed assets of the Company and personal guarantees of sponsoring directors of the Company.
- Demand finance - III	**112,500,000**	187,500,000	6 Months KIBOR + 1.10%	Balance principal amount is payable in three equal half yearly instalments ending on 30 November 2023.	
- Term loan	**908,604**	1,817,204	6 Months KIBOR + 1.00%	Balance principal amount is payable in two equal half yearly instalments ending on 04 June 2023.	
- SBP's LTFF loan	**46,449,906**	77,416,498	SBP rate + 1.00% (fixed rate)	Balance principal amount is payable in three equal half yearly instalments ending on 04 June 2023.	
	679,329,178	901,642,284			
MCB Bank Limited					
- Term finance	**-**	80,000,000	3 Months KIBOR + 0.60%	The loan has been fully repaid during the year.	1st joint pari passu charge/ mortgage of Rs.509 million on all present and future fixed assets of the Company and personal guarantees of sponsoring directors of the Company.
- Demand finance	**45,833,250**	137,499,750	6 Months KIBOR + 1.25%	Last installment is due on 31 December 2022.	
	45,833,250	217,499,750			
Allied Bank Limited					
- Term loan - V	**-**	36,405,198	6 Months KIBOR + 0.90%	This loan has been fully repaid during the year.	1st joint pari passu charge/ mortgage of Rs.3,711 million on all present and future fixed assets of the Company and personal guarantees of sponsoring directors of the Company.
- Term loan - VI	**41,666,663**	124,999,997	6 Months KIBOR + 0.90%	Last installment is due on 06 August 2022.	
- Term loan - VII	**331,970,987**	387,299,485	6 Months KIBOR + 0.65%	Balance principal amount is payable in twelve equal half yearly instalments ending on 02 March 2028.	
- SBP's LTFF loan	**288,470,566**	332,850,654	SBP Rate+0.50% (fixed rate)	Balance principal amount is payable in thirteen equal half yearly instalments ending on 02 September 2028.	
- SBP's LTFF loan	**603,745,043**	689,994,325	SBP rate + 0.50% (fixed rate)	Balance principal amount is payable in forteen equal half yearly instalments ending on 04 January 2029.	
- SBP's LTFF loan	**448,631,058**	498,134,914	SBP rate + 0.75% (fixed rate)	Balance principal amount is payable is forteen equal half yearly instalments ending on 27 March 2030.	
- Term loan -X	**-**	37,729,102	6 Months KIBOR + 0.75%	During year entire amount of term finance has been transferred to SBP's REPP Loan	
- SBP's REPP loan	**175,968,056**	140,840,466	SBP rate + 0.75% (fixed rate)	Balance principal amount is payable in sixteen equal half yearly instalments ending on 25 March 2030.	

Lender	2022	2021	Rate of mark up per annum	Tenure and basis of principal repayments	Security
	---------- Rupees ----------				
- SBP's Salaries & Wages loan - *Note 8.4*	**100,835,788**	504,178,916	1.50% fixed rate	Last installment due on 01 October 2022.	1st joint pari passu charge/ mortgage of Rs.3,711 million on all present and future fixed assets of the Company and personal guarantees of sponsoring directors of the Company.
Less: deferred grant	**(4,942,234)**	(33,849,197)			
- Term finance - I	**58,333,337**	175,000,003	6 Months KIBOR + 1.05%	Last installment due on 08 October 2022.	
- Term finance - II	**75,000,000**	100,000,000	6 Months KIBOR + 1.25%	Balance principal amount is payable in six equal half yearly instalments ending on 12 October 2024.	
- SBP's LTFF loan	**75,000,000**	100,000,000	SBP Rate + 1.25% (fixed rate)		
- SBP's LTFF loan	**40,625,000**	46,875,000	SBP Rate + 1.00% (fixed rate)	Balance principal amount is payable in thirteen equal half yearly instalments ending on 11 December 2028.	
- SBP's Salaries & Wages loan - *Note 8.4*	**14,632,563**	73,162,767	1.50% fixed rate	Last installment due on 01 October 2022.	
Less: deferred grant	**(717,181)**	(4,911,948)			
	2,249,219,646	3,208,709,682			
The Bank of Khyber					
- Term finance	**-**	34,866,812	6 Months KIBOR + 0.75%	The loan has been fully repaid during the year.	1st joint pari passu charge/ mortgage of Rs.1,087 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.
- Demand finance - II	**-**	37,500,000	6 Months KIBOR + 0.75%	The loan has been fully repaid during the year.	
- SBP's LTFF loan	**315,000,000**	350,000,000	SBP rate + 0.60% (fixed rate)	Balance principal amount is payable in nine equal half yearly instalments ending on 27 August 2026.	
- SBP's LTFF loan	**500,000,000**	-	SBP rate + 1.50% (fixed rate)	Principal amount is payable in nine equal half yearly instalments beginning on 19 January 2024.	
	815,000,000	422,366,812			
The Bank of Punjab					
- Term finance	**20,800,178**	62,400,532	6 Months KIBOR + 0.85%	Last installment due on 30 September 2022.	1st joint pari passu charge/ mortgage of Rs. 4,326 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.
- SBP's LTFF loan	**375,000,004**	437,500,002	SBP rate + 0.50% (fixed rate)	Balance principal amount is payable in twelve equal half yearly instalments ending on 05 December 2027.	
- Term finance	**450,000,000**	550,000,000	6 Months KIBOR + 0.75%	Balance principal amount is payable in nine equal half yearly instalments ending on 25 October 2026 .	
- SBP's LTFF loan	**406,179,537**	468,668,689	SBP rate + 0.75% (fixed rate)	Balance principal amount is payable in thirteen equal half yearly instalments ending on 12 October 2028.	
- SBP's LTFF loan	**459,297,004**	489,916,801	SBP rate + 1.50% (fixed rate)	Balance principal amount is payable in fifteen equal half yearly instalments ending on 27 December 2029.	
- Term finance	**625,990,534**	13,502,819	6 Months KIBOR + 1.75%	Principal amount is payable in sixteen equal half yearly instalments beginning on 29 May 2024.	
- SBP's LTFF loan	**133,309,760**	-	SBP rate + 1.75% (fixed rate)		
	2,470,577,017	2,021,988,843			
Standard Chartered Bank (Pakistan) Ltd					
- Term finance	**-**	168,750,000	6 Months KIBOR + 1.00%	Balance principal amount has been prepaid during the year.	Entire charge vacated after repayment of total balance payable.
JS Bank Limited					
- Term finance	**150,000,000**	225,000,000	6 Months KIBOR + 1.00%	Balance principal amount is payable in four equal half yearly instalments ending on 24 January 2024.	1st joint pari passu charge/ mortgage of Rs.334 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

Lender	2022	2021	Rate of mark up per annum	Tenure and basis of principal repayments	Security
	--------- Rupees ---------				
Bank Al Habib Limited					
- Term finance	**400,000,000**	500,000,000	6 Months KIBOR + 1.00%	Balance principal amount is payable in eight equal half yearly instalments ending on 17 January 2026.	1st joint pari passu charge/ mortgage of Rs.1,534 million on all present and future fixed assets of the Company and ranking charge of Rs.534 million on plant & machinery. Ranking charge will be upgraded to 1st JPP charge within deferral time period.
- Term finance / LTFF	**-**	31,411,000	6 Months KIBOR + 2.00%	During year entire amount of term finance has been transferred to SBP's LTFF Loan	
- SBP's LTFF loan	**235,595,000**	-	SBP rate + 2.00% (fix rate)	Principal amount is payable in sixteen equal half yearly instalments beginning on 16 December 2023.	
- Term finance / REPP	**267,274,000**	-	6 Months KIBOR + 1.75%	Principal amount is payable in sixteen equal half yearly instalments beginning on 14 December 2024.	
- SBP's REPP loan	**16,093,000**	-	SBP rate + 1.75% (fix rate)		
	918,962,000	531,411,000			
Bank Alfalah Limited					
- Term finance	**700,000,000**	700,000,000	6 Months KIBOR + 1.50%	Principal amount is payable in ten equal half yearly instalments beginning on 03 May 2023.	1st joint pari passu charge/ mortgage of Rs.1,334 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.
- Term finance / REPP	**21,263,920**	-	6 Months KIBOR + 1.50%	Principal amount is payable in thirty six equal quarterly instalments beginning on 23 May 2023.	
- SBP's REPP loan	**263,000,001**	-	SBP rate + 1.75% (fix rate)		
	984,263,921	700,000,000			
Habib Metropolitan Bank Ltd					
- Term finance	**700,000,000**	-	6 Months KIBOR + 1.00%	Principal amount is payable in sixteen equal quarterly instalments beginning on 15 January 2024.	1st joint pari passu charge/ mortgage of Rs.934 million on all present and future fixed assets of the Company.
	13,519,677,310	12,047,540,330			

8.2 Other financial institutions:

Lender	2022	2021	Rate of mark up per annum	Tenure and basis of principal repayments	Security
Pak Brunei Investment Company Limited					
- Term finance	**62,500,000**	125,000,000	3 Months KIBOR + 0.90%	Balance principal amount is payable in two equal half yearly instalments ending on 23 January 2023.	1st joint pari passu charge/ mortgage of Rs.84 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.
Pak Oman Investment Company Limited					
- Term finance	**-**	37,500,000	6 Months KIBOR + 0.90%	This loan has been fully repaid during the year.	1st joint pari passu charge/ mortgage of Rs.1,390 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.
- Term finance	**157,500,000**	227,500,000	3 Months KIBOR + 0.90%	Balance principal amount is payable in nine equal quarterly instalments ending on 23 September 2024.	
- Term finance	**375,000,000**	475,000,000	6 Months KIBOR + 0.90%	Balance principal amount is payable in fifteen equal quarterly instalments ending on 24 January 2026.	
- Term finance	**395,833,335**	479,166,667	3 Months KIBOR + 2.00%	Balance principal amount is payable in nineteen equal quarterly instalments ending on 09 March 2027.	
	928,333,335	1,219,166,667			
Saudi Pak Industrial & Agricultural Investment Co. Limited					
- Term finance	**250,000,000**	300,000,000	6 Months KIBOR + 2.25%	Balance principal amount is payable in ten equal half yearly instalments ending on 21 January 2027.	1st joint pari passu charge/ mortgage of Rs.1,000 million on all present and future fixed assets of the Company.
- SBP's LTFF loan	**490,000,000**	-	SBP rate + 1.50% (fix rate)	Principal amount is payable in sixteen equal half yearly instalments beginning on 28 February 2024.	
	740,000,000	300,000,000			
	1,730,833,335	1,644,166,667			

9 Long term musharika - *secured*

	Note	2022 Rupees	2021 Rupees
Islamic mode of financing - Company			
Long term musharika - banking companies	9.1	**3,376,467,767**	2,627,600,636
Current portion of long term musharika	13	**(743,227,985)**	(763,539,316)
		2,633,239,782	1,864,061,320

9.1 Banking companies:

Lender	2022	2021	Rate of profit per annum	Tenure and basis of principal repayments	Security
	--------- Rupees	---------			
Meezan Bank Limited					
- Diminishing musharika	**312,500,000**	437,500,000	6 Months KIBOR + 1.25%	Balance principal amount is payable in five equal half yearly instalments ending on 28 November 2024.	1st joint pari passu charge/ mortgage of Rs.1,865 million and ranking charge of Rs.1,334 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors. Ranking charge of Rs.1,334 million will be upgraded to 1st JPP charge within deferral time period.
- Diminishing musharika	**1,561,319**	4,683,969	6 Months KIBOR + 1.00%	Last installment due on 30 October 2022.	
- Diminishing musharika	**1,000,000,000**	-	6 Months KIBOR + 1.25%	Principal amount is payable in twelve equal half yearly instalments beginning on 22 October 2024.	
	1,314,061,319	442,183,969			
Dubai Islamic Bank Pakistan Limited					
- Diminishing musharika	**50,000,000**	150,000,000	6 Months KIBOR + 1.00%	Last installment due on 07 October 2022.	1st joint pari passu charge/ mortgage of Rs.2,034 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.
- Diminishing musharika	**375,000,001**	525,000,000	6 Months KIBOR + 2.00%	Balance principal amount is payable in five equal half yearly instalments ending on 01 October 2024.	
- Diminishing musharika	**425,000,000**	500,000,000	3 Months KIBOR + 1.50%	Balance principal amount is payable in seventeen equal quarterly instalments ending on 06 September 2026.	
- Diminishing musharika	**500,000,000**	-	3 Months KIBOR + 1.50%	Principal amount is payable in twenty equal quarterly instalments beginning on 27 March 2023.	
	1,350,000,001	1,175,000,000			
Standard Chartered Bank (Pakistan) Limited					
- Diminishing musharika	**-**	93,750,000	6 Months KIBOR + 1.00%	Entire amount was repaid during the year.	Entire charge vacated after repayment of all term loans.
Faysal Bank Limited					
- Diminishing musharika	**250,000,001**	416,666,667	3 Months KIBOR + 0.75%	Balance principal amount is payable in three equal half yearly instalments ending on 06 December 2023.	1st joint pari passu charge/ mortgage of Rs.1,710 million over all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.
- Diminishing musharika / ILTFF	**12,406,446**	-	3 Months KIBOR + 0.75%	Principal amount is payable in sixteen equal half yearly instalments beginning on 30 December 2024.	
	262,406,447	**416,666,667**			
National Bank of Pakistan					
- Diminishing musharika	**450,000,000**	500,000,000	6 Months KIBOR + 0.85%	Balance principal amount is payable in nine equal half yearly instalments ending on 02 July 2026.	1st joint pari passu charge/ mortgage of Rs.5,099 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.
	3,376,467,767	2,627,600,636			

	Note	2022 Minimum lease payments	2022 Finance charge	2022 Present value of minimum lease payments
10 Lease liability - *unsecured*	*Note*	**(Rupees)**		
Not later than one year	*10.1*	**10,629,366**	**10,780,872**	**(151,506)**
Later than one year and not later than five years		**54,263,976**	**40,137,446**	**14,126,530**
Above five years		**79,447,888**	**19,471,376**	**59,976,512**
		144,341,230	**70,389,694**	**73,951,536**

	2021 Minimum lease payments	2021 Finance charge	2021 Present value of minimum lease payments
Lease liability - *unsecured*	(Rupees)		
Not later than one year	9,663,060	10,708,498	(1,045,438)
Later than one year and not later than five years	49,330,888	41,821,796	7,509,092
Above five years	95,010,343	28,567,898	66,442,445
	154,004,291	81,098,192	72,906,099

10.1 Finance cost exceeds rentals due in next twelve months.

The Company has recognized lease building on account of head office building rented out to the Company. The remaining tenure of contract is 09 years payable quarterly in advance. Lease liability is calculated at discount rate of 15.11%.

	Note	2022 Rupees	2021 Rupees
11 Deferred liabilities			
Employee retirement benefits - Gratuity	*11.1*	**342,254,877**	288,700,623
Deferred grant	*8*	**-**	5,659,415
Deferred taxation	*11.2*	**4,444,957,285**	4,356,792,163
		4,787,212,162	4,651,152,201

11.1 Employee retirement benefits - Gratuity

The latest actuarial valuation of the Company's defined benefit plan, was conducted at 30 June 2022 using 'Projected Unit Credit' method. Detail of obligation for defined benefit plan is as follows:

	Note	2022 Rupees	2021 Rupees
11.1.1 The amounts recognized in the 'Statement of financial position' is as follows:			
Present value of defined benefit obligation liability at 30 June	*11.1.2*	**342,254,877**	288,700,623

11.1.2 Movement in the liability for defined benefit obligation recognized in the Statement of financial position' is as follows:

	Note	2022 Rupees	2021 Rupees
Liability for defined benefit obligation at 01 July		**288,700,623**	291,766,604
Current service cost	*11.1.3*	**136,230,209**	104,245,486
Interest cost on defined benefit obligation	*11.1.3*	**22,121,928**	19,617,289
Actuarial loss / (gain) charged to 'Other Comprehensive Income'	*11.1.5*	**30,164,809**	(4,978,807)
Benefits paid during the year		**(134,962,692)**	(121,949,949)
Liability for defined benefit obligation at 30 June		**342,254,877**	288,700,623

		Note	2022 Rupees	2021 Rupees
11.1.3	**The amounts recognized in the 'Statement of profit or loss' against defined benefit plan are as follows:**			
	Current service cost		**136,230,209**	104,245,486
	Interest cost		**22,121,928**	19,617,289
			158,352,137	123,862,775
11.1.4	**Charge to 'Statement of profit or loss' against defined benefit plan has been allocated as under**			
	Cost of sales		**150,188,172**	116,762,176
	Selling and distribution expense		**973,331**	1,781,856
	Administrative expense		**7,190,634**	5,318,743
			158,352,137	123,862,775
11.1.5	**Remeasurement loss / (gain) recognized in the 'Other comprehensive income' against defined benefit plan are as follows:**			
	Remeasurement loss / (gain) on defined benefit obligation due to:			
	- changes in financial assumptions		**(22,451,452)**	-
	- change in experience adjustment		**52,616,261**	(4,978,807)
			30,164,809	(4,978,807)

11.1.6 Actuarial assumptions used for valuation of liability at 30 June against defined benefit obligation are as under:

The following are the principal actuarial assumptions at statement of financial position date:

	2022	2021
Discount rate used for interest cost	**10.00% per anum**	8.50% per annum
Discount rate used for year end obligation	**13.25% per anum**	10.00% per annum
Expected rate of growth per annum in future salaries	**11.25% per anum**	9.00% per annum
Mortality rates	**SLIC (2001 - 05) Setback 1 Year**	SLIC (2001 - 05) Setback 1 Year
Retirement assumption	**Age 60**	Age 60

11.1.7 Sensitivity analysis of defined benefit obligation to changes in the actuarial assumptions

Reasonably possible changes at the statement of financial position date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	2022			2021		
	Impact on defined benefit obligation			Impact on defined benefit obligation		
	Change in assumption	**Increase in assumption**	**Decrease in assumption**	Change in assumption	Increase in assumption	Decrease in assumption
	Percentage	**Rupees**	**Rupees**	Percentage	Rupees	Rupees
Discount rate	**1.00%**	**322,423,537**	**363,314,019**	1.00%	269,279,591	309,529,186
Salary growth rate	**1.00%**	**363,305,986**	**322,419,576**	1.00%	309,522,342	269,276,283

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the defined benefit obligation recognized in the statement of financial position.

11.1.8 The Company expects to charge Rs. 157.88 million against current service cost and Rs. 45.35 million against net interest cost, aggregating to Rs. 203.23 million, to 'statement of Profit or Loss' in respect of defined benefit plan in 2023.

11.1.9 The Company exposure to the actuarial risks are as follows:

a) **Salary risks**

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

b) **Demographic risks**

Mortality Risk

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

Withdrawal Risk

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

11.1.10 Gratuity scheme entitles members of staff retirement benefit plan on resignation, termination, retirement, early retirement, retrenchment, death and dismissal based, on the Company's service rules, for staff gratuity. Gratuity is based on the last month basic salary for each year of service.

