



of Companies

43rd Annual Report 2022

UMER GROUP OF COMPANIES

BHANERO TEXTILE MILLS LIMITED



Vision

A premier quality company providing quality products by maintaining an excellent level of ethical & professional standards.



Mission Statement

To become a leading manufacturer of textile products globally and explore the new era to achieve the highest level of success.



BHANERO TEXTILE MILLS LIMITED
Index

| Contents | Page No. |
|---|----------|
| Corporate Information | 4 |
| Notice of Annual General Meeting | 5-9 |
| Chairman's Review Report | 10-11 |
| Director's Report | 12-25 |
| Statement of Compliance with the Best Practices | 26-29 |
| Auditors Review Report on Statement of Compliance with Code | 30 |
| Auditors Report on Annual Financial Statements | 31-34 |
| Statement of Financial Position | 35 |
| Statement of Profit or Loss Account | 36 |
| Statement of Comprehensive Income | 37 |
| Statement of Changes in Equity | 38 |
| Statement of Cash Flows | 39 |
| Notes to the Annual Financial Statements | 40-69 |
| Year Wise Financial & Operating Historical Data | 70-71 |
| Categories of Shareholders | 72 |
| List of Share Holders | 73-74 |
| Pattern of Holding | 75 |
| Jama Punji Logo | 76 |
| Directors Report - Urdu | 77-92 |
| Proxy Form - Urdu | 93 |
| Proxy Form - English | 94 |



Corporate Information

Governing Board

| | |
|----------------------|-----------------------------------|
| Mr. Mohammad Salim | Executive Director |
| Mr. Muhammad Shaheen | Non-Executive Director / Chairman |
| Mr. Hamza Shakeel | Non-Executive Director |
| Mr. Khurram Salim | Executive Director / CEO |
| Mr. Bilal Sharif | Non-Executive Director |
| Mr. Muhammad Amin | Non-Executive Director |
| Mrs. Saba Yousaf | Non-Executive Director |
| Mr. Iqbal Mehboob | Independent Director |
| Mr. Asif Elahi | Independent Director |
| Mr. Mustafa Tanvir | Independent Director |

Chief Financial Officer

| | |
|----------------|-----------------------|
| Mr. Asim Mirza | FCMA, CPA(Aust) , MBA |
|----------------|-----------------------|

Company Secretary

| | |
|--------------------|-----------------|
| Mr. Mohammad Ahmed | M.A (Economics) |
|--------------------|-----------------|

Audit Committee

| | |
|-------------------|----------|
| Mr. Iqbal Mehboob | Chairman |
| Mr. Hamza Shakeel | Member |
| Mr. Bilal Sharif | Member |

Human Resource Committee

| | |
|-------------------|----------|
| Mr. Iqbal Mehboob | Chairman |
| Mr. Muhammad Amin | Member |
| Mr. Hamza Shakeel | Member |

Statutory Auditors

M/s Mushatq and Company (Chartered Accountants)
407, Commerce Centre, Hasrat Mohani Road, Karachi.

Legal Advisor

Mr. Imran Iqbal Khan - Advocate Sindh High Court

Bankers

| | |
|----------------------|-----------------------------|
| Bank Alfalah Limited | Samba Bank Limited |
| Dubai Islamic Bank | United Bank Limited |
| Faysal Bank Ltd | Bank Islami Pakistan Ltd |
| Habib Bank Limited | Bank Al Habib Limited |
| MCB Bank Limited | Habib Metropolitan Bank Ltd |
| Meezan Bank Limited | National Bank of Pakistan |
| The Bank of Punjab | |

Share Registrar

Hameed Majeed Associated (Private) Limited
5th Floor Karachi Chamber, Karachi.

Registered Office

Umer House, 23/1, Sector 23, S. M. Farooq Road,
Korangi Industrial Area, Karachi, Pakistan
Tel : 021 35115177 - 80
Email: khioff@umergroup.com
URL : <http://www.umergroup.com>

Liaison / Correspondence Office

9th Floor, City Towers, 6-K, Main Boulevard
Gulberg - II, Lahore, Pakistan
Tel : 042 111 130 130 ; Fax: 042 -35770015
Email: lhroff@umergroup.com

Manufacturing Units

Spinning Unit - I is located at:
Kotri Distric Dadu, Sindh. Tel : 0223 870013

Spinning Unit - II and Weaving Unit - III are located at:
Feroz Watwan, 18 KMSheikhupura, Punjab. Tel: 056 3731723

Spinning Unit - IV is located at:
18 KM Sheikhupura, Faisalabad Road , Sheikhupura , Punjab.



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 43rd Annual General Meeting of the members of **Bhanero Textile Mills Limited** will be held on Thursday, 27th October 2022 at 03:00 pm at the registered office of the company i.e. Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi, to transact the following business:

The following ordinary and special business is proposed to be conducted in the meeting:

Ordinary Business:

1. To confirm the minutes of the last Extra Ordinary General Meeting held on 14th July, 2022.
2. To receive, consider and adopt the audited financial statements of the company for the year ended 30th June, 2022 together with the Auditors' and Directors' Report thereon.
3. To approve the cash dividends at 715.00% (PKR 71.50 per share) for the year ended 30th June, 2022, as recommended by the Board of Directors.
4. To appoint the auditors for the next term i.e. year 2022-2023 and fix their remuneration at PKR 2,275,000.00. The retiring auditor Messer's Mushtaq and Company, Chartered Accountants, being eligible, offer themselves for reappointment.

5. Special Business:

(A) To approve by way of special resolution with or without modification the following resolutions in respect of related party transactions under the provisions of Section 208 of the Companies Act, 2017:

(i) "Resolved That Related Parties Transactions carried out during the year as disclosed in the financial statements for the year ended June 30, 2022, be and are hereby ratified, approved and confirmed."

(ii) "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 during the financial year ending June 30, 2023.

Further Resolved That that transactions approved by Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next general meeting for their formal ratification/approval."

6. Any Other Business:

To transact any other business with the permission of the chairman.

The statement of material facts in relation to aforesaid special business as required under section 134(3) of the Act and SRO 423 (I)/2018 is enclosed.

Moreover, the notice along with statement of material fact have been dispatched to the shareholders by post and uploaded placed on company website at "www.umergroup.com".

The copy of minutes of the extra ordinary general meeting of the company held on July 14, 2022 has also been enclosed and uploaded with aforesaid notice of AGM.

Karachi:

(By the order of the Board)

Dated: 28th September, 2022

**Mohammad Ahmed
Company Secretary**

Notes:

1. For attending the meeting electronically

In pursuance of SMD/SE/2(20)2021/117 to ensure the participation of members in the general meeting electronically, the members can attend the meeting through video link facility, "Zoom" which is available on Google Play or Apple App Store. The entitled member(s) can access with following ID and password:

Join Zoom Meeting

<https://zoom.us/j/3397286733?pwd=N2FFNXpkYkZCS213bzNVNzZZbm94UT09>

Meeting ID: 339 728 6733

Passcode: btmcorp

2. The Shares Transfer Books of the Company will remain closed from 20th October 2022 to 27th October, 2022 (both days inclusive). Transfers received in order at the registered office of the company situated at Umer House, 23/I, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi by 19th October 2022 will be treated in time for the purpose of entitlement of dividend and to attend the Annual General Meeting of the company.
3. Members interested to attend the virtual meeting through some other member as proxy are requested to send their proxy form (Enclosed) via email at btm.corporate@umergroup.com or at the registered office of the company not later than 48 hours before the time of holding the meeting.
4. Pursuant to section 132(2) of Companies Act, 2017 the company shall facilitate its members to attend the annual general meeting through video-link by providing video-conference facility, if available, in the city where 10% or more shareholders of the company reside, provided that the Company receives their demand to participate in annual general meeting through video-link at least seven (07) days prior to the date of meeting.

In this regard, it is requested to fill the following Form and submit at the registered address of the Company at least 10 days before holding of the Annual General Meeting:

*"I/We, _____ being a member of **Bhanero Textile Mills Limited**, holder of _____ Ordinary Shares vide folio _____ hereby opt for video conference facility at _____."*

Signature of Member

5. In compliance of SRO 1013(1)/2017 dated 6th September, 2017 the claimant wise details of unclaimed shares and dividend or modarba certificates as on June 30, 2022 have been uploaded

on our website: www.umergroup.com. In this regard, the said shareholders are requested to approach the Company Registered Office or Share Registrar Office with regard to any unclaimed dividend, shares or modarba certificates.

6. Members are requested to immediately inform of any change in their addresses and bank details to our share Registrar, Hameed Majeed Associates (Private) Limited.

Pursuant to the provisions of the Finance Act 2022 effective July 1, 2022, the rates of deduction of income tax from dividend payments under section 150 of the Income Tax Ordinance, 2001 have been revised as follows:

- a. For filer of income tax return 15%
- b. For non-filers of income tax return 30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered in ATL before the first day of book closure, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate or stay order from a competent court of law is made available to Hameed Majeed Associates (Private) Limited, by the first day of Book Closure.

Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint holder(s) based on their shareholding proportions, in case of joint accounts. In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them (only if not already provided) to our Share Registrar, in writing.

In the event of non-receipt of the information by 19th October 2022, each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly

7. Section 242 of Companies Act 2017 which states that, "Any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders". In compliance of section 242 SECP issued a circular CLD/CCD/PR(11)/2017 No.18/2017 dated 1-Aug-17 requiring listed companies to obtain electronic dividend mandate from the Shareholders and in this regard a notice had already been sent to all the shareholders.

Further, Securities and Exchange Commission of Pakistan (SECP) vide notification No. SRO 1145(1)2017 dated November 6, 2017 in terms of provision of section 242 of the Companies Act, 2017 issued regulations for distribution of dividends by the listed companies requiring entitled

shareholders to provide valid information pertaining to designated bank account including name of bank, title of account, address of bank branch and international bank account number. In this regard we request all registered shareholders to provide the bank details in order to credit their cash dividends directly to their bank account, if declared. Also provide us verification of bank detail with your concern bank and submit to in case of book-entry securities in CDS, to CDS participants and in case of physical securities to the Company's Share Registrar.

8. Pursuant to Notification vide SRO 787(1)/2014 of September 08, 2014, SECP has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through

electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. www.umergroup.com. Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 2MB file in size. Further, it is the responsibility of the member to timely update the Share Registrar of any change in the registered e-mail address.

9. E-Voting, members can exercise their right to demand a poll subject to meeting requirements of Section 143 -145 of Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.
10. Under the provision of Section 72 of the Act, the shareholders are now required to replace their physical shares with book-entry form at earliest. Accordingly, the physical shares are now required to be converted into Book-Entry Form and kept by Shareholders in their Central Depository System (CDS) Accounts. The CDS Account can be opened and maintained by any CDC Participant {Stock Broker or CDC Investor Account Services Department (CDC IAS) of Central Depository Company of Pakistan Limited situated at Karachi, Lahore and Islamabad.