11.2 Deferred taxation

	2022					
	Balance at 01 July	Effect of change in proration rate		(Reversal from)/ charge to		Balance at 30 June
		Equity	'Statement of profit or loss'	'Statement of profit or loss'	'Statement of comprehensive income'	
	Rupees					
Taxable temporary differences arising in respect of :						
Revaluation surplus on property, plant and equipment	2,572,281,192	14,411,866	-	(137,831,713)	-	2,448,861,345
Accelerated tax depreciation	1,855,655,510	-	10,412,714	207,244,850	-	2,073,313,074
	4,427,936,702	14,411,866	10,412,714	69,413,137	-	4,522,174,419
Deductible temporary difference arising in respect of :						
Provisions and others	(71,144,539)	-	(405,486)	(5,667,109)	-	(77,217,134)
Deferred tax liability	4,356,792,163	14,411,866	10,007,228	63,746,028	-	4,444,957,285

	2021					
	Balance at 01 July	Effect of change in proration rate		(Reversal from)/ charge to		Balance at 30 June
		Equity	'Statement of profit or loss'	'Statement of profit or loss'	'Statement of comprehensive income'	
	---------- Rupees ----------					
Taxable temporary differences arising in respect of :						
Revaluation surplus on property, plant and equipment	1,332,075,176	(18,504,445)	-	(101,443,189)	1,360,153,650	2,572,281,192
Accelerated tax depreciation	1,802,576,921	-	(25,040,393)	78,118,982	-	1,855,655,510
	3,134,652,097	(18,504,445)	(25,040,393)	(23,324,207)	1,360,153,650	4,427,936,702
Deductible temporary difference arising in respect of :						
Provisions and others	(8,886,703)	-	123,448	(62,381,284)	-	(71,144,539)
Deferred tax liability	3,125,765,394	(18,504,445)	(24,916,945)	(85,705,491)	1,360,153,650	4,356,792,163

	Note	2022 Rupees	2021 Rupees
12 Trade and other payables			
Trade creditors		**746,347,677**	605,847,100
Accrued liabilities	*12.1*	**2,342,640,939**	1,219,964,812
Due to associated undertakings	*12.2*	**177,908,772**	523,589,177
Bills payable		**2,474,988,642**	1,081,640,184
Tax deducted at source		**6,955,196**	5,664,473
Infrastructure cess	*12.3*	**1,059,752,877**	685,308,362
Workers' profit participation fund	*12.4*	**318,406,192**	296,382,205
Workers' welfare fund	*12.5*	**190,592,828**	62,532,103
Loan from Director	*12.6*	**299,693**	299,693
Foregin exchange forward contract - *mark to market*		**8,895,000**	-
Others		**42,683,227**	88,746,126
		7,369,471,043	4,569,974,235

12.1 The Honorable Supreme Court of Pakistan (SCP) vide judgement dated 13 August 2020 decided the appeal and declared the GIDC Act, 2015 to be constitutional and recoverable from the gas consumers. A review petition was filed against the judgment which was also dismissed. SCP in detailed judgment stated that the Cess under GIDC Act, 2015 is applicable only to those consumers of natural gas which have passed on GIDC burden to their end customers for their business activities.

The Company has filed a civil suit before the Honorable Sindh High Court (SHC) on the grounds that the Company has not passed on the impact of GIDC to end customers. SHC has granted stay order and has restrained SNGPL from taking any coercive action against the Company. The case is pending for adjudication. The Company has recorded the liability of GIDC under GIDC Act, 2015 which is classified in accrued liabilities. Last year, the current and non-current portion of GIDC payable was included in accrued liabilities and long-term payable respectively.

This also includes an amount of Rs. 269.98 million (2021: Rs. Nil) accrued against purchase of electricity from Fatima Energy Limited for the month of June 2022.

	Note	2022 Rupees	2021 Rupees
12.2 Due to associated undertakings			
Ahmed Fine Textile Mills Limited		**-**	498,919,627
Hussain Ginneries Limited		**13,250,970**	13,250,970
Fatima Energy Limited		**159,839,648**	7,550,000
Fatima Fertilizer Company Limited		**4,812,552**	3,799,579
Fazal-ur-Rehman Foundation		**-**	28,500
Pakarab Fertilizer Limited		**5,602**	40,501
	12.2.1	**177,908,772**	523,589,177

12.2.1 These are unsecured and in the normal course of business for goods and services.

12.3 This represent provision against 'Sindh Infrastructure Cess', levied under Section 9 of 'Sindh Finance Act, 1994' and its subsequent versions including the final version i.e. Sindh Development and Maintenance of Infrastructure Cess Act, 2017 at the rate specified of total value of goods as assessed by the 'Custom Authorities' while considering net weight and distance for carriage of goods through the province of 'Sindh'. The Company filed an appeal before the 'Honorable Sindh High Court' against levy which passed order dated 04 June 2021 against the Company and directed that bank guarantees should be encashed. Being aggrieved by the order, the Company along with others has filed petitions for leave to appeal before Honorable Supreme Court of Pakistan against the Sindh High Court's judgment in relation to Sindh infrastructure development cess. The Supreme court in its order dated granted interim relief to the Company against the order of Honorable Sindh High Court Subject to provision of bank guarantees equivalent of Cess amount. However, the probable amount has been fully recognised in the financial statements.

12.4 **Workers' profit participation fund**	*Note*	**2022 Rupees**	2021 Rupees
Balance as at 01 July		**296,382,205**	51,639,012
Provision for the year	*34*	**318,406,192**	296,382,205
Interest on funds utilized by the Company	*37*	**119,364,888**	17,826,070
		734,153,285	365,847,287
Payment made during the year		**(414,908,607)**	(69,178,804)
Deposited in 'Government Treasury'		**(838,486)**	(286,278)
Balance as at 30 June		**318,406,192**	296,382,205

12.5 **Workers' welfare fund**			
Balance as at 01 July		**62,532,103**	49,187,833
Payment made in tax liability		**-**	(19,570,472)
Reversal during the year		**-**	(35,569,564)
Allocation for the year	*34*	**128,060,725**	68,484,306
Balance as at 30 June		**190,592,828**	62,532,103

12.6 This represents interest free loan from a director of the Company. The loan is unsecured and repayable on demand.

13 **Current portion of non-current liabilities**	*Note*	**2022 Rupees**	2021 Rupees
Markup bearing finances			
Long term financing - *secured*	*8*	**2,345,981,952**	2,867,193,269
Islamic mode of financing			
Long term musharika - *secured*	*9*	**743,227,985**	763,539,316
Deferred grant	*8*	**5,659,415**	33,101,730
		3,094,869,352	3,663,834,315

14 **Short term borrowings - *secured***	**Limits (in million)**	**Nominal interest rate %**	**2022 Rupees**	2021 Rupees
Banking companies				
Mark-up based borrowings from conventional banks				
Cash finance	**8,525**	**7.51 - 14.31**	**300,000,001**	-
Running finance	**10,530**	**7.70 - 15.96**	**318,229,356**	594,424,048
Finance against imported merchandise	**5,991**	**1.00 - 15.93**	**1,187,454,696**	1,005,850,735
Export finance (FCEF / FAFB)	**3,109**	**2.00 - 3.00**	**2,466,000,000**	-
Money market loan	**Sub-limit**	**7.44 - 15.32**	**7,899,999,998**	3,746,000,000
Finance against trust receipt	**4,860**	**2.50 - 8.34**	**1,115,525,401**	437,369,080
Islamic mode of financing				
Running musharika	**2,300**	**7.51 - 8.43**	**740,663,120**	223,467,042
Karobar finance/ Import murabaha/ Musawammah	**2,660**	**8.58 - 13.81**	**1,342,901,584**	-
			15,370,774,156	6,007,110,905

14.1 The Company has short term borrowing facilities including funded and non-funded available from various commercial banks under mark-up / profit arrangements having aggregate sanctioned limits of Rs.43,075 million (2021: Rs.33,366 million) and bank guarantees limits of Rs. 4,212 million (2021: Rs1,862 million). These facilities are secured against different securities including pledge of stocks, hypothecation of stocks, stores and spares, hypothecation charge on other all current assets, lien on debtors, lien on imports and exports documents and personal guarantees of the sponsoring directors. The pledge based outstanding borrowings out of the above outstanding borrowings are secured against pledge of stocks amounting to Rs.5,650 million and 69 million shares of Fatima Fertilizer Company Limited. Short term borrowing facilities which remained unutilized at year end were Rs.27,030 million (2021: Rs.22,898 million). These facilities are expiring on various dates by 31 March 2023.

15 **Accrued mark-up**	**2022 Rupees**	2021 Rupees
Mark-up based loans		
Long term financing - *secured*	**263,339,180**	180,752,241
Short term borrowings - *secured*	**129,498,780**	52,592,147
	392,837,960	233,344,388
Islamic mode of financing		
Long term musharika - *secured*	**127,081,924**	59,588,423
Short term borrowings - *secured*	**31,262,401**	6,180,376
	158,344,325	65,768,799
	551,182,285	299,113,187

16 Contingencies and commitments

16.1 Contingencies

Income Tax

16.1.1 The officials of Large Taxpayers Unit, Lahore ('LTU - Lahore'), through order dated 27 July 2022 under section 170 of the Income Tax Ordinance, 2001 ('the Ordinance') have curtailed income tax refund on account of disallowance of brought forward minimum tax pertaining to tax year 2016 through tax year 2020 and curtailment of taxes paid/ suffered at source for tax year 2021 amounting to Rs. 854.14 million and Rs. 46.98 million respectively. The Company has preferred an appeal against the said order before CIR(A).

16.1.2 The officials of LTU - Lahore, through notice dated 31 August 2021, initiated proceedings under section 4B of the Ordinance against the Company which was duly responded by the Company's tax advisor on Company's behalf. Such proceedings were concluded through order dated 17 September 2021, passed under section 4B of the Ordinance, whereby a tax demand of Rs 23.97 million imposing super tax and default surcharge was raised against the Company. The Company assailed the subject order in appeal before CIR(A), which was accepted and vacated against the departmental action by CIR(A) through appellate order dated 13 April 2022. The department has preferred further appeal against the said appellate order before ATIR.

16.1.3 The officials of LTU - Lahore raised income tax demands of Rs 8.8 million for tax year 2013, Rs. 49.78 million for tax year 2016, Rs. 55.78 million tax year 2018 and Rs. 93.49 million for tax year 2019 against the Company through separate orders dated 28 June 2019, 29 June 2018, 17 November 2020 and 29 December 2020 respectively under section 161/205 of the Ordinance on grounds that income tax has not been deducted against certain payments during tax years 2013, 2016, 2018 and 2019 respectively. The Company has agitated the orders in appeal before Commissioner Inland Revenue Appeals ('CIR-A').

For tax year 2013, the Company's appeal against order was disposed of by CIR-A for which the Company has filed appeal before ATIR which is pending adjudication.

For tax year 2016, CIR-A has vacated the departmental action to the extent of Rs. 39.12 million and for remaining amount of Rs. 10.78 million the Company has filed an appeal before the Appellate Tribunal Inland Revenue ('ATIR') which is pending adjudication.

For tax year 2018, the Company's appeal against order was disposed of by CIR(A), through appellate order dated 13 October 2021. Subsequently, the Company filed appeal before ATIR against the aforesaid appellate order, such appeal was disposed of through order dated 29 April 2022, whereby ATIR vacated both the earlier orders and remitted the matter back to the department for consideration afresh.

For tax year 2019, the Company's appeal against order was disposed of by CIR(A), through appellate order dated 28 April 2022. Through such order CIR(A) upheld the departmental action on all accounts. The Company has assailed the said appellate order in appeal before ATIR, which is presently pending adjudication.

16.1.4 The officials of LTU - Lahore raised income tax demands of Rs 32.03 million against the Company through amendment order, dated 28 June 2019 under section 122(5A) of the Ordinance for tax year 2013. The Company has preferred appeal against the orders before CIR-A which was disposed of by CIR(A) through appellate order dated December 31, 2021. Through such order, CIR(A) has deleted/ annulled the departmental action on all issues except the issues regarding the time limitation of such proceedings and apportionment of expenses under rule 231 of the Income Tax Rules, 2002 ('the Rules'). Feeling aggrieved with the aforesaid action, Company has preferred appeal before ATIR in accordance with the available remedial course. The department has also filed appeal against the said appellate order before ATIR, both appeals are presently pending adjudication.

16.1.5 The officials of LTU - Lahore after concluding income tax audit under Section 177 of the Ordinance, raised income tax demand of Rs. 7.98 million against the Company through amended order, dated 26 April 2018, under Section 122(5) of the Ordinance for tax year 2014. The Company has preferred appeal against the orders before CIR-A which was disposed of by CIR(A) through appellate order dated December 31, 2021. Through such order, CIR(A) has deleted/ annulled the departmental action on all issues except regarding apportionment of expenses under rule 231 of the Rules. Feeling aggrieved with the aforesaid action, Company has preferred appeal before ATIR in accordance with the available remedial course. The department has also filed appeal against the said appellate order before ATIR, both appeals are presently pending adjudication.

16.1.6 Consequent to amendment of deemed income tax assessment of tax years 2006 to 2012 vide separate orders, dated 30 April 2010, 30 September 2010, 14 May 2012, 23 October 2012, 30 March 2015, 23 June 2014 and 29 January 2016 respectively, involving income tax of Rs. 324.80 million, the Company has been extended significant relief by the CIR-A. The issues in respect of which CIR-A did not allow relief have been taken up in appeals before the ATIR and such appeals is pending adjudication.

16.1.7 The officials of LTU - Lahore, while giving effect to CIR-A's appellate orders under Section 124/129 of the Ordinance in the context of amendments made under Section 122(5A) of the Ordinance, have arbitrarily made disallowances/ increase in income (i.e. exchange loss, notional profit of associates etc.) for tax years 2010 and 2012 vide separate orders, dated 30 June 2018, involving sum of Rs. 657 million. The issue was taken up in appeals before CIR-A. CIR-A has deleted the departmental action on all issues except for disallowance for exchange loss amounting to Rs. 122.97 million which was remanded back and for which the Company has preferred appeal before ATIR which is pending adjudication.

16.1.8 Admissibility of 'payment to preference share-holders' has been disputed in income tax amendment orders, dated 30 September 2010, 14 May 2012, 23 October 2012, 30 March 2015, 23 June 2014 and 29 January 2016 respectively, for tax years 2007 to 2013 involving a sum of Rs. 209 million. The first appellate authority has maintained departmental stance, the Company's appeals are lying with ATIR while appeal for tax year 2013 was furnished with CIR(A) which was decided in the favor of the Company.

16.1.9 Proceedings were initiated by officials of LTU - Lahore through orders dated 29 December 2018 under Section 122(5A) of the Ordinance regarding apportionment of deduction claimed on account of WPPF to export income amounting to Rs. 16.12 million and Rs. 12.50 million for tax year 2015 and 2017 respectively. The Company filed an appeal before CIR-A which was decided against the Company by CIR-A through appellate order dated 24 August 2020. The Company has assailed the said appellate order in appeal before ATIR which is pending for adjudication.

16.1.10 Through order dated 28 June 2019 under Section 132/162/205 of the Ordinance, the LTU - Lahore officials raised income tax demand of Rs. 10.11 million for tax year 2009 on the grounds that tax under Section 148 of the Ordinance at import stage was short paid. The Company filed an appeal before CIR-A, through appellate order 23 October 2019 the tax demand was vacated by CIR-A. The department has assailed the appellate order of CIR-A in appeal before ATIR which has not yet been fixed for hearing.

Sales Tax

16.1.11 The Deputy Commissioner Inland Revenue ('DCIR') initiated proceedings against the Company under section 11 of the Sales Tax Act, 1990 ('Act') for the subject tax periods through notice dated 22 March 2022 whereby, intentions were shown to adjudge sales tax default in connection with claim of input sales tax of Rs 38.646 million, by relying on the provisions of section 8(1)(a), (f) to (m) of the Act. Such notice was duly responded by the Company's tax advisors on Company's behalf, and proceedings were concluded through Order-In-Original No. ('ONO') 64/2021-22 dated 17 June 2022, whereby the confronted default was adjudged against the Company. The Company preferred appeal against the subject ONO before CIR(A) as per the available remedial course which is presently pending adjudication.

16.1.12 The Assistant Commissioner Inland Revenue ('ACIR') as a result of sales tax audit for tax year July 2013 to June 2014 raised a sales tax demand of Rs. 71.60 million through order dated 31 July 2017. The Company filed an appeal before CIR-A which was disposed off through appellate order dated 06 March 2019 passed under Section 45B of the Sales Tax Act (‘Act’) whereby such order was annulled, and the matter was remanded back to department for denovo consideration which is pending adjudication. However, the Company preferred an appeal in ATIR and the matter is pending adjudication.

16.1.13 The Deputy Commissioner Inland Revenue ('DCIR') issued Order-In-Original No.14/2019-20 dated April 15, 2020 (‘ONO’) under Section 11 of the Sales Tax Act 1990, disallowing the input tax of Rs 143.628 million claimed under various heads from tax periods July 2013 to August 2018. The Company filed an appeal before CIR-A which was disposed off through appellate order dated 29 June 2020 passed under Section 45B of the Act whereby ONO was annulled, and the matter was remanded back to department for denovo consideration. However, the Company preferred an appeal in ATIR and the matter is pending adjudication.

16.1.14 The Commissioner Inland Revenue ('CIR') through order, dated 28 December 2017, rejected admissibility of input tax aggregating to Rs 7.27 million, primarily on account of mismatch of buyer/ seller declarations and building materials, subsequent to audit of tax period July - 2013 to June - 2014. The Company agitated such order in appeal before the CIR-A. The Company's appeal against the subject ONO which was disposed of by CIR-A, through appellate order dated 29 October 2020 annulling/deleting the departmental action on majority of the issues taken up in appeal, while certain other matters were upheld by CIR-A. The Company has agitated such order in appeal before ATIR which is pending adjudication.

16.1.15 The CIR-A through its order dated 14 April 2016 has maintained departmental rejection of input tax of Rs 18.10 million (primarily comprising out of building materials) in terms of provisions contained in SRO 450(I)/2013 for the tax period March 2014, June 2014, October 2014 through February 2015. The Company has agitated such order in appeal before ATIR which is pending adjudication.

16.1.16 The DCIR issued Order-In-Original No. 23/2019-20 dated 11 June 2021 under Section 11 of the Act, disallowing the input tax on construction/ building materials of Rs. 8.07 million for the tax periods July 2019 to June 2020. The Company agitated such order in appeal before the CIR-A. The Company's appeal against the subject ONO which was disposed of by CIR-A, through appellate order dated 11 January 2022. The Company assailed the said order in appeal before ATIR and case is still pending at this stage.

Based on the opinion of the Company's legal counsel the management is confident of favorable outcome in all aforesaid matters of the Company, hence no provision is being recognized in respect of these in the financial statements.

16.2 Commitments

16.2.1 Export documents negotiated with banks under Foreign bill purchase facility are USD 10.10 million and Euro 0.19 million (2021: USD 12.81 million and Euro 0.32 million).

		2022	2021
		Rupees	Rupees
16.2.2	Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies.	**1,774,201,934**	1,235,938,854
16.2.3	**Commitments against irrevocable letters of credit:**		
	- capital expenditure	**2,898,948,577**	2,634,184,982
	- raw material and stores and spares	**3,111,648,832**	5,132,411,591
		6,010,597,409	7,766,596,573
16.2.4	**Commitments in respect of foreign exchange forward contracts:**	**349,350,000**	1,178,466,000

16.2.5 Commitments in respect of Fatima Energy Limited (FEL):

The Company through sponsor support agreement commits to lenders of FEL, in case of default by FEL, to pay amount outstanding up to Rs. 6,000 million (2021: Rs. 6,000 million). This commitment was already approved by the shareholders under section 199 of the Companies Act, 2017 in 56th annual general meeting dated 27 October 2021.

16.2.6 Commitments in respect of Fatima Transmission Company Limited (FTCL):

The Company through sponsor support agreement commits the MCB Bank Limited (formerly NIB bank Limited), in case of default by FTCL, to pay amount outstanding. This commitment was already approved by the shareholders under section 199 of the Companies Act, 2017 in extra ordinary general meeting held on 25 March 2017.