The following are key features of holding shares in book-entry form in CDC:

- Book-Entry shares cannot be lost, stolen or spoiled.
- No need for issuance of duplicate shares.
- Book-Entry shares can instantly be traded (Sell/Purchase) in Stock Market.
- No requirement of transfer deed for transfer/sale of Book-Entry shares.
- Book-Entry shares can be pledged for availing of any financing facility.
- Instant credit of Bonus and Right shares entitlements in Book-Entry form.
- 24/07 online access of CDS Accounts for reviewing portfolio information.
- Easy access of periodic Account statements of CDS Accounts.

Statement of Material Facts Under Section 134 (3) of The Companies Act, 2017

Items pertaining to 5(A)(i) of the notice for ratification and approval of the related party transactions during the year ended June 30, 2022.

The related party transactions (RPT) were carried out at arm's length during the normal course of business activity during the year ended June 30, 2022 with its associated undertaking and related parties in accordance with its corporate policy, applicable laws, regulations compliance with the provisions of IAS 24. All the RPT reviewed and approved by the board of directors were duly placed before head of internal audit for approval, followed by the approval of audit committee

However, since common directorship exists between the related parties (by virtue of being the shareholder or common directorship), these transactions are being placed for the approval by shareholders in the Annual General Meeting. All transactions with related parties to be ratified have been disclosed in the financial statements for the year ended June 30, 2022

The transactions entered into with the related parties include, but are not limited to, sale & purchase of goods, dividends paid and received, investments and divestment made (in accordance with the

approval of shareholders and board where applicable). The nature of relationship with these related parties has also been stated in the financial statements for the year ended June 30, 2022.

46 TRANSACTIONS WITH RELATED PARTIES

The associated undertaking and related parties comprise associated companies, directors and key management personnel. Names, basis of relationship and transaction with associated undertakings and related parties, other than remuneration and benefits to key management personnel under the term of their employment as disclosed in note 39 are as follow:

| Name of the Company | Basis of relationship | Percentage of shareholding | | |
|-------------------------------|---------------------------------------|----------------------------|--|--|
| Faisal Spinning Mills Limited | Common directorship | N/A | | |
| Blessed Textiles Limited | Common directorship | N/A | | |
| Bhanero Energy Limited | Common directorship | N/A | | |
| Admiral (Private) Limited | Directorship of close family relative | N/A | | |

| Nature of relationship | Nature of transactions | June 30, 2022 Rupees | June 30, 2021 Rupees |
|------------------------|-----------------------------|-------------------------|-------------------------|
| Associated undertaking | Sales of fabric | 383,292,227 | 111,526,622 |
| | Sales of Cotton | 2,167,629 | 12,337,111 |
| | Sales of yarn | 697,877,799 | 1,044,890,765 |
| | Sales of land | - | 121,380,000 |
| | Purchase of yarn | 562,737,574 | 277,006,289 |
| | Purchase of cotton | - | 9,589,487 |
| | Purchase of fabric | 34,454,507 | 172,339,702 |
| | Services rendered | - | 723,509 |
| | Purchase of stores & spares | 1,648,969 | - |
| | Services received | 309,000 | 309,000 |
| | Electricity purchased | 430,555,981 | 422,010,543 |

Items pertaining to 5(A)(ii) of the notice for board authorization to approve related party transactions that will be conducted during the period July 1, 2022 to June 30, 2023.

The Company shall be entering into transactions with its related parties during the year ending June 30, 2023 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business activity. Since, there has been common directorship in the related party transactions, the Board seeks member's consent to approve such transactions with the related parties from time-to-time on case to case basis for the fiscal year ending June 30, 2023 and such transactions shall be deemed to be approved by the shareholders. The nature and scope of such related party transactions is explained above and these transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification.

Chairman Review Report

I would like to take this opportunity to express my views in the enclosed Chairman Review Report for the year ended June 30, 2022 required under the provisions of section 192(4) of Companies Act, 2017 on overall performance and effectiveness of the board of Bhanero Textile Mills Limited “Board” in achieving its objectives.

In the fiscal year ended in June 2022, Pakistan’s textile and apparel exports posted a 25.50 percent increase however, the textile sector is foreseeing tough times ahead owing to the terrible flooding that have ravaged the cotton crop. The country which is already struggling for the availability of raw cotton is now looking for the imports causing more burden over depleting FCY reserves. Besides, the unavailability of energy cost at competitive rates also causing difficulties for the textile sector to compete with regional competitors.

The role of governing board becomes more important where country is facing declining economic growth, massive devaluation of the currency, double-digit inflation, and sky-high interest rates. In these testing times the role of the board is critical to the success of an organization and ultimately the board of directors are responsible for its success since they collectively bear the legal responsibility to govern the organization. The Board members of the company having the strong strategic and diverse experience in assist the the organization to sail smoothly by addressing opportunities and potential threats. The strategic planning has been done on ongoing basis by the board including both short and long-term goals. The board directors have devised strategies to counter the challenges, increased volatility and competitive pressures in the business environment faced by the textile sector to fulfill and align with demands made by increasingly active shareholders and other stakeholders of the company.

To be an effective in today’s business world, the board must has diversity within its members to face ever increasingly complex and difficult matters. At Bhanero Textile Mills Limited we believes that diverse board brings an expansive array of perspectives as a result of synergy that creates a powerful dynamic to meet the future challenges. By recognizing the fact that diversity on board increasing globally where we are not an exception, the reconstituted board of ten directors comprised of four non-executive, three

independent, two executive and one female director with an appropriate fusion of age, gender and experience.

Both the human resource and audit committees to the Board chaired by an independent director and all the members comprising of the non-executive directors who proactively participates in committee proceedings. Besides, the human resource committee ensures that remuneration to executive directors and chief executive officer should commensurate with their skills, expertise and responsibility without compromising their independence.