17 Property, plant and equipment

	Note	2022 Rupees	2021 Rupees
Operating fixed assets	17.1	40,194,533,834	38,055,135,210
Right of use asset - building	17.1	51,692,225	57,435,806
Capital work-in-progress - at cost	17.3	1,272,077,500	303,637,345
		41,518,303,559	38,416,208,361

17.1 Operating fixed assets

	Cost/ revalued amount					Accumulated depreciation				Net book value
	Balance as at 01 July 2021	Additions	Disposals	Balance as at 30 June 2022	Rate %	Balance as at 01 July 2021	For the year	Disposals	Balance as at 30 June 2022	Balance as at 30 June 2022
	Rupees					Rupees				
Freehold land										
- cost	476,175,357	74,557,400	(211,123,093)	339,609,664		-	-	-	-	339,609,664
- revaluation surplus	6,583,786,043	-	(236,541,907)	6,347,244,136		-	-	-	-	6,347,244,136
	7,059,961,400	74,557,400	(447,665,000)	6,686,853,800		-	-	-	-	6,686,853,800
Factory building on free hold land										
- cost	2,804,367,855	209,264,229	-	3,013,632,084		840,465,478	104,034,265	-	944,499,743	2,069,132,341
- revaluation surplus	6,404,792,835	-	-	6,404,792,835	5	2,803,687,150	180,055,284	-	2,983,742,434	3,421,050,401
	9,209,160,690	209,264,229	-	9,418,424,919		3,644,152,628	284,089,549	-	3,928,242,177	5,490,182,742
Non-factory building on free hold land										
- cost	1,016,346,955	128,477,745	-	1,144,824,700		305,072,655	36,618,971	-	341,691,626	803,133,074
- revaluation surplus	4,485,744,249	-	-	4,485,744,249	5	1,858,822,173	131,346,102	-	1,990,168,275	2,495,575,974
	5,502,091,204	128,477,745	-	5,630,568,949		2,163,894,828	167,965,073	-	2,331,859,901	3,298,709,048
Non-factory building on lease hold land										
- cost	85,284,154	-	-	85,284,154		37,092,865	7,228,693	-	44,321,558	40,962,596
- revaluation surplus	69,205,926	-	-	69,205,926	15	29,841,128	5,904,720	-	35,745,848	33,460,078
	154,490,080	-	-	154,490,080		66,933,993	13,133,413	-	80,067,406	74,422,674
Plant and machinery										
- cost	19,459,162,822	3,660,526,512	(114,531,493)	23,005,157,841		6,141,179,161	733,003,829	(83,249,439)	6,790,933,551	16,214,224,290
- revaluation surplus	10,992,730,060	-	(78,167,130)	10,914,562,930	5	4,604,843,914	318,685,273	(35,412,413)	4,888,116,774	6,026,446,156
	30,451,892,882	3,660,526,512	(192,698,623)	33,919,720,771		10,746,023,075	1,051,689,102	(118,661,852)	11,679,050,325	22,240,670,446
Electric fittings and installations										
- cost	946,387,250	197,323,885	(378,265)	1,143,332,870		299,871,230	33,915,670	(159,838)	333,627,062	809,705,808
- revaluation surplus	2,109,395,047	-	-	2,109,395,047	5	931,686,176	58,885,443	-	990,571,619	1,118,823,428
	3,055,782,297	197,323,885	(378,265)	3,252,727,917		1,231,557,406	92,801,113	(159,838)	1,324,198,681	1,928,529,236
Sui gas installations										
- cost	20,905,988	839,030	-	21,745,018		9,659,101	620,902	-	10,280,003	11,465,015
- revaluation surplus	34,466,927	-	-	34,466,927	5	17,962,426	825,225	-	18,787,651	15,679,276
	55,372,915	839,030	-	56,211,945		27,621,527	1,446,127	-	29,067,654	27,144,291
Tools, laboratory equipment and arms										
- cost	163,260,741	2,154,132	-	165,414,873		59,490,238	5,227,149	-	64,717,387	100,697,486
- revaluation surplus	242,645,940	-	-	242,645,940	5	120,681,868	6,098,203	-	126,780,071	115,865,869
	405,906,681	2,154,132	-	408,060,813		180,172,106	11,325,352	-	191,497,458	216,563,355
Fire extinguishing equipment and scales										
- cost	23,407,376	10,673,456	-	34,080,832		8,737,000	783,296	-	9,520,296	24,560,536
- revaluation surplus	57,113,152	-	-	57,113,152	5	30,581,696	1,326,573	-	31,908,269	25,204,883
	80,520,528	10,673,456	-	91,193,984		39,318,696	2,109,869	-	41,428,565	49,765,419
Office equipments	75,437,113	12,370,333	(2,432,663)	85,374,783	10	30,953,867	5,318,705	(1,059,813)	35,212,759	50,162,024
Furniture and fittings	32,580,132	1,220,182	-	33,800,314	10	17,585,361	1,588,334	-	19,173,695	14,626,619
Vehicles	288,061,777	24,116,067	(5,821,583)	306,356,261	20	167,909,002	26,922,891	(5,379,812)	189,452,081	116,904,180
Right of use asset - land and building	68,922,967	-	-	68,922,967	8.33	11,487,161	5,743,581	-	17,230,742	51,692,225
	56,440,180,666	4,321,522,971	(648,996,134)	60,112,707,503		18,327,609,650	1,664,133,109	(125,261,315)	19,866,481,444	40,246,226,059

Operating fixed assets

	Cost/ revalued amount							Accumulated depreciation						Net book value
	Balance as at 01 July 2020	Revaluation surplus	Additions	Reclassification	Disposals	Balance as at 30 June 2021	Rate %	Balance as at 01 July 2020	Revaluation surplus	For the year	Reclassification	Disposals	Balance as at 30 June 2021	Balance as at 30 June 2021
	Rupees							Rupees						
Freehold land														
- cost	471,448,957	-	4,726,400	-	-	476,175,357		-	-	-	-	-	-	476,175,357
- revaluation surplus	3,427,098,284	3,156,687,759	-	-	-	6,583,786,043		-	-	-	-	-	-	6,583,786,043
	3,898,547,241	3,156,687,759	4,726,400	-	-	7,059,961,400		-	-	-	-	-	-	7,059,961,400
Factory building on free hold land														
- cost	2,607,847,948	-	196,519,907	-	-	2,804,367,855		743,720,793	-	96,744,685	-	-	840,465,478	1,963,902,377
- revaluation surplus	3,327,295,893	3,077,496,942	-	-	-	6,404,792,835	5	1,483,006,634	1,181,055,005	139,625,511	-	-	2,803,687,150	3,601,105,685
	5,935,143,841	3,077,496,942	196,519,907	-	-	9,209,160,690		2,226,727,427	1,181,055,005	236,370,196	-	-	3,644,152,628	5,565,008,062
Non-factory building on free hold land														
- cost	951,149,010	-	65,197,945	-	-	1,016,346,955		270,529,905	-	34,542,750	-	-	305,072,655	711,274,300
- revaluation surplus	3,015,066,862	1,470,677,387	-	-	-	4,485,744,249	5	1,213,331,958	531,934,934	113,555,281	-	-	1,858,822,173	2,626,922,076
	3,966,215,872	1,470,677,387	65,197,945	-	-	5,502,091,204		1,483,861,863	531,934,934	148,098,031	-	-	2,163,894,828	3,338,196,376
Non-factory building on lease hold land														
- cost	85,284,154	-	-	-	-	85,284,154		28,588,520	-	8,504,345	-	-	37,092,865	48,191,289
- revaluation surplus	-	69,205,926	-	-	-	69,205,926	15	-	26,649,388	3,191,740	-	-	29,841,128	39,364,798
	85,284,154	69,205,926	-	-	-	154,490,080		28,588,520	26,649,388	11,696,085	-	-	66,933,993	87,556,087
Plant and machinery														
- cost	18,784,084,487	-	760,200,491	(61,753,370)	(23,368,786)	19,459,162,822		5,501,072,250	-	673,925,931	(23,195,758)	(10,623,262)	6,141,179,161	13,317,983,661
- revaluation surplus	5,249,698,051	5,758,981,205	-	-	(15,949,196)	10,992,730,060	5	2,517,411,029	1,861,886,073	233,877,494	-	(8,330,682)	4,604,843,914	6,387,886,146
	24,033,782,538	5,758,981,205	760,200,491	(61,753,370)	(192,698,623)	30,451,892,882		8,018,483,279	1,861,886,073	907,803,425	(23,195,758)	(118,661,852)	10,746,023,075	19,705,869,807
Electric fittings and installations														
- cost	932,116,211	-	21,883,509	(7,397,530)	(214,940)	946,387,250		269,729,098	-	33,054,880	(2,785,266)	(127,482)	299,871,230	646,516,020
- revaluation surplus	1,177,825,576	931,569,471	-	-	-	2,109,395,047	5	516,750,365	367,787,502	47,148,309	-	-	931,686,176	1,177,708,871
	2,109,941,787	931,569,471	21,883,509	(7,397,530)	(214,940)	3,055,782,297		786,479,463	367,787,502	80,203,189	(2,785,266)	(127,482)	1,231,557,406	1,824,224,891
Sui gas installations														
- cost	14,380,412	-	3,683,276	2,842,300	-	20,905,988		8,048,788	-	455,624	1,154,689	-	9,659,101	11,246,887
- revaluation surplus	13,612,858	20,854,069	-	-	-	34,466,927	5	7,858,132	9,533,545	570,749	-	-	17,962,426	16,504,501
	27,993,270	20,854,069	3,683,276	2,842,300	-	55,372,915		15,906,920	9,533,545	1,026,373	1,154,689	-	27,621,527	27,751,388
Tools, laboratory equipment and arms														
- cost	111,979,665		-	51,281,076	-	163,260,741		32,216,513	-	5,461,604	21,812,121	-	59,490,238	103,770,503
- revaluation surplus	174,077,146	68,568,794	-	-	-	242,645,940	5	92,423,406	23,037,492	5,220,970	-	-	120,681,868	121,964,072
	286,056,811	68,568,794	-	51,281,076	-	405,906,681		124,639,919	23,037,492	10,682,574	21,812,121	-	180,172,106	225,734,575
Fire extinguishing equipment and scales														
- cost	21,455,164	-	1,952,212	-	-	23,407,376		7,968,527	-	768,473	-	-	8,737,000	14,670,376
- revaluation surplus	46,241,510	10,871,642	-	-	-	57,113,152	5	24,771,694	4,579,200	1,230,802	-	-	30,581,696	26,531,456
	67,696,674	10,871,642	1,952,212	-	-	80,520,528		32,740,221	4,579,200	1,999,275	-	-	39,318,696	41,201,832
Office equipments	66,178,339	-	13,585,536	-	(4,326,762)	75,437,113	10	27,990,998	-	4,385,745	-	(1,422,876)	30,953,867	44,483,246
Furniture and fittings	31,341,204	-	1,238,928	-	-	32,580,132	10	15,969,450	-	1,615,911	-	-	17,585,361	14,994,771
Vehicles	229,732,713	-	54,321,987	15,027,524	(11,020,447)	288,061,777	20	147,981,327	-	26,378,147	3,014,214	(9,464,686)	167,909,002	120,152,775
Right of use asset - land and building	68,922,967	-	-	-	-	68,922,967	8.33	5,743,580	-	5,743,581	-	-	11,487,161	57,435,806
	40,806,837,411	14,564,913,195	1,123,310,191	-	(208,260,772)	56,440,180,666		12,915,112,967	4,006,463,139	1,436,002,532	-	(129,676,896)	18,327,609,650	38,112,571,016

17.1.1 Depreciation for the year has been allocated as under:

	Note	2022 Rupees	2021 Rupees
Cost of sales	*31*	**1,611,154,208**	1,386,278,225
Administrative expense	*33*	**52,978,901**	49,724,307
		1,664,133,109	1,436,002,532

17.1.2 All assets of the Company as at 30 June 2022 are located in Pakistan.

17.1.3 The latest valuation of of Company's assets was carried out on 01 January 2021. The Category wise gross revalued amounts along with forced sale values, as at the that date, are given below:

	Gross revalued amount	Forced sales value
	--------- Rupees ---------	
Freehold land	**7,057,000,000**	**5,649,000,000**
Factory building on free hold land	**5,611,103,245**	**4,491,000,000**
Non-factory building on free hold land and leasehold land	**3,512,696,755**	**2,812,000,000**
Plant and machinery	**19,976,978,000**	**15,989,000,000**
Electric fittings and installations	**1,884,745,000**	**1,509,000,000**
Sui gas installations	**25,000,000**	**20,000,000**
Tools, laboratory equipment and arms	**231,645,000**	**185,000,000**
Fire fighting and weighing scales	**41,300,000**	**33,000,000**
	38,340,468,000	**30,688,000,000**

17.1.4 Had there been no revaluation of the freehold land, factory building on freehold land, non-factory building on free hold land, thereon and plant and machinery, electric fittings and installations, sui gas installations, tools laboratory equipment and arms, fire fighting and weighing scales therin, the net book value as of 30 June 2022 would have been as follows:

	2022 Rupees	2021 Rupees
Freehold land	**339,609,664**	476,175,357
Factory building on free hold land	**2,069,132,341**	1,963,902,377
Non-factory building on free hold and lease hold land	**844,095,670**	759,465,589
Plant and machinery	**16,214,224,290**	13,317,983,661
Electric fittings and installations	**809,705,808**	646,516,020
Sui gas installations	**11,465,015**	11,246,887
Tools, laboratory equipment and arms	**100,697,486**	103,770,503
Fire fighting and weighing scales	**24,560,536**	14,670,376
	20,413,490,810	17,293,730,770

17.1.5 Particulars of immoveable fixed assets (i.e. land and building) in the name of the Company are as follows:

Particulars	Location	Total Area
Free hold land (Manufacturing Unit)	Jhang Road, Muzaffargarh	624 kanal and 9 marlas
Free hold land (Residential Colony)	Jhang Road, Muzaffargarh	107 kanal and 15 marlas
Free hold land (Manufacturing Unit)	Qadirpur Rawan bypass Khanewal Road, Multan	522 kanal and 5 marlas
Free hold land (Residential Colony)	Qadirpur Rawan bypass Khanewal Road, Multan	92 kanal and 8 marlas
Free hold land (Administrative Storage Unit)	Sarwar Road, Multan	15 marlas
Free hold land	Bahawalpur Road, Multan	7 kanal and 9 marlas

Factory buildings, non-factory building, plant and machinery, electric fitting and installation and sui gas installation are located on above mentioned free hold land, whereas, building on leasehold land (Head office building) is constructed on land held under right of use asset, measuring 7 kanal, 13 marla and 153 square feet, located at 59/3, Abdali Road, Multan.

17.2 **The following assets were disposed of during the year**

	Cost/ revalued amount	Accumulated depreciation	Net book value	Sale proceeds/ Insurance claim	Gain/ (loss)	Mode of disposal	Particulars of purchaser	Relationship
	------------	------------	Rupees	------------	------------			
Land	**447,665,000**	**-**	**447,665,000**	**452,672,000**	**5,007,000**	Negotiation	Ahmed Fine Textile Mills Ltd	Related Party
Plant and machinery								
Auto Conner 7-V (60 Sp)	15,432,403	11,407,362	4,025,041	1,750,000	(2,275,041)	Negotiation	Mudassar Shehbaz	Third Party
Drawing DYH-500 C	2,372,317	1,487,324	884,993	308,333	(576,660)	Negotiation	Annas Bilal - FSD	Third Party
Drawing DYH-500 C	2,089,306	1,531,363	557,943	308,333	(249,610)	Negotiation	Annas Bilal - FSD	Third Party
Auto Conner 7-V (60 Sp)	11,092,505	4,635,952	6,456,553	916,667	(5,539,886)	Negotiation	M.Kashif Jabbar	Third Party
Lap former SK-4, Comber CM-10	10,498,307	7,706,693	2,791,614	637,500	(2,154,114)	Negotiation	Annas Bilal - FSD	Third Party
Comber CM-10	437,449	201,291	236,158	212,500	(23,658)	Negotiation	Annas Bilal - FSD	Third Party
Fly frames Fa-415 A	9,691,421	5,417,868	4,273,553	2,416,667	(1,856,886)	Negotiation	Aftab Shehbaz	Third Party
Drawing Breaker DYH-500 C	757,123	226,368	530,755	145,833	(384,922)	Negotiation	Annas Bilal - FSD	Third Party
Short Fiber TFO Twister Rf-321B	3,463,398	2,132,449	1,330,949	381,945	(949,004)	Negotiation	Muhammaf Rafiq	Third Party
Lap former SK-4, Comber CM-10	13,997,742	10,291,498	3,706,244	850,000	(2,856,244)	Negotiation	Annas Bilal - FSD	Third Party
Gas Generator	31,921,808	19,420,289	12,501,519	2,291,667	(10,209,852)	Negotiation	Mazhar Abbas	Third Party
Short Fiber TFO Twister Rf-321B	3,463,398	2,138,161	1,325,237	381,943	(943,294)	Negotiation	Muhammad Rafiq	Third Party
Short Fiber TFO Twister	3,757,752	2,319,704	1,438,048	381,943	(1,056,105)	Negotiation	Muhammaf Rafiq	Third Party
Murata TFO Machine	5,636,998	3,979,093	1,657,905	381,945	(1,275,960)	Negotiation	Muhammaf Rafiq	Third Party
Air Compressor L75-10A	4,472,355	1,187,636	3,284,719	3,284,719	-	Negotiation	Ahmed Fine Textile Mills Ltd	Related Party
Chiller Plant 250kw	10,443,809	3,770,836	6,672,973	6,672,973	-	Negotiation	Ahmed Fine Textile Mills Ltd	Related Party
Short Fiber TFO Twister Rf-321B	3,463,398	2,141,047	1,322,351	381,945	(940,406)	Negotiation	Muhammaf Rafiq	Third Party
Carding Machines	1,609,940	1,238,318	371,622	170,833	(200,789)	Negotiation	Muhammd Zaeem ul Hassan	Third Party
Carding Engine	2,396,850	1,721,175	675,675	341,667	(334,008)	Negotiation	Muhammd Zaeem ul Hassan	Third Party
Drawing frame	906,254	685,522	220,732	129,167	(91,565)	Negotiation	Muhammd Zaeem ul Hassan	Third Party
Gas Generators 3516-B, 3306-G	54,794,090	35,021,903	19,772,187	3,760,684	(16,011,503)	Negotiation	Sunshine Traders Karachi	Third Party
	192,698,623	**118,661,852**	**74,036,771**	**26,107,264**	**(47,929,507)**			

	Cost/ revalued amount	Accumulated depreciation	Net book value	Sale proceeds/ Insurance claim	Gain/ (loss)	Mode of disposal	Particulars of purchaser	Relationship
	----------	----------	Rupees	----------	----------			
Office equipment								
Face Recognition Machines	750,000	286,424	463,576	434,701	(28,875)	Insurance Claim	Adamjee Insurance Co. Ltd	Third party
Various assets having net book	1,193,383	602,504	590,879	1,033,500	442,621	Insurance Claim	EFU General Insurance Co. Ltd	Third party
value up to Rs. 500,000 each	489,280	170,884	318,396	434,101	115,705	Insurance Claim	Adamjee Insurance Co. Ltd	Third party
	2,432,663	**1,059,812**	**1,372,851**	**1,902,302**	**529,451**			
Electric Fitting and Installation								
Air Condition 2 Ton	64,171	16,586	47,585	66,000	18,415	Insurance Claim	Adamjee Insurance Co. Ltd	Third Party
Air Conditioner	44,429	26,879	17,550	49,501	31,951	Insurance Claim	Adamjee Insurance Co. Ltd	Third Party
Air Conditioner	41,529	20,023	21,506	49,501	27,995	Insurance Claim	Adamjee Insurance Co. Ltd	Third Party
Television	26,178	19,021	7,157	4,800	(2,357)	Insurance Claim	Adamjee Insurance Co. Ltd	Third Party
Deep Freezer	16,104	11,701	4,403	23,800	19,397	Insurance Claim	Adamjee Insurance Co. Ltd	Third Party
Air Conditioner 1.5 Ton	46,983	17,099	29,884	32,800	2,916	Insurance Claim	Efu General Insurance Co. Ltd	Third Party
Air Conditioner 1.5 Ton	56,821	23,789	33,032	49,200	16,168	Insurance Claim	Efu General Insurance Co. Ltd	Third Party
Air Conditioner 1.5 Ton	82,050	24,740	57,310	120,000	62,690	Insurance Claim	Adamjee Insurance Co. Ltd	Third Party
	378,265	**159,838**	**218,427**	**395,602**	**177,175**			
Vehicles								
Suzuki Cultus 993cc	862,341	784,797	77,544	260,000	182,456	Negotiation	Jahn Aillia Khan	Third party
Suzuki Alto VXR 970cc	764,470	668,619	95,851	230,000	134,149	Negotiation	Mr.Yousaf Riaz	Third party
Honda Civic I-VTEC 1799cc	1,951,014	1,739,110	211,904	590,000	378,096	Negotiation	Ishtiaq Ahmad S/O Abdul Hameed	Third party
Yamaha 100cc	70,500	64,596	5,904	10,000	4,096	Negotiation	Mr.Wasif Ali S/O M.Yousaf	Third party
Daihatsu Cuore CX 847cc	490,840	473,146	17,694	150,000	132,306	Negotiation	Habib Nawaz	Third party
Lifter	1,682,418	1,649,545	32,873	358,333	325,460	Negotiation	Tahir Mahmood	Third party
	5,821,583	**5,379,813**	**441,770**	**1,598,333**	**1,156,563**			
2022	**648,996,134**	**125,261,315**	**523,734,819**	**482,675,501**	**(41,059,318)**			
2021	54,880,131	29,968,988	24,911,143	17,089,715	(7,821,431)			

		Note	2022 Rupees	2021 Rupees
17.3	**Capital work-in-progress - *cost***			
	Balance as at 01 July		**303,637,345**	304,978,410
	Additions during the year		**5,289,963,126**	1,121,969,126
	Transfers during the year	*17.1*	**(4,321,522,971)**	(1,123,310,191)
	Balance as at 30 June	*17.3.1*	**1,272,077,500**	303,637,345
17.3.1	**Breakup of capital work-in-progress:**			
	*Land and free hold building**		**467,047,194**	16,415,081
	Non-factory building on free hold land		**46,421,300**	24,259,669
	Plant and machinery			
	Cost and expenses*		**91,867,936**	9,502,252
	Transfer to non-current assets held for sale**		**(53,585,509)**	-
	Advance payments		**69,242,174**	17,591,000
	Letters of credit		**503,887,256**	150,605,607
			611,411,857	177,698,859
	Tools, laboratory equipment and arms			
	Cost and expenses		-	385,600
	Electric fittings and Installations			
	Cost and expenses		**17,500**	16,100
	Advance payments		**45,024,549**	36,718,627
			45,042,049	36,734,727
	Fire fighting equipment & weigh scales			
	Cost and expenses		-	105,500
	Advance payments		-	2,222,420
	Office equipment - Advance payments		**5,632,069**	820,057
	Furniture - Advance payments		**13,431**	1,746,133
	Vehicles - Advance payments		**96,509,600**	43,249,299
			1,272,077,500	303,637,345

** this includes assets of ITML acquired as result of merger as explained in note 4.12 and 48.*

*** Transfer represents non-current assets classified as held for sale as mentioned in note 29.*

		Note	2022 Rupees	2021 Rupees
18	**Long term investments**			
	At fair value through OCI			
	Fatima Fertilizer Company Limited - *quoted*	*18.1*	**2,381,174,372**	1,811,078,391
	Fatima Energy Limited - *unquoted (ordinary and preference shares)*	*18.2*	**4,703,856,968**	720,195,000
	Fatima Transmission Company Limited - *unquoted (preference shares)*	*18.3*	**137,297,360**	-
	Multan Real Estate (Private) Limited - *unquoted*	*18.4*	**262,397,082**	36,693,860
			7,484,725,782	2,567,967,251
	Associated companies - at equity method			
	Fatima Transmission Company Limited - *unquoted (ordinary shares)*	*18.5*	-	-
	Fatima Electric Company Limited - *unquoted*	*18.5*	**5,539**	11,605
			7,484,731,321	2,567,978,856

		Note	Shares		Market value		Market value per share		Percentage of holding	
			30 June 2022	30 June 2021	**30 June 2022**	30 June 2021	**30 June 2022**	30 June 2021	**30 June 2022**	30 June 2021
			------Number------		------Rupees------		------Rupees------			
	At fair value through OCI									
18.1	**Fatima Fertilizer Company Limited - *quoted***	*18.1.1*	**62,994,031**	62,994,031	**2,381,174,372**	1,811,078,391	**37.80**	28.75	**3.00%**	3.00%

18.1.1 The investment in Fatima Fertilizer Company Limited '(FFCL)' has been designated as fair value through OCI under IFRS 9. FFCL is an associated undertaking of the Company as per the Companies Act 2017, however, for the purpose of measurement it has been classified as investment at fair value through OCI. The Company does not have significant influence on FFCL. These shares are pledged as security with commercial bank as referred in note 14.

		Note	Shares		Fair value		Percentage of holding	
			30 June 2022	30 June 2021	**30 June 2022**	30 June 2021	**30 June 2022**	30 June 2021
			------Number------		------Rupees------		------ % ------	
18.2	**Fatima Energy Limited - *related party* , *unquoted***							
	Ordinary Shares - *unquoted*		**108,300,000**	108,300,000	**1,151,229,000**	720,195,000	**19.00%**	19.00%
	Non voting, non cumulative, redeemable, convertible Preference Shares - *unquoted*	*18.2.1*	**334,207,711**	-	**3,552,627,968**	-	**31.41%**	0.00%
			442,507,711	108,300,000	**4,703,856,968**	720,195,000		

18.2.1 During the year, the Board of Directors of FEL resolved to convert outstanding advance of Rs. 3,342.07 million into 334.21 million preference shares at par value of Rs.10 per share. The Board of Directors and Shareholders of the Company gave approval for the conversion in BOD meeting and Extra Ordinary General meeting held on 17 February 2022 and 10 March 2022 respectively and consequently preference shares were issued on 21 March 2022. The outstanding markup was not converted into preference shares. The Company holds 31.4% preference shares in FEL, however the Company believes that it does not have significant influence as preference shares currently not carry any voting rights nor any current access to the returns associated with an underlying ownership interest. This investment in FEL (ordinary shares and preference shares) has been designated at fair value through OCI under IFRS 9. The fair value (at the date of conversion and at reporting date) has been determined by an independent valuer and has been designated at Level 3 as mentioned in note 40.

Following major terms and conditions for issuance of preference shares are agreed by both companies:

- Total outstanding advance (Rs. 3,342.07 million) converted into unlisted, perpetual, non commulative, redeemable and convertible preference shares.

- A conversion option of preference shares into ordinary shares with ratio of 1:1 after a period of 5 years and a redemption option after 21.5 years stands with the issuer of preference shares i.e. FEL.
- Preference sharesholders have no voting rights and does not carry entitlement of ordinary shares, right issue or bonus issue.
- Preference shareholders will be entitled up to 60% of profit after tax subject to discretion of the Board of Directors and approval of shareholders of FEL.
- Preference will be given to preference shareholders before declaring dividend to ordinary shareholder.
- If the FEL has no surplus/distributable profits available at the end of any financial, no dividend shall be declared. The dividend will also not accumulate.
- Preference shares shall be transferrable among the Preference shareholders.
- The face value of preference shares shall not be higher than the par value of existing ordinary shares i.e. Rupees 10 each.
- At the time of winding up, the holders of the preference shares are entitled to a pro rata share of FEL's available net assets.

Fatima Energy Limited - Preference Shares	*Note*	**2022**	2021
		------Rupees------	
Balance as at 01 July		-	-
De-recognization of Advance	*19.1*	3,342,077,112	-
Loss on de-recognition of advance upon conversion into preference shares - recognised in P&L		(284,076,556)	-
Fair value of Preference shares acquired during the year		3,058,000,556	-
Fair value gain recognized in 'Statement of Comprehensive Income'		494,627,412	
Balance as at 30 June		3,552,627,968	-

		Note	Shares		Fair value		Percentage of holding	
			30 June 2022	30 June 2021	**30 June 2022**	30 June 2021	**30 June 2022**	30 June 2021
			------Number------		------Rupees------		------ % ------	
18.3	Fatima Transmission Company Limited - *unquoted (preference shares)*							
	Non voting, non cumulative, redeemable, convertible Preference Shares - unquoted	*18.3.1*	**12,795,653**	-	**137,297,360**	-	**30.71%**	0.00%

18.3.1 The Board of Directors and Shareholders of the Company gave approval for the conversion in BOD meeting and Extra Ordinary General meeting held on 31 May 2022 and 23 June 2022 respectively and consequently preference shares were issued on 29 June 2022. The outstanding markup was not converted into preference shares. Though the Company holds 31.1% of preference shares in FTCL, however the Company believes that it does not have significant influence as preference shares currently not carry any voting rights nor any current access to the returns associated with an underlying ownership interest. This investment in FTCL's preference shares have been designated at fair value through OCI under IFRS 9. The fair value (at the date of conversion and at reporting date) has been determined by an independent valuer and has been designated at Level 3 as mentioned in note 40.

Following major terms and conditions for issuance of preference shares are agreed by both companies:

- Total outstanding advance (Rs.127.96 million) converted into unlisted, perpetual, non commulative, redeemable and convertible preference shares.
- A conversion option of preference shares into ordinary shares with ratio of 1:1 after a period of 5 years and a redemption option after 21.5 years stands with the issuer of preference shares i.e. FTCL.
- Preference sharesholders have no voting rights and does not carry entitlement of ordinary shares, right issue or bonus issue.
- Preference shareholders will be entitled up to 60% of profit after tax subject to discretion of the Board of Directors and approval of shareholders of FTCL.
- Preference will be given to preference shareholders before declaring dividend to ordinary shareholder.
- If the FTCL has no surplus/distributable profits available at the end of any financial, no dividend shall be declared. The dividend will also not accumulate.
- Preference shares shall be transferrable among the Preference shareholders.
- The face value of preference shares shall not be higher than the par value of existing ordinary shares i.e. Rupees 10 each.
- At the time of winding up, the holders of the preference shares are entitled to a pro rata share of FTCL's available net assets.

Fatima Transmission Company Limited - Preference Shares	*Note*	**2022**	2021
		------------------Rupees------------------	
Balance as at 01 July		-	-
De-recognition of long term advance	*18.3.1*	**127,956,533**	-
Gain on de-recognition of advance upon conversion of preference shares - *recognised in P&L*		**9,340,827**	-
Balance as at 30 June		**137,297,360**	-

18.4 This represents 17.04% (2021: 9.96%) ordinary shares of Multan Real Estate (Private) Limited (MREPL), which is a dormant entity. The latest valuation is based on present market value of Property of MREPL and has been designated at level 3 as mentioned in note 40.

18.5 Associated companies with significant influence - ***under equity method***

		Shares		Carrying value		Percentage of holding	
		30 June 2022	30 June 2021	**30 June 2022**	30 June 2021	**30 June 2022**	30 June 2021
	Note	---Number---		---Rupees---			
Fatima Transmission Company Limited - *unquoted (ordinary shares)*	*18.5.1*	**5,520,000**	5,520,000	**-**	-	**24.00%**	24.00%
Fatima Electric Company Limited - *unquoted*	*18.5.2*	**7,000**	7,000	**5,539**	11,605	**20.00%**	20.00%
		5,527,000	5,527,000	**5,539**	11,605		

18.5.1 Fatima Transmission Company Limited (FTCL), was incorporated in Pakistan on 26 December 2014 as a public limited company under the Companies Act, 2017. The principal activity of FTCL includes operation and maintenance of transmission lines, electrical transmission facilities, electrical circuits, transformers and sub-stations and the movement & delivery of electric power. The share of loss has been restricted to cost of investment.

18.5.2 Fatima Electric Company Limited (FECL) was incorporated in Pakistan on 29 February 2016 as a public limited company under the Companies Act, 2017. The principal activity of FECL is to carry on supplying, generating, distributing and dealing in electricity and all forms of energy and power generated by any source.

18.6 Investments of the Company in associated companies has been accounted for under equity method of accounting based on its un-audited management financial statements for the year ended 30 June 2022.

18.6.1 Reconciliation of carrying value of investments in associated companies accounted for under equity method:

	Note	2022 *	
		FTCL (Un-audited)	**FECL (Un-audited)**
		Rupees	
Cost of investment		**55,200,000**	**70,000**
		55,200,000	**70,000**
Company`s share of loss - post acquisition :			
Balance at 01 July		**(55,200,000)**	**(58,395)**
Statement of profit or loss			
- share of loss	*36*	**-**	**(6,066)**
- share of tax		**-**	**-**
		-	**(6,066)**
		(55,200,000)	**(64,461)**
Net investment at 30 June 2022		**-**	**5,539**

	Note	2021	
		FTCL (Audited)	FECL (Audited)
		Rupees	
Cost of investment		55,200,000	70,000
Impact of discounting		-	-
		55,200,000	70,000
Company`s share of loss - post acquisition :			
Balance at 01 July		(51,608,800)	(52,395)
Statement of profit or loss			
- share of loss	*36*	(3,591,200)	6,000
- share of tax		-	-
		(3,591,200)	6,000
Balance at 30 June		(55,200,000)	(46,395)
Carrying amount		-	-

18.6.2 Summarized financial information in respect of associated companies on the basis of financial statements for the year ended 30 June 2022 and 2021 are set out below:

	2022	
	FTCL (Un-audited)	**FECL (Un-audited)**
	Rupees	
Non current assets	**710,716,113**	-
Current assets	**24,676,676**	**57,695**
Non current liabilities	**(184,210,980)**	-
Current liabilities	**(213,507,908)**	**(30,000)**
Net assets - 100%	**337,673,901**	**27,695**
Percentage ownership interest	**24.00%**	**20.00%**
Company's share of net assets	**81,041,736**	**5,539**
Carrying amount of interest in associated company*	**-**	**5,539**
Loss for the year from operations	**(35,820,911)**	**(30,330)**
Other comprehensive loss	**-**	**-**
	(35,820,911)	**(30,330)**
Company's share of - *post acquisition* *	**-**	**(6,066)**

	2021	
	FTCL Audited	FECL (Un-audited)
	Rupees	
Non current assets	715,493,095	-
Current assets	17,708,251	88,025
Non current liabilities	(263,158,347)	-
Current liabilities	(513,247,187)	(30,000)
Net assets - 100%	(43,204,188)	58,025
Percentage ownership interest	24.00%	20.00%
Company's share of net assets	(10,369,005)	11,605
Carrying amount of interest in associated company*	-	11,605
Loss for the year from operations	(14,963,333)	(30,000)
Other comprehensive income	-	-
	(14,963,333)	(30,000)
Company's share of - *post acquisition* *	(3,591,200)	(6,000)

* *share of loss of FTCL has been restricted to zero.*

		Note	2022 Rupees	2021 Rupees
19	**Long term loan and advances**			
	Fatima Energy Limited - *related party*	*19.1*	**307,129,396**	3,249,360,788
	Fatima Transmission Company Limited - *associate*	*19.2*	**13,748,696**	112,019,033
	Pak Arab Energy Limited - *associate*	*19.3*	**25,904,160**	25,904,160
			346,782,252	3,387,283,981
	Less: Loss allowance	*19.5*	**(346,782,252)**	(25,904,160)
		19.2.1	**-**	3,361,379,821

19.1 Fatima Energy Limited

Loan 1

	Note	2022 Rupees	2021 Rupees
Principal		**2,497,908,522**	2,497,908,522
Accrued markup till restructuring		**552,663,766**	552,663,766
Balance as at 01 July	*19.1.1*	**3,050,572,288**	3,050,572,288
Accumultared markup thereon			
Balance as at 01 July		**223,313,023**	-
Markup for the year	*35*	**166,692,665**	223,313,023
Balance as at 30 June		**390,005,688**	223,313,023
Cummulative PV adjustment - cost of investment		**(415,201,774)**	(415,201,774)
Cummulative PV adjustment - profit or loss	*19.1.3*	**(270,970,655)**	(270,970,655)
Long term advance converted to preference shares	*18.2.1*	**(2,497,908,522)**	-
Balance as at 30 June	*19.1.1*	**256,497,025**	2,587,712,882

Loan 2

	Note	2022 Rupees	2021 Rupees
Balance as at 01 July		**640,832,000**	-
Loan disbursement during the year	*19.1.2*	**203,336,590**	640,832,000
Accumultared markup thereon			
Balance as at 01 July		**37,905,285**	**-**
Markup for the year	*35*	**29,816,465**	37,905,285
Balance as at 30 June		**67,721,750**	37,905,285
Cummulative PV adjustment - cost of investment		**(17,089,379)**	(17,089,379)
Long term advance converted to preference shares	*18.2.1*	**(844,168,590)**	-
Balance as at 30 June	*19.1.2*	**50,632,371**	661,647,906
Total outstanding balance as at 30 June		**307,129,396**	3,249,360,788

19.1.1 These represents advances disbursed to meet the working capital requirements, operational/ capital needs of FEL. These advances carry mark-up at the rate of average borrowing cost of the Company. Effective mark-up rate charged by the Company during the year is 8.94% per annum (2021: 8.94% per annum).

Pursuant to restructuring of FEL's borrowings with financial institutions along with related subordination of borrowings from sponsors, the Company on 10 June 2020 entered into an restructuring agreement with FEL for rescheduling the repayment of principal and related markup of Rs. 2,498 million and Rs. 553 million as approved by the Board of Directors of both the companies. As per the revised agreement, principal and markup accrued are subordinated and were repayable from financial year 2027. Accordingly, markup accrued from FEL uptil 30 June 2020 was classified as non-current. The resulting adjustment on modification as at 30 June 2020 was included in the cost of investment. Till 21 March 2022, the loan and related markup (interest free) have been measured at fair value by discounting the cash flows at the rate of average borrowing cost of the Company (8.94%).

Further as explained in note 18.2.1, the outstanding amount of advance has been converted into preference shares and the closing balance represents the markup accrued.

19.1.2 These represents fresh advances disbursed during the current and prior year (post restructuring) to meet the working capital requirements, operational/ capital needs of FEL. These loans carry mark-up at the rate of average borrowing cost of the Company. Effective mark-up rate charged by the Company during the year is 9.03% per annum (2021: 9.03% per annum). As per the agreement, principal and markup accrued are subordinated and are repayable after repayment of outstanding loan of FEL's lenders (markup assumed to be payable from financial year 2027).

Further as explained in note 18.2.1, the outstanding amount of advance has been converted into preference shares and the closing balance represents the markup accrued.

19.1.3 This represents impact of change in timing of estimated cash flows on aforesaid loan receivable from FEL. The revised gross carrying amount of the financial asset is recalculated by discounting the revised estimated future cash flows at the instruments original effective rate. The corresponding expense is recognized in statement of profit or loss.