The pervasiveness of risk in the workings of everyday business means that management must factor risk as an integral part of organizational strategy and should be aware of an environment where boards are increasingly being held accountable for managing risk. To mitigate the risk factor the Board has put in place extensive policies and procedures around risk that are consistent with the overall corporate strategy and risk appetite of the organization.

In line with directives issued by the SECP, the Board has devised a mechanism for redressal of any sort grievance of the shareholders by deputing an individual along with a company secretary who promptly responds to shareholders queries and routines issues. Besides, an extensive website is maintained to keep the shareholders abreast with corporate financial performance, notices, announcements.

The entire Board is accredited under the requirements of the Code for directors training program (DTP).

Dated: 28, September 2022, Karachi.



Muhammad Shaheen

(Chairman)

Directors Report

The Directors of the Company are pleased present herewith the audit report on financial statement of the Company for the year ended June 30, 2022.

Financial Results

Financial results of company for the year ended to June 30, 2022 are as under;

Statement of Profit or Loss For The Year Ended June 30, 2022

| | June 30, 2022 | June 30, 2021 |
|--|-----------------------|----------------|
| | Rupees | Rupees |
| Sales | 17,252,509,050 | 12,158,113,068 |
| Cost of sales | 13,178,129,028 | 9,426,415,558 |
| Gross profit | 4,074,380,022 | 2,731,697,510 |
| Other income | 242,797,272 | 83,253,942 |
| | 4,317,177,294 | 2,814,951,452 |
| Distribution cost | 461,356,046 | 243,334,988 |
| Administrative expenses | 216,261,742 | 157,638,312 |
| Other operating expenses | 318,462,301 | 169,994,496 |
| Finance cost | 137,883,096 | 83,004,832 |
| | 1,133,963,185 | 653,972,628 |
| Profit before tax | 3,183,214,109 | 2,160,978,824 |
| Taxation | 425,059,591 | 310,272,621 |
| Profit after taxation for the year | 2,758,154,518 | 1,850,706,203 |
| Earnings per share - basic and diluted | 919.38 | 616.90 |

Significant Financial Performance

A cautious recovery in 2021 has been followed by increasingly gloomy developments in 2022 globally since several shocks have hit a world economy already weakened by the pandemic, higher inflation and further negative spillovers effect from the war in Ukraine. Nonetheless, the company still manages to excel both turnover and profitability during the current year. The company posted a profit after tax amounting to PKR 2,758.154 million during the current year ended June 30, 2022 (PAT 2021: PKR 1,850.706 million) translating into EPS of PKR 919.38 for the current year (EPS 2021: PKR 616.90).

The turnover has been increased by 41.90 percent from PKR 12,158.113 million to PKR 17,252.509 million whereas gross profit has been increased from PKR 2,731.697 million to PKR 4,074.380 million during the current year ended June 30, 2022 as compared to corresponding year.

Dividends & Reserves Appropriation

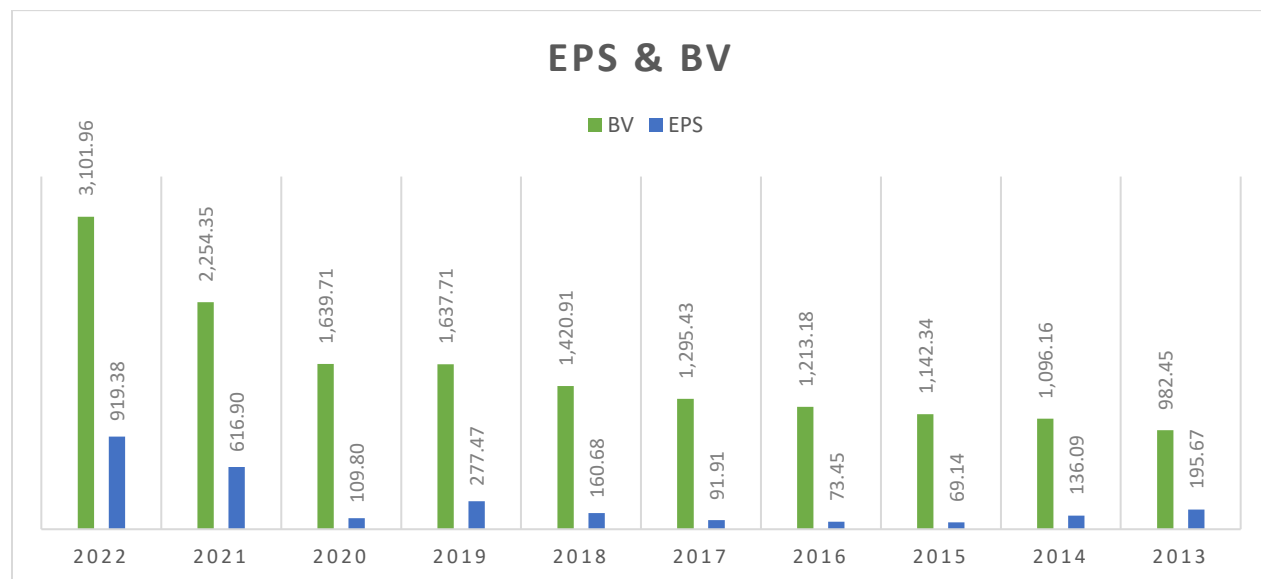
The board of directors are pleased to approve the cash dividend of 715.00 percent i.e PKR 71.50 per share as recommendation by the audit committee subject to the approval shareholders in forthcoming annual general meeting scheduled for October 27, 2022.