19.2 Fatima Transmission Company Limited	Note	**2022** **Rupees**	2021 Rupees
Gross amount			
Balance as at 01 July		**112,019,033**	72,427,033
Disburesment during the year		**15,937,500**	39,592,000
	19.2.1	**127,956,533**	112,019,033
Long term advance converted into preference shares	*18.3.1*	**(127,956,533)**	-
Markup accrued thereon - *interest free*		**13,748,696**	28,308,810
Present value adjustment - *profit or loss*		**-**	(28,308,810)
Balance as at 30 June		**13,748,696**	112,019,033

19.2.1 These represents advances disbursed to meet the working capital requirements, operational/ capital nature needs of the associated companies. These loans carries markup at the rate of average borrowing cost of the Company. Effective markup rate charged by the Company during the year ranges from 9% to 15.81% per annum (2021: 8.92% to 9.03% per annum). As per the agreement, these loans along with related markup are repayable within 10 years from the date of disbursement starting from financial year 2027.

Further as explained in note 18.3.1, the outstanding amount of advance of FTCL has been converted into preference shares and the closing balance represents the markup accrued.

19.3 This represents advance disbursed to Pak Arab Energy Limited to meet working capital, operational / capital nature needs. This loan carry mark up at the rate of average borrowing cost of the company. Effective markup rate charged by the Company during the year ranges from 9% to 15.81% per annum (2021: 8.92% to 9.03% per annum).

19.4 Maximum outstanding balance with reference to month end balances:

	2022	2021	**2022**	2021
	Month	Month	**Rupees**	Rupees
Pak Arab Energy Limited	**Jun-22**	Jun-21	**25,904,160**	25,904,160
Fatima Transmission Company Limited	**Jun-22**	Jun-21	**127,956,533**	112,019,033
Fatima Energy Limited	**Mar-22**	Jun-21	**3,342,077,112**	3,138,740,522

19.5 The movement in loss allowance of long term advance and markup accrued is as follows:

	Note	**2022 Rupees**	2021 Rupees
Balance as at 1 July		**25,904,160**	-
Loss allowance for the year		**320,878,092**	25,904,160
Balance as at 30 June	*19.5.1*	**346,782,252**	25,904,160

19.5.1 This represents loss allowance against the carrying amount due from FEL, FTCL and Pak Arab amounting to Rs. 307.12 million, Rs. 13.78 million and Rs. 25.90 million respectively. The said markup has been provided for in accordance with the requirements of IFRS 9.

20 Stores, spares and loose tools

	2022 Rupees	2021 Rupees
Stores	**234,074,319**	190,602,704
Spares [In-transit: Rs. 18.34 million (2021: 92.06 million)	**575,975,283**	661,109,084
Loose tools	**490,338**	431,211
	810,539,940	852,142,999
Provision for slow moving items	**(3,215,560)**	(1,770,316)
	807,324,380	850,372,683

21 Stock-in-trade

	Note	2022 Rupees	2021 Rupees
Raw material [In-transit: Rs. 4,740.17 million (2021: Rs 2,572.58 million)]		**17,348,358,879**	11,553,085,484
Work-in-process		**774,506,142**	501,212,180
Finished goods			
Yarn	*21.2*	**6,768,346,295**	2,722,610,479
Fabric		**1,681,220,716**	526,094,322
Waste		**240,523,680**	167,399,811
		8,690,090,691	3,416,104,612
		26,812,955,712	15,470,402,276

21.1 It includes stock amounting to Rs. 5,650 million pledged as security against borrowings from banking companies.

21.2 An amount of Rs. 112.45 million (2021: Nil) has been charged in the statement of profit or loss, on closing stock of greige fabric, as an adjustment of net realizable value (NRV) in accordance with the requirements of IAS 2.

22 Trade debts

	Note	2022 Rupees	2021 Rupees
Export debtors - secured against letters of credit:			
Considered good		**1,671,549,444**	1,033,603,141
Local debtors - unsecured			
Related parties - *considered good*	*22.1 & 22.2*	**118,614,910**	410,464,121
Others - *considered good*		**5,478,225,501**	3,293,482,350
Others - *considered doubtful*		**71,913,874**	24,559,349
		5,668,754,285	3,728,505,820
Allowance for impairment of trade debts	*22.4*	**(71,913,874)**	(24,559,349)
		7,268,389,855	4,737,549,612

22.1 Trade debts due from following related parties on account of trading activities.

	2022 Rupees	2021 Rupees
Ahmad Fine Textile Mills Limited	**86,891,062**	391,200,724
Reliance Weaving Mills Limited	**31,723,848**	19,263,397
	118,614,910	410,464,121

22.2 Maximum outstanding balance with reference to month end balances:

	2022 Month	2021 Month	2022 Rupees	2021 Rupees
Ahmad Fine Textile Mills	**Jun-22**	Aug-20	**3,897,011,722**	1,039,377,349
Reliance Weaving Mills	**Feb-22**	Aug-20	**58,375,418**	42,132,164

22.3 The ageing analysis of trade debts from related parties is as follows:

	2022 Rupees	2021 Rupees
Not yet due	**105,142,914**	226,415,013
1 to 30 days	**13,083,379**	183,837,647
30 to 150 days	**388,617**	211,461
150 days and above	**118,614,910**	410,464,121

22.4 The movement in loss allowance of trade debts is as follows:

	2022 Rupees	2021 Rupees
Balance as at 01 July	**24,559,349**	40,337,838
Provision / (reversal) of loss allowance	**47,354,525**	(15,778,489)
Balance as at 30 June	**71,913,874**	24,559,349

23 Loans and advances

	Note	2022 Rupees	2021 Rupees
Considered good			
Advances to suppliers and contractors - unsecured	*23.1*	**329,029,713**	195,355,645
Advances to employees against salaries - secured		**5,037,464**	2,041,128
Advance against investment in term finance certificates	*23.2*	**40,000,000**	-
LC deposits for imports		**26,218,539**	28,575,888
		400,285,716	225,972,661

23.1 These are interest free in the normal course of business.

23.2 This represent advances against investment in term finance certificates of Bank Al Habib Limited (BAHL) and Bank of Punjab (BOP) of Rs. 25 million and Rs. 15 million respectively. These advances will be converted into investment once term finance certificates are issued by the financial institution. Till the intervening period, these carry markup at the rate of 6 months KIBOR plus spread (2% for BOP and 1.65% for BAHL).

24 Deposits, prepayments and other receivable

	Note	2022 Rupees	2021 Rupees
Deposits against LC margin		**78,807,478**	28,942,324
Prepayments		**280,144**	254,497
Foreign exchange forward contracts - *mark to market*		**-**	13,653,940
Import claim receivable from supplier		**101,785,878**	73,661,617
Other receivable		**5,494,996**	3,912,520
		186,368,496	120,424,898

25 Mark-up accrued

	Note	2022 Rupees	2021 Rupees
Mark-up accrued on:			
Associated Companies - *others*		**14,220,057**	39,600,625
Transferred to long term loans and advances		**-**	(28,308,810)
		14,220,057	11,291,815
Less: Loss allowance on markup accrued	*25.1*	**(14,220,057)**	(11,291,815)
	25.2	**-**	-

25.1 This represents loss allowance on principal and markup balance of advance to Associated Company (Pak Arab Energy Limited) in accordance with the requirements of IFRS 9.

25.2 Mark-up is accrued on the basis as described in note 19.3 of these financial statements.

26 Short term investment

	2022 Rupees	2021 Rupees
Investment at fair value through profit or loss		
Fatima Fertilizer Company Limited - quoted		
6,120,000 (2021: 6,120,000) fully paid ordinary shares of Rs. 10 each Equity held 0.29% (2021: 0.29%)	**231,336,000**	175,950,000

26.1 Movement in short term investment at fair value through profit or loss is as follows:

	2022 Rupees	2021 Rupees
Market value as at 01 July	**175,950,000**	163,587,600
Unrealized fair value gain on re-measurement of investment	**55,386,000**	12,362,400
Market value as at 30 June	**231,336,000**	175,950,000

26.2 FFCL is an associated undertaking of the Company as per the Companies Act 2017, however, for the purpose of measurement it has been classified as investment at fair value through profit or loss. The Company does not have significant influence on FFCL. The share of FFCL are pledged with the bank.

27 Tax refunds due from the Government - *net*

	Note	2022 Rupees	2021 Rupees
Sales tax		**2,312,408,478**	567,557,951
Income tax - *net*		**55,473,580**	450,320,360
		2,367,882,058	1,017,878,311

28 Cash and bank balances

	Note	2022 Rupees	2021 Rupees
Cash in hand		**16,899,542**	12,531,945
Cash at banks			
- Current accounts		**369,244,177**	143,277,062
- Saving accounts	*28.1*	**55,806**	50,636
		369,299,983	143,327,698
		386,199,525	155,859,643

28.1 Rate of interest and mark up on saving accounts ranges from 0.15% to 12.25% (2021: 0.15% to 5.05%) per annum.

29 Non-current assets held for sale

	Note	2022 Rupees	2021 Rupees
Plant and machinery	*17.1.2*	**53,585,509**	-

29.1 The estimated realizable value of plant and machinery exceeds its carrying value by approximately Rs. 99.4 million. This amount has not been incorporated in these financial statements and will be recognized at the time of actual sale. The management is expecting the sale of these assets within a period of one year.

30 Revenue from contracts with customers - *net*

	Note	2022 Rupees	2021 Rupees
Local:			
Yarn		**30,685,815,158**	29,173,840,568
Fabric		**5,142,771,564**	5,507,667,877
Waste		**1,149,930,375**	833,015,321
Comber noil		**908,548,085**	441,742,854
		37,887,065,182	35,956,266,620
Cotton and other products		**69,063,358**	250,473,976
		37,956,128,540	36,206,740,596
Less:			
Sales return		**(198,684,712)**	(193,586,426)
Sales tax		**(5,665,347,293)**	(5,453,466,767)
		(5,864,032,005)	(5,647,053,193)
Net local sales		**32,092,096,535**	30,559,687,403
Indirect export:			
Against standard purchase order			
- Yarn		**11,113,450,858**	5,728,221,841
- Fabric		**5,809,715,832**	2,217,576,182
		16,923,166,690	7,945,798,023
Duty and Tax Remission for Exports (DTRE) / Export facilitation Scheme (EFS)	*30.1*	**1,964,716,896**	1,903,973,244
Less: Sales tax on SPO sales		**(2,430,755,887)**	(1,146,266,931)
Less: Sales tax on DTRE / EFS sales		**(160,449,023)**	-
	30.1	**16,296,678,676**	8,703,504,336
Export:			
Yarn		**14,521,142,437**	11,315,359,026
Fabric		**2,302,547,552**	1,436,696,306
Comber noil		**193,796,378**	116,995,579
		17,017,486,367	12,869,050,911
Revenue from contracts with customers		**65,406,261,578**	52,132,242,650

30.1 It includes sales made to direct exporters against Standard Purchase Order (SPOs) amounting to Rs. 14,492.41 million (2021: Rs 6,799.53 million) and DTRE/ EFS to a related party under S.R.O 185(I)/ 2001 dated 21 March 2001 and S.R.O 957(I) / 2021 dated 30 July 2021, amounting to Rs. 1,804.27 million (2021: Rs. 1,903.98 million).

	Note	2022 Rupees	2021 Rupees
31 Cost of sales			
Raw material consumed	*31.1*	**42,698,141,737**	30,538,970,065
Power and fuel		**4,789,357,160**	3,568,223,089
Salaries, wages and benefits	*31.2*	**3,146,830,392**	2,565,138,851
Depreciation on property, plant and equipment	*17.1.1*	**1,611,154,208**	1,386,278,225
Stores and spares consumed		**1,126,009,273**	814,861,322
Packing material consumed		**742,982,684**	573,673,033
Freight outward charges	*31.3*	**1,113,025,456**	449,121,858
Processing charges		**626,266,958**	433,504,539
Travelling and conveyance		**15,754,962**	17,316,098
Insurance		**118,174,991**	93,867,318
Repair and maintenance		**50,418,313**	41,629,039
Vehicle running and maintenance		**25,202,975**	20,314,827
Others		**7,032,604**	28,158,510
		56,070,351,713	40,531,056,774
Work-in-process :			
Balance as at 01 July		**501,212,180**	439,889,015
Balance as at 30 June		**(774,506,142)**	(501,212,180)
		(273,293,962)	(61,323,165)
Cost of goods manufactured		**55,797,057,751**	40,469,733,609
Finished goods :			
Balance as at 01 July		**3,416,104,612**	4,622,434,681
Finished goods purchased		**3,650,589,051**	2,250,012,656
Balance as at 30 June		**(8,690,090,690)**	(3,416,104,612)
		(1,623,397,027)	3,456,342,725
Cost of goods sold		**54,173,660,724**	43,926,076,334
Cost of raw material sold		**64,653,071**	201,176,591
		54,238,313,795	44,127,252,925

31.1 Raw material consumed

	2022 Rupees	2021 Rupees
Raw material as at 01 July	**11,553,085,484**	9,441,518,946
Purchases and related expenses	**48,493,415,132**	32,650,536,603
	60,046,500,616	42,092,055,549
Raw material as at 30 June	**(12,608,183,825)**	(8,980,503,347)
Stock-in-transit	**(4,740,175,054)**	(2,572,582,137)
	(17,348,358,879)	(11,553,085,484)
	42,698,141,737	30,538,970,065

31.2 These include Rs. 150.19 million (2021: Rs. 116.72 million) in respect of staff retirement benefits.

31.3 This includes freight on export sales amounting to Rs. 1,057.87 million (2021: Rs. 396.92 million) and freight on local sales amounting to Rs. 55.15 million (2021: Rs. 52.2 million)

32 Marketing and distribution expenses

	Note	**2022 Rupees**	2021 Rupees
Export sales:			
Commission		**282,688,773**	165,095,658
Export development surcharge		**44,268,889**	31,254,285
Insurance		**4,855,734**	5,035,185
Local sales:			
Commission		**210,142,601**	133,914,570
Salaries and benefits	*32.1*	**39,946,102**	31,455,323
Insurance		**10,110,346**	4,938,861
		592,012,445	371,693,882

32.1 These include Rs. 0.97 million (2021: Rs. 1.78 million) in respect of staff retirement benefits.

33 Administrative and general expenses

	Note	**2022 Rupees**	2021 Rupees
Salaries and benefits	*33.1*	**200,744,403**	165,486,672
Depreciation on property, plant and equipment	*17.1.1*	**52,978,901**	49,724,307
Repair and maintenance		**41,780,772**	39,092,960
Vehicle running and maintenance		**39,430,418**	30,489,992
Rent, rates, taxes and fees		**35,477,591**	20,758,972
Entertainment/ guest house expenses		**21,864,118**	19,076,570
Legal and professional charges		**19,613,389**	16,716,450
Traveling and conveyance	*33.2*	**23,854,240**	14,719,904
Communication		**18,512,720**	12,256,712
Electricity, gas and water		**30,470,224**	6,442,617
Printing and stationery		**9,637,248**	10,511,209
Insurance		**9,138,037**	5,691,660
Subscription/ advertisement		**2,452,220**	2,217,200
Auditors' remuneration	*33.3*	**5,180,000**	3,688,860
Others		**10,044,464**	7,320,120
		521,178,745	404,194,205

33.1 These include Rs. 7.19 million (2021: Rs. 5.32 million) in respect of staff retirement benefits.

33.2 These include Directors' traveling expense of Rs. 9.16 million (2021: Rs. 3.89 million).

	2022 Rupees	2021 Rupees
33.3 Auditors' remuneration		
Annual Audit fee - Company	**3,980,000**	2,520,000
Half yearly review fee	**868,965**	868,965
Out of pocket expenses	**331,035**	299,895
	5,180,000	3,688,860

34 Other operating expenses	*Note*	2022 Rupees	2021 Rupees
Workers' Profit participation fund	*12.4*	**318,406,192**	296,382,205
Present value adjustment of long term loans	*19.1 & 19.2*	**-**	299,279,465
Loss allowance on long term markup accrued	*19.5 & 25*	**323,806,334**	-
Workers welfare fund	*12.5*	**128,060,725**	32,914,742
Loss on disposal of property, plant and equipment	*17.2*	**41,059,318**	7,821,431
Loss allowance for the year - *net*	*22.4*	**47,354,525**	21,417,486
Bad debts directly written off		**72,006**	8,856,776
Donations	*34.1*	**17,199,755**	19,334,764
Notional interest expense - GIDC		**57,587,839**	-
Exchange loss - *net*	*34.2*	**380,323,790**	-
Sales tax receivable directly written off		**205,995,249**	-
		1,519,865,733	686,006,869

34.1 Donations for the year have been given to:

Nishtar Hospital Multan	*34.1.1*	**3,701,628**	4,672,906.00
Fazal Rehman Foundation	*34.1.2*	**2,645,500**	2,569,150
Friends of Cardiology Foundation Multan	*34.1.3*	**-**	1,305,525
Taary Zameen Par	*34.1.3*	**1,856,360**	2,291,880
All Pakistan Textile Mills Association		**-**	500,000
S.O.S Children Village Multan		**945,000**	840,000
Al-Noor Special Children School Multan		**600,000**	-
Zubaida Fatima Memorial Hospital		**300,000**	600,000
Others	*34.1.4*	**7,151,267**	6,555,303
		17,199,755	19,334,764

34.1.1 Donations paid for the construction of main entrance and reception area at Nishtar Hospital, Multan.

34.1.2 Mr. Rehman Naseem Ahmad (Chief Executive Officer) and Mr. Naseem Ahmad (Chairman) are amongst the trustees of the Fazal Rehman Foundation.

34.1.3 Mr. Rehman Naseem Ahmad (Chief Executive Officer) is amongst the trustees of the Friends of Cardiology Foundation Multan and Mr. Amir Naseem Sheikh is amongst the trustees of Taary Zameen Par.

34.1.4 Others' includes donations paid to various institutions. The aggregate amount paid during the year to a single institution is not exceeding Rs. 0.5 million.

34.2 Breakup of exchange (gain) / loss is as follows:

	2022		
	Realized	**Unrealized**	**Total**
	Rupees	**Rupees**	**Rupees**
Exports	**(444,306,706)**	**(84,747,155)**	**(529,053,861)**
Imports	**571,971,625**	**23,813,828**	**595,785,453**
Foreign currency export finance	**145,665,176**	**51,100,000**	**196,765,176**
Forward contracts	**107,932,022**	**8,895,000**	**116,827,022**
	381,262,117	**(938,327)**	**380,323,790**

35 Other income	*Note*	**2022 Rupees**	2021 Rupees
Income from financial assets			
Dividend income	*35.1*	**241,899,109**	172,785,078
Mark-up on advance to FEL	*19.1*	**196,509,130**	261,218,308
Notional gain on discounting of long term payable - GIDC		**-**	57,587,839
Exchange gain - *net*		**-**	104,821,996
Gain on remeasurement of short term investment		**55,386,000**	12,362,400
Mark-up on advance to associated undertaking		**16,676,938**	10,261,969
Income on advance for investments in TFC	*23.2*	**798,478**	-
		511,269,655	619,037,590
From non-financial assets			
Scrap sales		**49,987,047**	25,416,940
		561,256,702	644,454,530

35.1 This represent annual dividend for the year ended 31 December 2021 declared by Fatima Fertilizer Limited 'an associated undertaking'.