Moreover, the directors proposed to transfer an amount of PKR 1,700.00 million to the general reserve to meet any unanticipated contingencies in future.

Earnings and Breakup Value per Share

Earnings per share (EPS) is a key metric used to determine the common shareholder's portion of the company's profit which measures each ordinary shareholder profit allocation in relation to the company's total profit whereas investors use the breakup value to assess a company's financial strength and determine the best entry point for investment. The governing board strives to for both, maximum return to its shareholders and maintaining the financial stability of the company.

There is an increase in both EPS and BV of share by 49.03 percent and 37.60 percent respectively during the corresponding periods. The EPS and BV of the share during the current year ended June 30, 2022 stands at PKR 919.38 (2021: PKR 616.90) and PKR 3,101.96 (2021: PKR 2,254.35) respectively.



Working Capital Management

Proper management of working capital is essential to a company's fundamental financial health and operational success as a business. A hallmark of good business management is the ability to utilize working capital management to maintain a solid balance between growth, profitability and liquidity. The board ensure that a company operates efficiently by monitoring and using its current assets and liabilities to their most effective use.

The repayments amounting to PKR 210.745 million on account of long-term loans have been made during the year 2022. The short-term liquidity of company is fairly stable and current ratio of 4.31 during the current year (2021: 5.89) shows company's ample ability to cover its short-term obligations with its current asset.

Capital Structure

A proper capital structure helps in maximizing shareholder's capital while minimizing the overall cost of the capital. The board pursue cautious balance between equity and debt that a business uses to finance its assets, day-to-day operations and future growth by preventing over or under capitalization thus increasing its profits in the form of higher returns to stakeholders.

The financial firmness of company measured by shareholder equity stood at PKR 9,305.893 million (2021: PKR 6,763.064 million) showing a remarkable growth total equity during corresponding periods.

The company gearing ratio of 0.34 (Year 2021: 0.19) represents the financial leverage of the company's that are funded by shareholder equity and creditors' funds is generally considered reasonable with a low risk for well-established companies as per industry standards.

Balancing, Modernization and Replacement

During the current year an amount of PKR 1,900.00 million approximately has been added in plant and machinery for replacement of 140 air jet looms and other machinery in order to maintain the pace with technological advancements.

Establishment of a New Spinning Unit

The board of directors in their meeting held on February 25, 2021 have approved for setting up a new spinning unit of 19,584 spindles with the production capacity of 1,000 bags per day approximately in Sheikhpura, Punjab and the projected timelines were September 2022 for the commercial production of the unit.

The civil work for construction of infrastructure has almost completed however, the company experienced an unexpected delay in scheduled shipment of machinery owing to both global and local factors. Since

the erecting of machinery has not been completed yet, the board of directors have revised the time lines for commercial production.

It is expected that trial production will hopefully begin by April 2023 whereas it's anticipated that commercial production will be commenced probably by July 2023.

Merger of Bhanero Energy Ltd - Unit I Kotri in the Company

The board of directors' company ('BTML") in their meeting held on February 25, 2022 have approved to acquire Bhanero Energy Ltd Unit-I Kotri, Sindh ("BEL-I") through a Scheme of Arrangement ("Scheme"). On grant of approval by the competent authority the BTML will issue 40,964 ordinary shares at the break up value of the BTML to the shareholders of Bhanero Energy Ltd at the book value of acquired assets, equivalent to PKR 109,008,101.00.

The Bhanero Energy Limited in unquoted company engaged in power generation activities, it operates with two units located in Sindh and Punjab. The Unit-I located in Sindh generates electricity through natural gas whereas Unit-II located in Punjab generates electricity through furnace based having the generation capacity of 3.726 megawatt and 33.694 megawatt for the Unit-I and Unit-II respectively. The BEL-I does not carry out any other commercial activities in Sindh except supplying its entire power generation facility exclusively to the Bhanero Textile Mills Ltd Unit-I Kotri.

The Scheme will be beneficial for the shareholders of the company since it enables the company to directly exercise control and manage the affairs of BEL-Kotri Unit-I to ensure the uninterrupted supply of energy requirements in a cost-effective manner to the company with an ultimate aim of maximizing shareholder returns.

Credit Rating

The entity's rating at A+/A-1 (Single A Plus / A One) has been reaffirmed by Messer's VIS Credit Rating Company Limited on August 15, 2022 for the current year. The entity's outlook has been assigned as 'Stable' on given ratings.

Financial Statements

As required under Companies Act 2017, listing regulations of PSX and directives issued by the SECP the Chief Executive Officer and Chief Financial Officer presented the financial statements of the company for the year ended June 30, 2022, duly endorsed under their respective signatures for consideration, approval and authorization by the board of directors for issuance and circulation.

The financial statements of the company have been duly audited by the auditors of the company, Mushtaq & Company, Chartered Accountants and the auditors have issued clean audit report on the financial

statements for the year ended 30th June 2022 and clean review report on Statement of Code of Corporate Governance Regulations, 2019 “Code”. These reports are attached with the financial statements.

Accounting Standards

The accounting policies of the Company fully reflect the requirements of the Companies Act 2017 and such approved International Accounting Standards and International Financial Reporting Standards as have been notified under this Act as well as through directives issued by the Securities and Exchange Commission of Pakistan.

Outlook of Cotton Crop

The incessant decline in cotton production is extremely detrimental to our economic stability where it holds a 0.8 percent share of GDP and contributes 5.2 percent to the agriculture value addition besides holding holding a approximate 60 percent share in the country’s total foreign exchange earnings. Despite this economic significance, past 10 years cotton production has almost halved from 13.6 million bales in 2011/12 to about 7 million in 2020/21 (*Source: PBS*).

The crop area of cotton has significantly reduced as major cotton harvesting area replaced by the competing crops fetching better profit and scattered housing societies. The lack of research spending on developing high-quality seed varieties, water scarcity during sowing season, unavailability of affordable pesticides, post monsoon pest attacks, flooding on standing crops are some of the factors that are also hampering cotton production.

The substantial downpour is feared to have played havoc with the standing crop of cotton in Pakistan, the ballpark suggests the downpour has damaged 10 percent to 50 percent of crops in fields, mostly in Sindh. This will eventually result in country recourse towards global market to make heavy imports of the commodity this year to run textile mills.

The torrential rains put almost the entire cotton crop at high risk in the fields since almost 95 percent of the estimated cotton crops at equivalent to 10.5 million bales of cotton, are currently in the fields. It’s probable that most of the rain-related losses will be from Sindh, which produces almost 30 percent of the total crop in the country contrary to Punjab, which produces the rest of the 70 percent cotton crop which received slightly heavy rainfall and may survive with limited losses. Against an estimate of 10.0 million bales, it’s projected that the country would barely produce between 6 to 7 million to of cotton this year. This will result in a already depleting FCY reserves, as the country has to import around 9 million bales to cater demand of textile industry. The country has imported cotton worth \$1.83 billion in the previous fiscal year ended June 30, 2022 as the country hardly manages produced 8.4 million bales in FY22 against the domestic need of 15-16 million bales. In current circumstances the estimate for next year is estimated to be much higher.

Besides, the water shortfall also caused an impediment that prevented farmers from timely sowing of cotton seeds at start of the season causing a notable shortfall in the Sindh sowing target. The historical data depicts that Sindh normally sow cotton seeds on 1.6 million to 1.7 million hectares of land whereas seeds cultivated on mere 1.5 million hectares of land has been done during the current year.

Contrary to Sindh farmers in Punjab sowed the seeds at a larger area of land of 3.5 million hectares this year compared to 3.2 million hectares in previous year.

In our opinion, the increase in cotton production could be achieved either by enhancing area under cotton crop or per care lint yield or both. However, the option to increase area under cotton cultivation cannot be exercise because of lack of supply of irrigation water where two major cotton growing provinces of Punjab and Sindh are already at their maximum level. The cotton crop faces competition from other crops as well that is also a constraint in bringing more area under this crop.

However, possibility is there to increase cultivation of cotton in different district of Balochistan and NWFP. The other option is to increase per acre yield by applying modern cotton technologies that have successfully been adopted in many developed and developing countries to improve crop yields.

Compliance with Code of Corporate Governance

The statement of compliance under regulation 36(1) for listed companies with the Code of Corporate Governance Regulations, 2019 is annexed.

Statement on Corporate and Financial Reporting Framework:

The Directors of the company are fully aware of their responsibilities under Companies Act 2017, Regulations under Code of Corporate Governance 2019 “Code”, Rule Book of the Pakistan Stock Exchange Limited and directives issued by Securities & Exchange Commission of Pakistan. As a part of the compliance to the regulators we confirm the following:

- These financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control was sound in design and has been effectively implemented and monitored.
- There were no significant doubts upon the company's ability to continue as a going concern.

- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- We have prepared and circulated a Code of Conduct and business strategy among directors and employees.
- The Board of Directors has adopted a vision and mission statement and a statement of overall corporate strategy.
- All the directors have attended its board and general meeting either physically or through video conference unless preclude due to reasonable reason.
- All the directors are assigned with their responsibilities, roles, remuneration, powers and obligation at the commencement of their terms in accordance with Code of Corporate Governance, Companies Act and Article of Association.
- All the directors of the Company are accredited / exempted under Directors Training Program (DTP) as required by the Code of Corporate Governance Regulations, 2019.
- There has been a proper updated record of the significant policies duly approved by the board of directors on human resource, whistle blower, procurement, communication mechanism with stakeholders, environment, health and safety, director's remuneration, anti-money laundering and risk management etc.
- As required under Code of Corporate Governance Regulations, 2019 and Companies Act 2017 (Act), we have included the following information in this report:
 - Statement of pattern of shareholding has been given separately.
 - Statement of shares held by associated undertakings and related persons.
 - Statement of the board meetings and annual general meeting held during the year and attendance by each director has been given separately.
 - Chairman review report under the provisions of section 192(4) of the Act.
 - Statement of compliance duly signed by the chairman under regulation 36 of the Code.
- Key operating and financial statistics for last six years along with information for taxes and levies have been adequately disclosed in the annexed audited financial statements.
- The company strictly follow the guidelines issued by SECP on prohibition of insider trading for listed companies and no trading in the Company's shares was carried by its Directors, CEO, CFO, Company Secretary, Head of Internal Audit and their spouses and minor children except as disclosed in pattern of shareholding.

Pattern of Shareholding

The pattern of shareholding and relevant information thereon is annexed accordingly.

Related Party Transactions

The Related Party Transactions (RPT) and their status are adequately disclosed by complying the requirement under IAS 24. Moreover, there is a robust policy in place for all in pursuant to the notification issued by Securities and Exchange Commission of Pakistan vide SRO 768(1)2019 and the guidelines have been duly incorporated in the company policy with regard to transactions and maintenance of records.

The RPT were duly approved by the internal audit followed by the approval of the audit committee before presentation of the same in the board meeting, to ensure that all the transactions are at arm's length during the normal conduct of business activity.