36 Share of loss from associates - *net*	*Note*	**2022 Rupees**	2021 Rupees
Share of loss from associated companies			
- Fatima Energy Limited		**-**	43,278,960
- Fatima Transmission Company Limited	*18.6.1*	**-**	3,591,200
- Fatima Electric Company Limited	*18.6.1*	**6,066**	7,010
		6,066	46,877,170

	Note	2022 Rupees	2021 Rupees
37 Finance cost			
Mark-up based loans from conventional banks:			
- Long term financing - *secured*		**973,490,514**	738,663,264
- Short term borrowings - *secured*		**1,246,621,622**	606,935,834
		2,220,112,136	1,345,599,098
Islamic mode of financing:			
- Musharika - *secured*		**301,745,607**	262,530,431
- Short term borrowings - *secured*		**174,560,380**	69,061,409
		476,305,987	331,591,840
Bank charges		**96,169,146**	89,157,079
Interest on workers' profit participation fund	*12.4*	**119,364,888**	17,826,070
Markup on lease liability		**10,708,497**	10,517,581
		2,922,660,654	1,794,691,668
38 Taxation			-
Current tax			
- *for the year*		**1,217,218,836**	241,643,314
- *prior year*		**(2,481,721)**	-
		1,214,737,115	241,643,314
Deferred tax			
- *for the year*		**63,746,028**	(110,622,436)
- *prior year*		**10,007,228**	-
		73,753,256	(110,622,436)
		1,288,490,371	131,020,878

38.1 The current tax provision represents tax under 'Normal Tax Regime (NTR)' and tax under 'Final Tax Regime (FTR)' (2021: NTR and FTR) of the Income Tax Ordinance, 2001. The provision for taxation under NTR is adjusted against minimum tax on turnover paid and available for carry forward amounting to Rs. 383.52 million (2021: Rs. 928.90 milion) under section 113 of the Ordinance.

Tax under FTR represents tax on exports and dividened which is treated as a full and final discharge of Company's tax liability in respect of income arising from such sources.

38.2 Numerical reconciliation between tax expense and accounting profit:

	2022 Rupees	2021 Rupees
Profit before tax	**5,898,745,113**	5,562,777,587
Applicable tax rate	**29%**	29%
Tax at the applicable tax rate	**1,710,636,083**	1,613,205,500
Tax effect of amounts that are:		
- Change in proration rate and tax rate	**10,007,228**	(24,916,945)
- Difference between normal tax and minimum tax / final tax regime	**(586,748,241)**	(396,598,047)
- Effect of super tax @ 10%	**418,046,976**	-
- Effect of prior year adjustment	**(2,481,721)**	-
- Tax credit for minimum tax previously not recognized	**(383,521,266)**	(993,697,399)
- Deferred tax asset not recognized - net	**63,613,181**	(49,276,787)
- Permanent differences	**5,482,836**	(17,022,327)
- Others	**53,455,295**	(673,117)
Tax charged to statement of profit or loss	**1,288,490,371**	131,020,878

39 Earnings per share - *basic and diluted*

39.1 Basic earnings per share

		2022	2021
Profit after taxation	***Rupees***	**4,610,254,742**	5,431,756,709
Weighted average number of ordinary shares	***No. of shares***	**30,000,000**	30,000,000
Earnings per share	***Rupees***	**153.68**	181.06

39.2 Diluted earnings per share

There is no dilution effect on the basic earnings per share of the current year as the Company has no such commitments.

40 Fair value measurement of financial instruments

A. Accounting classifications and fair values

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

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

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

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

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

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

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

	Carrying amount					Fair value			
	Financial assets at amortized cost	**Fair value through Profit or loss**	**Fair value through OCI**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
As at 30 June 2022	---------- Rupees ----------								
Financial assets - measured at fair value									
Short term investment	-	231,336,000	-	-	231,336,000	231,336,000	-	-	231,336,000
Long term investments	-	-	7,484,725,782	-	7,484,725,782	2,381,174,372	-	5,103,551,410	7,484,725,782
Financial assets - measured at amortized cost									
Long term loans and advances	-	-	-	-	-	-	-	-	-
Long term deposits	25,540,293	-	-	-	25,540,293	-	-	-	-
Trade debts	7,268,389,855	-	-	-	7,268,389,855	-	-	-	-
Other receivable	186,368,496	-	-	-	186,368,496	-	-	-	-
Advance for term finance certificates	40,000,000	-	-	-	40,000,000	-	-	-	-
Mark-up accrued	-	-	-	-	-	-	-	-	-
Cash and bank balances	386,199,525	-	-	-	386,199,525	-	-	-	-
	7,906,498,169	231,336,000	7,484,725,782	-	15,622,559,951	2,612,510,372	-	5,103,551,410	7,716,061,782
Financial liabilities - measured at amortized cost									
Long term financing - *secured*	-	-	-	15,256,170,060	15,256,170,060	-	-	-	-
Long term musharika - *secured*	-	-	-	3,376,467,767	3,376,467,767	-	-	-	-
Trade and other payables	-	-	-	5,793,763,950	5,793,763,950	-	-	-	-
Lease liability - *unsecured*	-	-	-	73,951,536	73,951,536	-	-	-	-
Unclaimed dividend	-	-	-	21,213,835	21,213,835	-	-	-	-
Short term borrowings - *secured*	-	-	-	15,370,774,156	15,370,774,156	-	-	-	-
Accrued mark-up	-	-	-	551,182,285	551,182,285	-	-	-	-
	-	-	-	40,443,523,589	40,443,523,589	-	-	-	-

	Carrying amount					Fair value			
	Financial assets at amortized cost	Fair value through Profit or loss	Fair value through OCI	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Rupees								
As at 30 June 2021									
Financial assets - measured at fair value									
Short term investment	-	175,950,000	-	-	175,950,000	175,950,000	-	-	175,950,000
Long term investments	-	-	2,567,967,251	-	2,567,967,251	1,811,078,391	-	756,888,860	2,567,967,251
Financial assets - measured at amortized cost									
Long term advances	3,361,379,821	-	-	-	3,361,379,821	-	-	-	-
Long term deposits	24,128,493	-	-	-	24,128,493	-	-	-	-
Trade debts	4,737,549,612	-	-	-	4,737,549,612	-	-		-
Other receivable	120,424,898	-	-	-	120,424,898	-	-	-	-
Mark-up accrued	-	-	-	-	-	-	-	-	-
Cash and bank balances	155,859,643	-	-	-	155,859,643	-	-	-	-
	8,399,342,467	175,950,000	2,567,967,251	-	11,143,259,718	1,987,028,391	-	756,888,860	2,743,917,251
Financial liabilities - measured at amortized cost									
Long term financing - *secured*	-	-	-	13,730,468,142	13,730,468,142	-	-	-	-
Long term musharika - *secured*	-	-	-	2,627,600,636	2,627,600,636	-	-	-	-
Long term payable - GIDC	-	-	-	304,498,376	304,498,376	-	-	-	-
Trade and other payables	-	-	-	3,520,087,092	3,520,087,092	-	-	-	-
Lease liability	-	-	-	72,906,099	72,906,099	-	-	-	-
Unclaimed dividend	-	-	-	18,946,571	18,946,571	-	-	-	-
Short term borrowings - *secured*	-	-	-	6,007,110,905	6,007,110,905	-	-	-	-
Accrued mark-up	-	-	-	299,113,187	299,113,187	-	-	-	-
	-	-	-	26,580,731,008	26,580,731,008	-	-	-	-

40.1 **Fair value measurement of financial instruments**

B. Measurement of fair values

I. Valuation techniques and significant unobservable inputs

The following table shows valuation techniques used in measuring Level 3 fair values for financial instruments of financial position, as well as the significant unobservable inputs used. Related valuation process have been described below:

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Long term investments - *Ordinary shares* - Fatima Energy Limited	Income approach: The valuation model considers the present value of the expected future payments, discounted using risk-adjusted discount rate.	- Expected cash flows: Rs. nil to Rs. 6,066 - Risk-adjusted discount rate: 20.95% - Specific risk premium: 4.00%	The estimated fair value would increase (decrease) if: - the expected cash flows were higher (lower); or - the risk-adjusted discount rate were lower (higher).
Long term investments - *Preference shares*			
- Fatima Energy Limited	Income approach: The valuation model considers the present value of the expected future payments, discounted using risk-adjusted discount rate.	- Expected cash flows: Rs. nil to Rs. 11,314 million - Risk-adjusted discount rate: 20.95% - Specific risk premium: 4.00%	The estimated fair value would increase (decrease) if: - the expected cash flows were higher (lower); or - the risk-adjusted discount rate were lower (higher).
- Fatima Transmission Company Limited (at the date of conversion and reporting date- note 18.3.1)	Income approach: The valuation model considers the present value of the expected future payments, discounted using risk-adjusted discount rate.	- Expected cash flows: Rs. nil to Rs. 447 million - Risk-adjusted discount rate: 19.88% - Specific risk premium: 4.00%	
Long term investments - Multan Real Estate (Private) Limited	Market comparison technique: The valuation is based on market multiples derived from comparable investments/properties, adjusted for the effect of non-marketability of the equity securities.	- Adjusted market multiple based on investments of similar nature, location and condition.	The estimated fair value would increase (decrease) if the adjusted market multiple were higher (lower).

As explained in note 18.2.1, the Company has converted advance to FEL into preference shares. Fair value of these preference shares is determined by using income approach (same as used for valuation of ordinary shares). Futhermore, significant unobservable inputs includes expected cash flows of (Rs. nil to Rs.9,738), risk adjusted discount rate and specific risk premium of 22.10% and 4.00% respectively.

II. Level 3 recurring fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from opening balances to the closing balances for Level 3 fair values.

	2022 Rupees	2021 Rupees
Long term investments - under income approach (FEL + FTCL)		
Balance at 01 July	**720,195,000**	-
Additions / Transfers	**3,195,297,916**	669,941,253
Fair value adjustment on transition from equity accounting to FVOCI recognized in profit or loss	**-**	216,797,126
Fair value gain/(loss) recognized in Statement of Comprehensive Income	**925,661,412**	(166,543,379)
Balance as at 30 June	**4,841,154,328**	720,195,000
Long term investments - under market comparison approach (MREL)		
Balance at 01 July	**36,693,860**	33,358,054
Additions	**155,127,195**	-
Fair value gain recognised in OCI	**70,576,027**	3,335,806
Balance as at 30 June	**262,397,082**	36,693,860

Sensitivity analysis

The effect of changes in the unobservable inputs used in the fair value of long term investment in Multan Real Estate (Private) Limited cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented. For the fair value of long term investment in Fatima Energy Limited, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

	2022			2021		
	Long term investments			Long term investments		
	Change in assumption	**Increase in assumption**	**Decrease in assumption**	Change in assumption	Increase in assumption	Decrease in assumption
	Percentage	**Rupees**		Percentage	Rupees	
As at 30 June 2022						
Expected cash flows	**10.00%**	**114,948,909**	**(115,265,256)**	10.00%	311,842,517	(315,375,592)
Risk adjusted discount rate	**1.00%**	**(126,959,625)**	**146,723,501**	1.00%	(83,620,273)	92,430,783

40.2 Fair value measurement of property, plant and equipment

Freehold land, buildings on freehold land and plant and machinery have been carried at revalued amounts determined by professional valuers (Level 3) based on their assessment of market value as disclosed in note 7. The valuations are conducted by the valuation experts appointed by the Company. The valuation experts used a market based approach to arrive at the fair value of the Company's properties. This revaluation was carried out by Joseph Lobo (Private) Limited (Independent valuers). The most significant input into this valuation approach is price per acre for land, price per square foot for buildings and present operational condition and age of plant and machinery and other assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

41 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

41.1 Risk management framework

The Board of Directors has overall responsibility for establishment and over-sight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Company's exposure to financial risk, the way these risks affect the financial position and performance and the manner in which such risks are managed is as follows:

41.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual counterparty. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. To mitigate the risk, the Company has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored. Most of the customers are also secured, where possible, by way of letters of credit.

Total financial assets of Rs. 15,605.66 million (2021: Rs. 11,130.73 million) are subject to credit risk.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at reporting date is:

	2022	2021
Financial assets at FVOCI	**Rupees**	Rupees
Long term investments	**7,484,725,782**	2,567,967,251
Financial assets at FVTPL		
Short term investment	**231,336,000**	175,950,000
Financial assets at amortized cost		
Trade debts	**7,268,389,855**	4,737,549,612
Long term loan and advances	**-**	3,361,379,821
Bank balances	**369,299,983**	143,327,698
Other receivable	**186,368,496**	120,424,898
Advance for term finance certificates	**40,000,000**	-
Mark-up accrued	**-**	-
Long term deposits	**25,540,293**	24,128,493
	7,889,598,627	8,386,810,522
	15,605,660,409	11,130,727,773

41.2 (a) *Other financial assets*

The credit quality of Company's investments can be assessed with reference to external credit rating agencies as follows:

Financial assets at FVOCI	Rating	2022 Rupees	2021 Rupees
Fatima Fertilizers Company Limited	AA	**2,381,174,372**	1,811,078,391
Multan Real Estate (Private) Limited	N/A	**262,397,082**	36,693,860
Fatima Energy Limited	N/A	**4,703,856,968**	720,195,000
		7,347,428,422	2,567,967,251
Financial assets at FVTPL			
Fatima Fertilizers Company Limited	A1+	**231,336,000**	175,950,000
		7,578,764,422	2,743,917,251

41.2 (b) *Counterparties with external credit rating*

Credit risk is considered minimal since the counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

Bank	Rating		Rating agency	2022	2021
	Short term	Long term		Rupees	Rupees
Allied Bank Limited	A-1+	AAA	PACRA	**19,510,983**	4,700,947
National Bank of Pakistan	A-1+	AAA	JCR-VIS	**79,815,601**	11,831,103
MCB Bank Limited	A-1+	AAA	PACRA	**3,465,686**	5,295,707
Meezan Bank Limited	A-1+	AA+	JCR-VIS	**51,914,368**	236,901
UBL Bank Limited	A-1+	AAA	JCR-VIS	**14,652,812**	9,313,422
Standard Chartered Bank Pakistan Limited	A-1+	AAA	PACRA	**2,843,757**	2,399,865
Habib Bank Limited	A-1+	AAA	JCR-VIS	**57,630,442**	14,599,610
Soneri Bank Limited	A-1+	AA-	PACRA	**2,598,850**	14,267,848
Bank Al Falah Limited	A-1+	AA+	PACRA	**1,481,563**	42,281,934
Askari Bank Limited	A-1+	AA+	PACRA	**30,345,519**	1,570,275
The Bank of Punjab	A-1+	AA	PACRA	**912**	9,399,951
The Bank of Khyber	A-1	A	PACRA	**1,421,887**	1,449,046
Bank Al Habib Limited	A-1+	AA+	PACRA	**38,719,330**	8,427,412
Bank Islamic Limited	A-1	A+	PACRA	**20,789,442**	11,339,332
Dubai Islamic Bank Pakistan Limited	A-1+	AA	JCR-VIS	**1,032,210**	588,793
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	**16,523,895**	246,797
Faysal Bank Limited	A-1+	AA	PACRA	**9,212,763**	298,242
Samba Bank Limited	A-1	AA	JCR-VIS	**4,859**	5,310
Silk Bank Limited	A-2	A-	JCR-VIS	**73,295**	73,295
AlBaraka Bank Pakistan Limited	A-1	A+	JCR-VIS	**81,872**	141,872
Summit Bank Limited	Not available	Not available	Not available	**1,461,219**	1,946,241
JS Bank Limited	A-1+	AA-	PACRA	**1,650,004**	1,525,535
Industrial Commercial Bank of China	P-1	A1	Moddy's	**14,068,714**	1,388,260
				369,299,983	143,327,698

41.2 (c) *Counterparties without external credit rating*

These mainly include customers which are counter parties to local and foreign trade debts against sale of yarn and fabric. The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery. The management uses an allowance matrix to base the calculation of ECL of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'role rate' method based on the probability of receivable progressing through successive stages of delinquency to write-off. The Company has used two years quarterly data in the calculation of historical loss rates along with the matching quarterly ageing brackets for the computation of roll rates. These rates are multiplied by scalar factors to reflect the effect of forward looking macro economic factors. Out of total trade debts of Rs. 7,310.77 million (2021: Rs. 4,762.11 million), Rs. 1,671.55 million (2021: Rs. 1,033.60 million) are secured against letter of credits. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at 30 June 2022 was determined as follows:

The aging of trade debts at the reporting date is:	2022 Gross carrying amount	2022 Loss Allowance	2021 Gross carrying amount	2021 Loss Allowance
	---------- Rupees ----------		---------- Rupees ----------	
Export debtors - secured				
Not past due	1,671,549,444	-	1,033,603,141	-
Local debtors				
Not past due	**2,899,569,151**	**2,562,176**	2,860,540,132	1,527,509
Past due				
1- 90 days	**1,976,172,234**	**4,344,000**	791,692,998	1,287,170
91 - 180 days	**696,176,551**	**12,977,142**	39,718,436	467,080
181 - 270 days	**24,158,384**	**15,414,109**	10,721,274	3,147,427
271 - 365 days	**24,158,384**	**20,790,086**	11,316,900	5,009,896
366 - above days	**18,985,504**	**15,826,363**	14,516,080	13,120,267
	7,310,769,652	**71,913,876**	4,762,108,961	24,559,349

Customer credit risk is managed by each business unit subject to the Company’s established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and shipments to the export customers are generally covered by letters of credit or other form of credit insurance.

Credit risk on loans and advances and related markup accrued from related parties are measured under General Approach based on assessment of factors related to increase in significant risk and impairment and reporting date. These loans have given to related parties to meet their operational and financial needs after approval of shareholders and the board of directors after converting the business case, financial vulnerability and credit worthiness. As explained in note 18 to the financial statements the outstanding advance to FEL and FTCL have been converted into preference shares. Markup has not been converted into preference shares and based on assessment of factors related to credit risk under IFRS 09 have been provided for.

Other receivables and deposit are mostly from utility companies and insurance. Impairment on the assets has been measured on a 12 months expected loss basis and reflect the shortest maturities. Based on past experience the management believes that no impairment allowance is necessary in respect of these financial assets.

41.2 (d) **Concentration of credit risk**

Concentration of credit risk exists when the changes in economic or industry factors similarly affect Companys of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and all other transactions are entered into with credit-worthy counterparties there-by mitigating any significant concentrations of credit risk.

41.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations/ commitments of the Company are restricted to the extent of available liquidity. In addition, the Company has obtained various short term facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

Exposure to liquidity risk

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	Weighted average effective rate of interest	2022					
		Carrying value	**Contractual cash flows**	**Less than one year**	**One to five years**	**Above five years**	**Total**
		Rupees					
Financial liabilities							
Long term financing	**1.50% to 17.38%**	**18,632,637,827**	**24,097,199,713**	**4,778,428,249**	**14,796,052,767**	**4,522,718,697**	**24,097,199,713**
Short term borrowings	**1.00% to 15.96%**	**15,370,774,156**	**15,531,535,337**	**15,531,535,337**	**-**	**-**	**15,531,535,337**
Lease liability		**73,951,536**	**144,341,230**	**10,629,366**	**54,263,976**	**79,447,888**	**144,341,230**
Trade and other payables		**5,793,763,950**	**5,793,763,950**	**5,793,763,950**	**-**	**-**	**5,793,763,950**
Unclaimed dividend		**21,213,835**	**21,213,835**	**21,213,835**	**-**	**-**	**21,213,835**
Accrued markup		**551,182,285**	**551,182,285**	**551,182,285**	**-**	**-**	**551,182,285**
		40,443,523,589	**46,139,236,350**	**26,686,753,022**	**14,850,316,743**	**4,602,166,585**	**46,139,236,350**

	Weighted average effective rate of interest	2021					
		Carrying value	Contractual cash flows	Less than one year	One to five years	Above five years	Total
		Rupees					
Financial liabilities							
Long term financing	1.50% to 14.49%	16,358,068,778	19,045,635,793	4,513,514,705	11,365,521,899	3,166,599,189	19,045,635,793
Short term borrowings	1.00% to 13.75%	6,007,110,905	6,065,883,428	6,065,883,428	-	-	6,065,883,428
Lease liability		72,906,099	154,004,291	9,663,060	49,330,888	95,010,343	154,004,291
Long term payable - GIDC		304,498,376	304,498,376	-	304,498,376	-	304,498,376
Trade and other payables		3,520,087,092	3,520,087,092	3,520,087,092	-	-	3,520,087,092
Unclaimed dividend		18,946,571	18,946,571	18,946,571	-	-	18,946,571
Accrued markup		299,113,187	299,113,187	299,113,187	-	-	299,113,187
		26,580,731,008	29,408,168,738	14,427,208,043	11,719,351,163	3,261,609,532	29,408,168,738

It is not expected that the cash flows on the maturity analysis could occur significantly earlier, or at significant different amount.