All the RPT's during the current fiscal year ending June 30, 2022 will be presented before the general meeting of the company for members approval. Similarly, the board has also decided to avail the approval of members in the general meeting of the company for the transactions to be carried during the fiscal year ending June 30, 2023 and same shall be placed before the shareholders in the next annual general meeting for their formal ratification/approval.

Board Evaluation

A comprehensive evaluation and assessment have been carried out by us to measure the performance of each member of the board and committees in pursuance of the regulation 10(3)(v) of Code of Corporate Governance Regulations, 2019.

The company carried out the evaluation process of the board internally for assessing the performance of board, committees and to assess the clarity in the leadership roles for greater accountability in the decision-making with primary focus on effectiveness of the governing board and its committees.

The information congregated via questionnaires administered as well as information consequent from our communications with the board members and committee members. A comprehensive questionnaire entailing two-way communication process on significant corporate governance matters has also been responded by committee and board members.

Board Composition

As required under regulation 34 of Code the board of ten (10) directors is comprised as follows;

| Sr No | Category | Gender | | Total |
|-------|--------------------------|--------|--------|-------|
| | | Male | Female | |
| (i) | Independent Director | 3 | 0 | 3 |
| (ii) | Executive Directors | 2 | 0 | 2 |
| (ii) | Non- Executive Directors | 4 | 1 | 5 |

Board and Audit Committee Meetings

- All the directors, eligible to attend the meeting have attended the general meetings of the company in person or through video conference under Regulation 10(6) of the Code unless precluded from doing so due to any reasonable
- Following are the number of meetings held and attended by board of directors, audit committee and human resource & remuneration committee during 2021-22:

| Sr | Name of Directors | Board of Directors | | Committees | | | |
|-----|----------------------|--------------------|----------|--------------------|----------|---------------------------------|----------|
| | | | | Audit | | Human Resource and Remuneration | |
| | | Eligible to attend | Attended | Eligible to attend | Attended | Eligible to attend | Attended |
| 1. | Mr. Muhammad Salim | 5 | 5 | - | - | - | - |
| 2. | Mr. Muhammad Shaheen | 5 | 5 | - | - | - | - |
| 3. | Mr. Khurram Salim | 5 | 4 | - | - | - | - |
| 4. | Mr. Bilal Sharif | 5 | 5 | 6 | 6 | - | - |
| 5. | Mr. Muhammad Amin | 5 | 5 | - | - | 1 | 1 |
| 6. | Mr. Hamza Shakeel | 5 | 5 | 6 | 6 | 1 | 1 |
| 7. | Mr. Iqbal Mehboob | 5 | 5 | 6 | 6 | 1 | 1 |
| 8. | Mr. Asif Elahi | 5 | 5 | - | - | - | - |
| 9. | Mr. Mustafa Tanvir | 5 | 5 | - | - | - | - |
| 10. | Mrs. Saba Yousaf | 5 | 5 | - | - | - | - |

Audit Committee

| Sr | Name | Designation | Category |
|-----|---------------|-------------|-------------------------|
| i | Iqbal Mehboob | Chairman | Independent Director |
| ii | Hamza Shakeel | Member | Non- Executive Director |
| iii | Bilal Sharif | Member | Non- Executive Director |

The audit committee comprises of three members of which chairman is an independent director whereas all the other are non-executive directors and discharge its responsibilities under terms of reference assigned by the board of directors.

The appointment of financial literate member has been made in line with Regulation 27(1)(iii) in the Chapter X of the Code.

The meetings of audit committee were held at regular intervals in compliance with the Regulation 27(2) of the Code to review the both interim and annual financial statements before the approval of board of directors along with an additional meeting once a year with an external auditor without the CFO and other with an internal auditor without the presence of the CFO and external auditor.

The AC is a sub-group of a company's board of directors responsible for the oversight of the financial reporting and disclosure process of the company with complete awareness of the processes and internal controls of the company. The AC normally liaise with the management team, independent auditor, and internal auditors to monitor the choice of accounting policies and principles and to ensure compliance with laws and regulations.

The AC ensures that appropriate policies and processes are in place for the prevention and identification of fraud, such as asset misappropriation, corruption, and financial statement fraud and closely works with management to make sure that necessary steps are taken on the detection of fraud.

The AC regularly meets with management and the statutory auditors to discuss the quarterly and audited annual financial statements of the company while during the annual audit, the audit committee meets separately with external auditor's and head of internal audit in compliance of regulation 27(2)(iii) of Code to discuss matters that need to be discussed confidentially.

The AC plays a significant role in setting the tone of an organization by ensuring to implement a code of conduct and establish effective communication channels. The AC are fully aware of what management is doing to achieve compliance with laws and regulations, and they must be knowledgeable about issues such as ongoing investigations and disciplinary actions. The AC members collectively works toward preventing fraud and are adept at detecting willful accounting errors and anomalies.

Human Resource and Remuneration Committee

| Sr | Name | Designation | Category |
|-----|---------------|-------------|-------------------------|
| i | Iqbal Mehboob | Chairman | Independent Director |
| ii | Muhammad Amin | Member | Non- Executive Director |
| iii | Hamza Shakeel | Member | Non- Executive Director |

The human resource and remuneration committee (HRRC) is comprised of three members of which all are non-executive directors whereas chairman is an independent director. The HRRC recommends significant human resource management policies to the Board for selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO.

The purpose of HRRC is to maximize the productivity of an organization by optimizing the effectiveness of its board, management team and its employees. The HRRC responsible for recommending human resource management policy to the Board. The Committee shall have overall responsibility for recommending selection, evaluation, compensation (including retirement benefits) and succession planning of CEO, CFO and Company Secretary.