41.4 Market risk

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

41.4.1 Currency risk

Pakistani Rupee is the functional currency of the Company and exposure arises from transactions and balances in currencies other than Pakistani Rupee as foreign exchange rate fluctuations may create unwanted and unpredictable earnings and cash flow volatility. The Company's potential currency exposure comprises of:

– Transactional exposure in respect of non functional currency monetary items.

– Transactional exposure in respect of non functional currency expenditure and revenues.

The potential currency exposures are discussed below:

Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to rupee equivalent, and the associated gain or loss is taken to the statement of profit or loss. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Transactional exposure in respect of non functional currency expenditure and revenues

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to rupee equivalent, and the associated gain or loss is taken to the statement of profit or loss. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Exposure to currency risk

The Company's exposure to foreign currency risk at the reporting date is as follows:

	2022 Rupees	2021 Rupees
Statement of financial position items		
Finance against imported merchandise	**775,625,155**	89,379,886
Foreign currency export finance	**2,466,000,000**	-
Foreign debtors	**(1,671,549,444)**	(1,033,603,141)
Gross exposure	**1,570,075,711**	(944,223,255)
Off statement of financial position items		
Outstanding letters of credit	**6,010,597,409**	7,766,596,573
Commitments in respect of foreign exchange forward contracts	**349,350,000**	1,178,466,000
Net exposure	**7,930,023,120**	8,000,839,318

The following significant exchange rate has been applied:

Average and spot rate

	Average rate		Spot rate	
	2022	2021	**2022**	2021
	------------ **Rupees** ------------		------------ **Rupees** ------------	
USD to Rupee	**179.64**	156.37	**206.52**	157.54

Sensitivity analysis:

At reporting date, if the PKR had strengthened by 10% against the foreign currencies with all other variables held constant, profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of export finances and foreign debtors.

	2022	2021
Effect on statement of profit or loss	**Rupees**	Rupees
USD to Rupee	**793,002,312**	800,083,932

The weakening of the PKR against foreign currencies would have had an equal but opposite impact on the profits.

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

Currency risk management

Since the maximum amount exposed to currency risk is only 9.06% (2021: 11.92%) of the Company's total assets, any adverse/ favorable movement in functional currency with respect to US dollar will not have any material impact on the operational results.

41.4.2 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments is as follows:

	2022	2021	**2022**	2021
41.4.2 (a) Financial Instruments	**Effective rate (in Percentage)**		**Carrying amount (Rupees)**	
Financial liabilities				
Fixed rate instruments:				
Long term loan	**1.50 - 4.75**	1.50 - 3.75	**8,637,206,390**	7,014,895,751
Variable rate instruments:				
Long term loan	**8.05 - 17.98**	7.24 - 14.49	**9,995,431,437**	9,343,173,027
Short term borrowings	**1.00 - 15.96**	1.00 - 13.75	**15,370,774,156**	6,007,110,905
Financial assets				
Variable rate instruments:				
Advance to associated company	**7.5 - 14.31**	8.82 - 9.03	**-**	3,361,379,821
Saving accounts	**0.15 - 12.25**	0.15 - 5.5	**55,806**	50,636

41.4.2 (b) Fair value sensitivity analysis for fixed rate instruments

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

41.4.2 (c) Cash flow sensitivity analysis for variable rate instruments

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

	Profit or loss	
	100 bps Increase	100 bps Decrease
	- - - - - - - - Rupees	**- - - - - - - -**
As at 30 June 2022	**253,661,498**	**(253,661,498)**
As at 30 June 2021	119,880,539	(119,880,539)

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

41.4.2 (d) Interest rate risk management

The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company's significant borrowings are based on variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

41.5 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Company is exposed to equity price risk because of investments held by the Company and classified on the statement of financial position at fair value through profit or loss and fair value through OCI. To manage its price risk arising from investments in ordinary and preference equity securities, the Company diversifies its portfolio within the eligible stocks in accordance with the risk investment guidelines approved by the investment committee.

Sensitivity analysis

The table below summarizes the Company’s equity price risk as of 30 June 2022 and 2021 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in the Company’s equity investment portfolio.

	2022			
	Fair value	**Price change**	**Estimated fair value after change in prices**	**Increase (decrease) in profit or (loss)/ equity**
	---	---------Rupees--------	---	
Financial assets at fair value through profit or loss	**231,336,000**	**10% increase**	**254,469,600**	**23,133,600**
		10% decrease	**208,202,400**	**(23,133,600)**
Financial assets at fair value through OCI	**7,484,725,782**	**10% increase**	**8,233,198,360**	**748,472,578**
		10% decrease	**6,736,253,204**	**(748,472,578)**
	7,716,061,782			

	2021			
	Fair value	Price change	Estimated fair value after change in prices	Increase (decrease) in profit or (loss)/ equity
	---	---------Rupees--------	---	
Financial assets at fair value through profit or loss	175,950,000	10% increase	193,545,000	17,595,000
		10% decrease	158,355,000	(17,595,000)
Financial assets at fair value through OCI	2,567,967,251	10% increase	2,824,763,976	256,796,725
		10% decrease	2,311,170,526	(256,796,725)
	2,743,917,251			

41.6 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Company. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective

42 Capital management

The Board of Directors' policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. 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.

The Company monitors capital on the basis of the gearing ratio - calculated as a ratio of total debt to capital employed.

42.1 Gearing ratio as at 30 June 2022 and as at 30 June 2021 are as follows:

	2022	2021
	Rupees	Rupees
Total debt	**34,628,545,804**	22,737,198,969
Total equity including revaluation surplus	**40,529,294,748**	34,697,283,259
Total capital employed	**75,157,840,552**	57,434,482,228
Gearing ratio	**46%**	40%

Total debt comprises of long term financing from conventional banks, long term musharika including current portion of long term borrowings, short term borrowings, accrued mark up and lease liability.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements, commonly imposed by the providers of debt finance.

43 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2022						
	Long term financing	Long term musharika	Short term borrowing	Lease liability	Unclaimed dividend	Accrued markup	Total
	Rupees						
Balance at 01 July 2021	13,730,468,142	2,627,600,636	6,007,110,905	72,906,099	18,946,571	299,113,187	**22,756,145,540**
Changes from financing cash flows							
Proceeds from short term borrowings - *net*	-	-	9,363,663,251	-	-	-	**9,363,663,251**
Financial charges paid - *net*	-	-	-	-	-	(2,659,883,059)	**(2,659,883,059)**
Proceeds from long term financing	4,574,380,960	1,512,406,446	-	-	-	-	**6,086,787,406**
Long term financing repaid	(3,048,679,042)	(763,539,316)	-	-	-	-	**(3,812,218,358)**
Lease rentals paid	-	-	-	(9,663,060)			**(9,663,060)**
Dividend paid	-	-	-	-	(297,732,736)	-	**(297,732,736)**
Total changes from financing cash flows	**1,525,701,918**	**748,867,130**	**9,363,663,251**	**(9,663,060)**	**(297,732,736)**	**(2,659,883,059)**	**8,670,953,444**
Other changes							
Finance cost	-	-	-	10,708,497	-	2,911,952,157	**2,922,660,654**
Dividend declared	-	-	-	-	300,000,000	-	**300,000,000**
Total liability related other changes	-	-	-	10,708,497	300,000,000	2,911,952,157	**3,222,660,654**
Balance at 30 June 2022	**15,256,170,060**	**3,376,467,766**	**15,370,774,156**	**73,951,536**	**21,213,835**	**551,182,285**	**34,649,759,638**

	2021						
	Long term financing	Long term musharika	Short term borrowing	Lease liability	Unclaimed dividend	Accrued markup	Total
	---------- Rupees ----------						
Balance at 01 July 2020	12,392,810,608	2,897,859,414	11,537,224,217	71,173,118	13,748,423	517,191,250	27,430,007,030
Changes from financing cash flows							
Proceeds from short term borrowings - *net*	-	-	(5,530,113,312)	-	-	-	(5,530,113,312)
Financial charges paid - *net*	-	-	-	-	-	(2,002,252,150)	(2,002,252,150)
Proceeds from long term financing	2,386,340,693	-	-	-	-	-	2,386,340,693
Long term financing repaid	(1,048,683,159)	(270,258,778)	-	-	-	-	(1,318,941,937)
Lease rentals paid	-	-	-	(8,784,600)			(8,784,600)
Dividend paid	-	-	-	-	(594,801,852)	-	(594,801,852)
Total changes from financing cash flows	1,337,657,534	(270,258,778)	(5,530,113,312)	(8,784,600)	(594,801,852)	(2,002,252,150)	(7,068,553,158)
Other changes							
Finance cost	-	-	-	10,517,581	-	1,784,174,087	1,794,691,668
Dividend declared	-	-	-	-	600,000,000	-	600,000,000
Total liability related other changes	-	-	-	10,517,581	600,000,000	1,784,174,087	2,394,691,668
Balance at 30 June 2021	13,730,468,142	2,627,600,636	6,007,110,905	72,906,099	18,946,571	299,113,187	22,756,145,540

44 Remuneration of Chief Executive Officer, Directors and Executives

The aggregate amounts charged in the financial statements for the year for remuneration, including all benefits to the Chief Executive Officer and Directors and Executives of the Company are as follows:

	2022				2021			
	Chief Executive Officer	**Directors**	**Executives**	**Total**	Chief Executive Officer	Directors	Executives	Total
	Rupees				Rupees			
Managerial remuneration	**8,726,664**	**17,453,328**	**92,608,972**	**118,788,964**	-	26,604,784	69,026,434	95,631,218
House rent and utilities	**3,933,611**	**-**	**14,606,739**	**18,540,350**	-	109,342	11,350,698	11,460,040
Medical	**26,383**	**-**	**8,650,892**	**8,677,275**	193,648	180,953	6,723,594	7,098,195
Conveyance/ petrol	**-**	**-**	**-**	**-**	-	-	-	-
Insurance	**-**	**-**	**-**	**-**	-	-	-	-
	12,686,658	**17,453,328**	**115,866,603**	**146,006,589**	193,648	26,895,079	87,100,726	114,189,453
Numbers	**1**	**8**	**36**	**45**	1	8	30	39

44.1 In addition to above, only Non-Executive Directors were paid Rs. 1.00 million (2021: Rs. 0.75 million) as meeting fee. Further, out of total eight directors above only two are paid remuneration.

44.2 Chief Executive Officer, directors and some of the executives are also provided with Company maintained cars and telephones at their residences for the Company business purposes.

44.3 These include Rs. 7.98 million (2021: Rs. 7.35 million) in respect of staff retirement benefits.

45 Number of employees

	Production	
	2022	2021
	(Number)	
Total number of employees as at 30 June	**6,934**	5,705
Average number of employees during the year	**6,320**	5,700

46 Related party transactions and balances

The related parties comprise of associated companies, directors of the Company and entities under common directorship, key management personnel and post employment retirement plan. Amount due from and due to related parties are shown under respective notes. Other significant transactions and balances with related parties except those disclosed elsewhere are as follows:

	Name of parties	Relationship	Basis of Relationship	2022 Rupees	2021 Rupees
a)	**Fatima Fertilizer Company Limited**	Related party	Common Directorship and 3.29 % (2021: 3.29%) shareholding		
	Dividend Income			**241,899,109**	172,785,078
	Reimbursable expenses			**1,012,973**	2,033,958
b)	**Fatima Energy Limited**	Related party	Sponsor / Associated undertaking		
	Long term advance given			**203,336,590**	640,832,000
	Mark-up accrued on long term advance			**220,209,392**	261,218,307
	Purchase of goods			**1,914,678,287**	857,060,232
	Payments against purchase of goods - *net*			**1,762,388,639**	871,467,830
	Preference shares issued on conversion of long term advance - *18.2.1*			**3,058,000,556**	-
c)	**Reliance Weaving Mills Limited**	Related party	Common Directorship		
	Sale of goods			**224,561,943**	119,290,369
	Purchase of goods and services			**96,091,503**	-
	Reimbursable expenses			**350,000**	-
	Receipts against sale of goods- *net*			**116,359,990**	119,185,872
d)	**Ahmed Fine Textile Mills Limited ***	Related party	Common Directorship		
	Sale of goods and services			**8,511,659,775**	5,039,848,779
	Sale of fixed asset - *NBV*			**9,957,691**	5,000,000
	Purchase of goods and services			**3,329,275,077**	1,661,443,446
	Sale of land			**452,672,000**	-
	Receipts against sale of goods and services - net			**5,450,404,963**	3,511,966,686
	Reimbursable expenses			**-**	2,577,000

* During the year, Fazal Rehman Fabrics Limited merged into Ahmed Fine Textile Mills Limited

	Name of parties	Relationship	Basis of Relationship	2022 Rupees	2021 Rupees
e)	**Fazal-ur-Rehman Foundation, Multan**	Related party	Common Directorship/ Trustees		
	Donations			**2,645,500**	2,569,150
f)	**Hussain Ginneries Limited**	Related party	Common Directorship		
	Expenses incurred on behalf of associate			**-**	11,550
	Payments against expenses			**-**	1,250,000
g)	**Fatima Transmission Company Limited**	Related party	Common Directorship		
	Long term advance given			**15,937,500**	39,592,000
	Mark-up accrued on long term advance			**13,748,696**	7,945,427
	Preference shares issued on conversion of long term advance - 18.3.1			**137,297,360**	-
h)	**Pak Arab Energy Limited**	Related party	Common Directorship		
	Mark-up accrued on long term advance			**2,928,242**	2,316,542
i)	**Fazal Farm (Private) Limited**	Related party	Common Directorship		
	Purchase of goods			**7,670,750**	6,471,690
	Payments against purchase of goods - *net*			**7,670,750**	6,525,793
j)	**Friends of Cardiology Foundation Multan**	Related party	Common Directorship/ Trustees		
	Donations			**-**	1,305,525
k)	**Taary Zameen Par Trust**	Related party	Common Directorship/ Trustees		
	Donations			**1,856,360**	2,108,200
l)	**Pak Arab Fertilizer Limited**				
	Sale of goods and services	Related party	Common Directorship	**34,899**	-
	Payment against purchase of shares			**146,663,295**	-

All transactions with related parties have been carried out on commercial terms and conditions.

47 Segment reporting

47.1 Reportable segments

The management has determined the operating segments of the Company on the basis of products produced.

The Company's reportable segments are as follows:

- Spinning segment - production of different qualities of yarn using natural and artificial fibers
- Weaving segment - production of different qualities of fabric using yarn

Information regarding the Company's reportable segments is presented below. Performance is measured based on segment profit before tax, as management believes that such information is the most relevant in evaluating the results of certain segments relative to other companies that operate within these industries.

47.2 Information about reportable segments

	Spinning		Weaving		Total	
	2022	2021	**2022**	2021	**2022**	2021
	Rupees					
External revenues	**53,666,283,421**	44,062,172,290	**11,739,978,157**	8,070,070,360	**65,406,261,578**	52,132,242,650
Intersegment revenues	**7,547,828,389**	4,536,325,061	**39,971,492**	12,693,783	**7,587,799,881**	4,549,018,844
Cost of sales	**(51,011,722,077)**	(41,236,901,104)	**(3,226,591,718)**	(2,890,351,821)	**(54,238,313,795)**	(44,127,252,925)
Intersegment cost of sales	**(39,971,492)**	(12,693,783)	**(7,547,828,389)**	(4,536,325,061)	**(7,587,799,881)**	(4,549,018,844)
Selling and distribution expense	**(457,303,801)**	(291,405,823)	**(134,708,644)**	(80,288,059)	**(592,012,445)**	(371,693,882)
Administrative expenses	**(466,705,000)**	(356,733,249)	**(54,473,745)**	(47,460,956)	**(521,178,745)**	(404,194,205)
Other expense	**(1,609,998,212)**	(684,989,788)	**90,132,479**	(1,017,081)	**(1,519,865,733)**	(686,006,869)
Other income	**286,520,973**	861,251,656	**-**	-	**286,520,973**	861,251,656
Finance cost	**(2,669,823,627)**	(1,610,627,727)	**(252,837,027)**	(184,063,941)	**(2,922,660,654)**	(1,794,691,668)
Profit before taxation	**5,245,108,574**	5,266,397,533	**653,642,605**	343,257,224	**5,898,751,179**	5,609,654,757

47.2.1 The accounting policies for disclosure of the reportable segments are the same as the Company's accounting policies described in note 4.21 to the financial statements. Expenditures are allocated on the basis of actual amounts incurred for the segments. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

47.2.2 Reconciliation of reportable segment revenues and profits

	2022 Rupees	2021 Rupees
Total revenue from reportable segments	**72,994,061,459**	56,681,261,494
Elimination of inter segment revenue	**(7,587,799,881)**	(4,549,018,844)
	65,406,261,578	52,132,242,650
Statement of profit or loss		
Total profit of reportable segments	**5,898,751,179**	5,609,654,757
Share of loss from associates	**(6,066)**	(46,877,170)
Taxation for the year	**(1,288,490,371)**	(131,020,878)
	4,610,254,742	5,431,756,709

47.3 Segment assets and liabilities

47.3.1 Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	Spinning	Weaving	Total
	- - - - - - - - - - - - - - - - - - -	Rupees	- - - - - - - - - - - - - - - - - - -
For the year ended 30 June 2022			
Segment assets for reportable segment	**63,897,116,106**	**4,434,143,165**	**68,331,259,271**
Unallocated corporate assets	-	-	**19,211,643,153**
Total assets as per statement of financial position			**87,542,902,424**
Unallocated corporate liabilities	-	-	47,013,607,676
Total liabilities as per statement of financial position			**47,013,607,676**
For the year ended 30 June 2021			
Segment assets for reportable segment	49,921,723,377	3,964,887,260	53,886,610,637
Unallocated corporate assets	-	-	13,237,494,978
Total assets as per statement of financial position			67,124,105,615
Segment liabilities for reportable segment	-	-	-
Unallocated corporate liabilities	-	-	32,426,822,356
Total liabilities as per statement of financial position			32,426,822,356

For the purposes of monitoring segment performance and allocating resources between segments

- all assets are held under unallocated corporate assets except property, plant and equipment, stores spares and loose tools, and stock in trade which are allocated to reportable segments; and

- all liabilities are held under unallocated corporate liabilities.

Other segment information	Spinning	Weaving	Total
	- - - - - - - - - - - - - - - - - - - Rupees - - - - - - - - - - - - - - - - - - -		
For the year ended 30 June 2022			
Capital expenditure	**4,931,296,107**	**55,716,267**	**4,987,012,374**
Depreciation			
Cost of sales	**1,452,429,169**	**158,725,039**	**1,611,154,208**
Administrative expenses	**50,957,697**	**2,021,204**	**52,978,901**
	1,503,386,866	**160,746,243**	**1,664,133,109**
For the year ended 30 June 2021			
Capital expenditure	1,103,584,276	18,384,850	1,121,969,126
Depreciation			
Cost of sales	1,235,197,823	151,080,402	1,386,278,225
Administrative expenses	47,914,206	1,810,101	49,724,307
	1,283,112,029	152,890,503	1,436,002,532

48 Acquisition of Imperial Textile Mills Limited under asset acquisition approach

As explained in note 1.2 of these financial statements, during the year the Company acquired 100% shareholding of Imperial Textile Mills Limited (ITML), a dormant entity, transfer of shares and transfer of control to the Company was completed on 01 May 2022 after completion of necessary regulatory approvals. Further, the scheme of arrangement for merger of ITML with the Company with efferct from 01 June 2022 has been approved by Securities and Exchange Commission of Pakistan on 28 October 2022. As explained in note 4.12, the acquisition of ITML does not meet the definition of a business and resultantly been scoped out of IFRS 03 'Business Combination'.

This transaction has been accounted for as asset acquisitions whereby the cost of acquisition has been allocated between the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. No goodwill or a gain on a bargain purchase arise in this case.

Details of assets acquired and liabilities assumed from Imperial Textile Mills Limited are as follows:

	Acquisition cost
	30 April 2022 (Rupees)
Assets	
Land	245,162,458
Building /Civil work	57,788,294
Plant & Machinery	53,585,509
Long term deposits	1,411,800
Trade deposits - NBP	1,567,040
Cash and bank balances	121,174
	359,636,275

Liabilities	Note	Acquisition cost 30 April 2022 (Rupees)
Trade and other payables		3,849,379
Accrued liabilities and advances		36,385,327
		40,234,706
Net assets	*48.1*	**319,401,569**
Cost of acquisition		
Cash consideration		
-Paid to ITML		224,214,812
-Paid to shareholders of ITML		52,500,000
-Paid to authorities on behalf of ITML		13,269,868
		289,984,680
Payable to shareholders of ITML		29,416,889
Total cost of acquisition		**319,401,569**

48.1 The fair value of financial assets and liabilities are same as per carrying value because they have also been recorded at fair value in the separate financial statements of ITML as at acquisition date. Further as at acquisition date, the fair value of land and building has been determined by an independent valuer and the fair values of plant and machinery has been determined based on sale agreement entered into subsequent to period end. For assets and liabilities having no inflow or outflow of economic resources are considered to have nil fair value. The cost of acquisition is allocated to the acquired identifiable assets and assumed liabilities as per accounting policy mentioned in note 4.12.

49 Geographical information

The Company operates in one principal geographical area. The Company's gross revenue from external customers by geographical location is detailed below:

	Note	**2022** **Rupees**	2021 Rupees
Domestic Sales	*30*	**32,092,096,535**	30,559,687,403
Export Sales	*49.1*	**33,314,165,043**	21,572,555,247
		65,406,261,578	52,132,242,650

	Note	2022 Rupees	2021 Rupees
49.1 Country wise export sales are as under			
China		**5,453,511,182**	7,506,554,520
United States of America		**4,394,347,208**	2,111,639,595
Portugal		**1,480,525,075**	818,033,903
Turkey		**1,169,394,760**	389,652,782
Hong Kong		**111,982,920**	23,810,163
Germany		**330,390,692**	364,161,694
Taiwan		**4,274,006**	11,220,543
Italy		**494,618,433**	157,082,516
Japan		**146,620,682**	128,819,920
Bangladesh		**962,830,961**	88,453,919
Belgium		**114,130,514**	78,485,602
Poland		**2,958,988**	101,904,716
Colombia		**463,267,168**	249,368,868
Malaysia		**70,916,026**	106,666,443
Others		**1,817,717,752**	733,195,727
Indirect exports	*30.1*	**16,296,678,676**	8,703,504,336
		33,314,165,043	21,572,555,247

49.1.1 All export sales during the year other than indirect are secured against letter of credit.

50 Capacity and production

		2022	2021
Spinning:			
Number of spindles installed		**274,524**	252,564
Number of rotors and MVS spindles installed		**5,412**	4,548
Number of shifts worked		**1,094**	1,094
Number of spindles - *shifts worked*		**300,329,256**	276,305,016
Capacity at 20's count	*Kgs.*	**127,222,563**	111,996,087
Actual production of all counts	*Kgs.*	**100,859,557**	102,200,664
Actual production converted into 20's count	*Kgs.*	**131,799,292**	117,013,976

It is difficult to describe precisely the production capacity in spinning mills since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed, twist and raw materials used etc. It also varies according to the pattern of production adopted in a particular year.

Weaving:		**2022**	2021
Number of looms installed		**224**	224
Number of looms worked		**224**	224
Number of shifts worked		**1,094**	1,094
Standard cloth production	Mtr.	**48,963,833**	49,253,543
Actual cloth production	Mtr.	**45,369,887**	45,638,333

It is difficult to describe precisely the production capacity in weaving mills since it fluctuates widely depending on various factors such as count of yarn weaved, loom speed, reed change and raw materials used etc. It also varies according to the pattern of production adopted in a particular year.

51 Non adjusting event after statement of financial position date

The Board of Directors of the Company in their meeting held on 28 October 2022 has proposed a final cash dividend of Rs. 10 per share (2021: Rs. 30 per share) for the year ended 30 June 2022 held for approval of the members in the Annual General Meeting to be held on 25 November 2022.

52 Events after the reporting date

There are no events after the reporting date except that torrential monsoon rains and melting glaciers have triggered the most severe flooding in northern and southern parts of Pakistan. The management is continuously monitoring the situation and believes that there are no impacts on these financial statements.

53 Date of authorization for issue

These financial statements were authorized for issue on 28 October 2022 by the Board of Directors of the Company.

54 General

54.1 Figures have been rounded off to the nearest Rupee, except stated otherwise.

54.2 Corresponding figures have been rearranged and reclassified, where necessary, for the purpose of comparison and better presentation as per reporting framework.

(MUHAMMAD AZAM)	**(REHMAN NASEEM)**	**(SHEIKH NASEEM AHMAD)**
CHIEF FINANCIAL OFFICER	**CHIEF EXECUTIVE OFFICER**	**DIRECTOR**

PATTERN OF SHAREHOLDING
As at June 30, 2022

4. Number of Shareholders		Shareholdings		Total Number of Share Held
730		shareholding from 1 to 100		15,511
355		shareholding from 101 to 500		96,439
115		shareholding from 501 to 1000		87,195
120		shareholding from 1001 to 5000		246,588
21		shareholding from 5001 to 10000		141,646
7		shareholding from 10001 to 15000		81,778
2		shareholding from 15001 to 20000		32,881
2		shareholding from 20001 to 25000		43,249
3		shareholding from 40001 to 45000		132,368
1		shareholding from 45001 to 50000		48,208
1		shareholding from 55001 to 60000		59,804
1		shareholding from 60001 to 65000		64,300
1		shareholding from 80001 to 85000		82,828
1		shareholding from 110001 to 115000		110,326
1		shareholding from 160001 to 165000		161,680
1		shareholding from 295001 to 300000		300,000
3		shareholding from 390001 to 395000		1,176,847
3		shareholding from 535001 to 540000		1,605,037
3		shareholding from 670001 to 675000		2,024,102
2		shareholding from 1010001 to 1015000		2,022,355
1		shareholding from 1310001 to 1315000		1,312,476
1		shareholding from 1410001 to 1415000		1,414,139
1		shareholding from 1420001 to 1425000		1,421,638
1		shareholding from 1765001 to 1770000		1,768,488
2		shareholding from 1995001 to 2000000		3,993,810
1		shareholding from 2415001 to 2420000		2,415,422
1		shareholding from 3100001 to 3105000		3,101,320
1		shareholding from 6035001 to 6040000		6,039,565
1,382				**30,000,000**

Categories of Share Holders	Number	Shares Held	Percentage
Directors, Chief Executive Officer & their spouse & minor children	14	4,412,042	14.71%
Associated Companies, Under takings & related parties:	19	11,232,635	37.44%
NIT & ICP	2	1,768,951	5.90%
Banks, Development Financial Institutions, Non-Banking Financial Institutions	7	170,322	0.57%
Mudaraba & Mutual Funds	2	13,006	0.04%
Shareholder holding 10 %	2	10,453,361	34.84%
General Public	1,322	1,881,795	6.27%
Joint Stock Companies	14	67,888	0.23%
	1,382	30,000,000	100.00%

DETAILS OF PATTERN OF SHAREHOLDING AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE

Category Name		Shares Held	%
Directors, Spouses & Minor Children			
SHEIKH NASEEM AHMAD	(Chairman / Director)	8,820	0.03%
MUHAMMAD MUKHTAR SHEIKH S/O	(Director)	1,012,969	3.38%
FAISAL AHMED	(Director)	2,039,865	6.80%
FAHD MUKHTAR	(Director)	579,715	1.93%
AMIR NASEEM SHEIKH	(Director)	82,828	0.28%
Ms. PARVEEN AKHTER MALIK	(Director)	2,501	0.01%
Mr. MASOOD KARIM SHEIKH	(Director)	2,501	0.01%
Mr. BABAR ALI	(Director)	2,501	0.01%
MAHNAZ AMIR SHEIKH	(Spouse)	4,447	0.01%
MOHID MUHAMMAD AHMED S/O	FAISAL AHMED	675,895	2.25%
		4,412,042	**14.71%**
Associated Companies, Undertakings and Related Parties			
RELIANCE COMMODITIES (PVT) LTD		500	0.00%
FATIMA HOLDING LTD		5	0.00%
FATIMA MANAGEMENT COMPANY LIMITED		392,282	1.31%
FATIMA TRADE COMPANY LIMITED		392,282	1.31%
FATIMA TRADING COMPANY PRIVATE LIMITED		392,283	1.31%
FAWAD AHMED MUKHTAR		2,415,422	8.05%
ASAD MUHAMMAD SHEIKH S/O	FAZAL AHMAD SHEIKH	1,012,970	3.38%
ALI MUKHTAR S/O	(Fawad Ahmad Mukhtar)	536,207	1.79%
ABBAS MUKHTAR S/O	(Fawad Ahmad Mukhtar)	536,206	1.79%
FAZAL AHMED SHEIKH		2,041,611	6.81%
ABDULLAH AMIR FAZAL S/O	AMIR NASEEM SHEIKH	1,414,139	4.71%
MUHAMMAD YOUSAF AMIR S/O	AMIR NASEEM SHEIKH	1,421,638	4.74%
MUHAMMAD FAZEEL MUKHTAR S/O	FAISAL AHMED	675,895	2.25%
IBRAHIM MUKHTAR S/O	FAISAL AHMED	1,195	0.00%
		11,232,635	**37.44%**
NIT & ICP			
463		463	0.00%
1768488		1,768,488	5.89%
		1,768,951	**5.90%**
Banks, Development Financial Institutions, Non-Banking Financial Institutions			
UNITED BANK LIMITED		788	0.00%
NATIONAL BANK OF PAKISTAN		993	0.00%
ESCORTS INVESTMENT BANK LIMITED		196	0.00%
INDUSTRIAL DEVELOPMENT BANK OF PAIKSTAN(IDBP)		613	0.00%
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES		161,680	0.54%
THE TRUSTEE, GHULAMAN-E-ABBAS EDUCATIONAL &		379	0.00%
TRUSTEE NATIONAL BANK OF PAKISTAN EMP		5,673	0.02%
BENEVOLENT FUND TRUST		**170,322**	**0.57%**
Mudaraba & Mutual Funds			
GOLDEN ARROW SELECTED STOCKS FUND LIMITED		12,406	0.04%
CDC - TRUSTEE AKD OPPORTUNITY FUND		600	0.00%
		13,006	**0.04%**
Shareholder holding 10 %			
FAZAL HOLDINGS PVT LTD (Associated Company)		7,352,041	24.51%
REHMAN NASEEM (Director)		3,101,320	10.34%
		10,453,361	**34.84%**
General Public			
Local		**1,881,795**	6.27%
Foreign			0.00%
		1,881,795	**6.27%**
Joint Stock Companies			
M/S. FREEDOM ENTERPRISES (PVT) LTD		6,309	0.02%
FAZAL VEGETABLE GHEE MILLS LTD		7,689	0.03%
FATEH TEXTILE MILLS LIMITED		258	0.00%
MOLASSES TRADING & EXPORT CO. LTD.		135	0.00%
NAEEMS SECURITIES LIMITED		447	0.00%
KHOJA (PIRHAI) SHIA ISNA ASHARI JAMAT		2,602	0.01%
NAEEMS SECURITIES (PVT) LTD		316	0.00%
SARFRAZ MAHMOOD (PRIVATE) LTD		100	0.00%
H M INVESTMENTS (PVT) LIMITED		45	0.00%
AKRAM COTTON MILLS LIMITED		10	0.00%
MAPLE LEAF CAPITAL LIMITED		1	0.00%
DEPUTY ADMINISTRATOR ABANDONED PROPERTIES		48,208	0.16%
FIKREES (PRIVATE) LIMITED		1,668	0.01%
MRA SECURITIES LIMITED – MF		100	0.00%
		67,888	**0.23%**
		30,000,000	**100.00%**

“The directors, CEO, CFO, Company Secretary and their spouses and minor children did not carried-out any transaction in the shares of the Company during the financial year.”

Investors' Education

In Compliance with the Securities and Exchange Commission of Pakistan's SRO 924 (1) / 2015
dated September 09, 2015, Investors' attention is invited
to the following information message

Investors' Education

In Compliance with the Securities and Exchange Commission of Pakistan's SRO 924 (1) / 2015 dated September 09, 2015, Investors' attention is invited to the following information message

Consent Form For Transmission Of Annual Audited Financial Statements Along-With Notice Of AGM Through E-Mail.

Date:__________________
Manager Shares,
Fazal Cloth Mills Limited,
Vision Consulting Limited,
3-C, LDA Flats Lawrence Road,
Lahore.042-36283096-97
Shares@vcl.com.pk

Subject: Consent For Transmission Of Annual Audited Financial Statements Along With Notice Of Annual General Meeting Through E-Mail

Dear Sir,

I hereby instruct the company M/s Fazal Cloth Mills Limited to send me the Company's Annual Balance Sheet and Profit and Loss Account, Auditors' Report and Directors' Report thereon along-with notice of Annual General Meeting (AGM) (Audited Annual Financial Statements) at my email address as per detail given below:

Sincerely

Signature of Shareholder: ______________________________
Folio # / CDC account No: ______________________________
Name of Shareholder: ______________________________
Valid e-mail Address: ______________________________
Contact No. : ______________________________
CNIC No. : ______________________________

Form of Proxy

FAZAL CLOTH MILLS LIMITED

I/We_______________________________________ of ________________________________, being a Member of Fazal Cloth Mills Limited holding ________________________________ ordinary shares, HEREBY APPOINT____ of _______________________________, or failing him/her __________________________________ of _____________________________________ as my/our proxy in my/our absence to attend and to vote and act for me/us and on my/our behalf at 57th Annual General Meeting of the Company to be held at the Fatima Group Head Office, 110-E, Khayanban E Jinnah, Lahore Cantt, at 11:00 a.m. on Friday 25 November 2022 and at any adjournment there of.

As witness my/our hand(s) this _____ day of ____________________ 2022.

Signed in the presence of:

Ten Rupees Revenue Stamps

____

(Signature of Witness 1)
Name of Witness:
CNIC No.: | | | | | | - | | | | | | | | - | |

Address:_______________________________
____
____
____

____

(Signature of Witness 2)
Name of Witness:
CNIC No.: | | | | | | - | | | | | | | | - | |

Address:_______________________________
____
____
____

____

(Name of Block letters)
Folio No.

____

Signature of the Shareholder

Notes:

1. The Member is requested:
   (a) to affix Revenue Stamp of Rs. 10/- at the place indicated above;
   (b) to sign in the same style of signature as is registered with the Company;
   (c) to write down his/her Folio Number.
2. For the appointment of the above Proxy to be valid, this instrument of proxy must be received at the Office of the Share Registrar of the Company at Share Registrar Department, 59/3 Abdali Road Multan. at least 48 hours before the time fixed for the Meeting.
3. Any alteration made in this instrument of proxy should be initialled by the person who signs it.
4. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by Proxy will be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority will be determined by the order in which the names stand in the Register of Members.
5. The Proxy must be a Member of the Company.

For CDC Account Holders / Corporate Entities:

In addition to the above, the following requirements have to be met:

(i) The proxy form must be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
(ii) Attested copies of CNIC or the passport of the beneficial owners and of the Proxy must be furnished with the proxy form.
(iii) The Proxy must produce his original CNIC or original passport at the time of the Meeting.
(iv) In case of corporate entities, the Board of Directors' resolution/power of attorney and specimen signature must be submitted (unless it has been provided earlier) alongwith proxy forms to the Share Registrars.

پراکسی فارم
57 واں سالانہ عمومی اجلاس

فضل کلاتھ ملز لمیٹڈ

میں / ہم --
ساکن ---------------------- بطور ممبر(ز) فضل کلاتھ ملز لمیٹڈ ----------------------
حامل ---------------------- عام حصص، محترم / محترمہ ----------------------
ساکن ---------------------- یا ان کے حاضر نہ ہوسکنے کی صورت میں ----------------------
ساکن ---------------------- کو اپنے / ہمارے ایماپر کمپنی کے مورخہ 25 نومبر 2022 بروز جمعہ صبح 11 بجے کو ہونے والے یا کسی بھی التوا کی صورت میں 57 سالانہ عمومی اجلاس میں شرکت کرنے اور حق رائے دہی استعمال کرنے کیلئے اپنا / ہمارا بطور نمائندہ (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

بطور گواہ آج ---------- بتاریخ ---------- 2022 ---------------- کی موجودگی میں دستخط ہوئے۔

دس روپے کے رسیدی ٹکٹ پر دستخط

اس دستخط کا کمپنی کے ساتھ رجسٹرڈ دستخط کے نمونے سے مشابہت ہونا لازمی ہے۔

فولیو نمبر	سی ڈی سی اکاؤنٹ نمبر	
	شرکت دار کی شناخت	اکاؤنٹ نمبر

اہم نکات:

1- ہر لحاظ سے مکمل اور دستخط شدہ یہ فارم میٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کے شیئرز رجسٹرار کے دفتر موصول ہو جانا چاہیے،

2- اگر کوئی ممبر ایک سے زائد پراکسی نامزد کرتا ہے اور ایک سے زیادہ انسٹرومنٹس آف پراکسی جمع کراتا ہے تو اس صورت میں تمام انسٹرومنٹ آف پراکسی کالعدم قرار دیے جائیں گے۔

3- سی ڈی سی اکاؤنٹ رکھنے والے / کارپوریٹ ادارے مزید برآں درج ذیل شرائط کو پورا کریں گے۔

۔ پراکسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول بھی دی جائیں۔

۔ پراکسی کو اپنا اصل شناختی کارڈ یا پاسپورٹ میٹنگ کے وقت دکھانا ہوگا۔

۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی مع دستخط کے نمونے (اگر پہلے جمع نہ کرایا ہو) کمپنی میں پراکسی فارم کے ساتھ جمع کروانی ہوگی۔

Fazal Cloth Mills Limited

Head Office / Shares Department:

59/3, Abdali Road, Multan
Ph: +92 61 4579001-7, 4781637
Fax: +92 61 4541832

Registered Office:

69/7, Abid Majeed Road, Survey # 248/7
Lahore Cantt, Lahore.+92 (42) 36684909

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