The HRRC assists the board and management with recruitment & training of the Senior Management, remuneration, performance evaluation, succession planning and measures for effective utilization of the human capital.

Corporate Social Responsibility Policy

The company develops policies relating to a company's ethical, sustainable and environmental responsibilities by ensuring a company has a positive impact on local communities and the environment.

The company has a social responsibility towards its community and the environment in all aspects of the company's operations such as problems that have an impact on the environment such as pollution, waste, product safety and labor but not limited to providing funds to the community and social environment, but also includes maintaining good long-term relationships with parties related to the company. The company manages a comprehensive Corporate Social Responsibility (CRS) policy to operate in an economically, socially and environmentally sustainable manner by maintaining environmental with an aim to reduce pollution and greenhouse gas emissions, sustainable use of natural resources, minimizing and proper disposal of wastage, promoting re-cycling during manufacturing process.

Health, Safety and Environment Policy

The company is committed to ensuring a safe and healthful workplace and protecting the environment and firmly believes that safety and protecting the environment is good business and that all work-related injuries, illnesses, property losses and adverse environmental impacts are preventable. To fulfill this commitment, the company ensure that management accepts full responsibility for protecting workers and the environment. In case of any unforeseen mishap with any employee a comprehensive group life insurance is already in place for workers. The company also provides made arrangements for health policy for its administrative employees at both Karachi and Lahore offices.

The company aligns health, safety and environmental considerations equal status with the company's other business objectives and integrate them into all aspects of work and actively strive to continuously improve health, safety and environmental performance.

The company policy is vigilant on water and air pollution, chemical and oil spills, smog, drinking water quality, land conservation and management, and wildlife protection.

Directors Remuneration Policy

The director's remuneration policy is a cornerstone for efficiency and stability of company for retaining right talent in the board and senior management to drive the company's long-term objectives.

Since the board and senior management of the company carries responsibilities to provide strategic direction, vital business decisions and implementation, it is crucial that they should be made more responsible and accountable for their performance. The remuneration practices of senior management and board members is one of the very important aspects of overall Corporate Governance framework, as it influences the performance of the company, which resultantly impact the returns to ordinary shareholders and the stability of the company.

The remuneration policy is prepared under the recommendations and suggestions by human resource and remuneration committee (HRRC) to the board under the provisions of the Companies Act 2017, Companies' Article of Association and Code of Corporate Governance Regulations, 2019.

The executive directors entitled for the fixed monthly remuneration and other perquisites recommended by HRRC which were duly approved by the board and followed by the approval of members in general meeting of the company.

In pursuance of section 227(l)(a) of the Act, the following remuneration (Note 32) has been paid to the directors of the company during the current fiscal year:

- a) Mr. Khurram Salim (CEO) - PKR 800,000.00 per month.
- b) Mr. Mohammad Salim (ED) - PKR 1,000,000.00 per month.

Besides, the other fringe benefits for above directors includes company-maintained vehicle with fuel, business travelling and communication expenses.

No fee or remuneration has been paid to any other directors of the company.

Statutory Auditors

The present auditor's M/s Mushtaq & Company, Chartered Accountants shall retire on the conclusion of the annual general meeting scheduled for October 27, 2022 however, being eligible they have offered themselves for re-appointment. The audit committee has suggested the appointment of M/s Mushtaq & Company, Chartered Accountants, as external auditor for the year ended 30th June 2023. The external auditor M/s Mushtaq & Company, Chartered Accountants have been given satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan. The firm and all its partner are in compliance with the International Federation of Accountants' Guidelines on the Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan and they are registered with Audit Oversight Board under section 36I of SECP Act, 1997.

The statutory auditors neither performed any of the decision making, internal audit or management functions nor they have any sort of relationship with any directors or executives of the company. The engagement partners were rotated after completion of every five years.

The Board of Directors also recommended the appointment of M/s Mushtaq & Company, Chartered Accountants, as external auditor for the year ended 30th June 2023 and the remuneration of the auditors has been fixed at PKR 2,275,000.00 (Year 2021: PKR 2,065,000.00) for the year 2022-23 as recommended by the audit committee to the board under regulation 32(3) of the Code. The assignments include statutory audit, half yearly review and code of corporate governance review.

Material Changes and Commitments

No material changes and commitments affecting the financial position of the Company have occurred between the end of financial year of the Company to which the balance sheet relates and the date of directors' report.

Acknowledgement

I am highly indebted to Board of Directors, valued shareholders, customers, bankers, suppliers and other stakeholders for their support, trust and confidence. I also appreciate to all employees for their loyalty dedication and hard work which enabled the Company to achieve its objectives.

For and on behalf of the Board



Khurram Salim
(Chief Executive Officer)



Mohammad Salim
(Director)

Karachi: September 28, 2022

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

The statement is being presented to comply with the requirement of regulation 36(1) contained in Code of Corporate Governance Regulations, 2019 for the purpose of establishing a framework of good corporate governance, whereby a company quoted at Pakistan Stock Exchange Limited is managed in compliance with best practices of corporate governance.

Bhanero Textile Mills Limited Year Ending June 30, 2022

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

1. The total number of directors are ten (10) as per the following,-

- a. Male : Nine (9)
- b. Female : One(1)

2. The composition of the Board is as follows:

| Sr | Category | Name |
|------|---------------------------|--|
| i) | Independent Directors (*) | Mr. Iqbal Mehboob Mr. Asif Elahi Mr. Mustafa Tanvir |
| iii) | Non- Executive Directors | Mr. Muhammad Shaheen Mr. Muhammad Amin Mr. Bilal Sharif Mr. Hamza Shakeel |
| ii) | Executive Directors | Mr. Khurram Salim Mr. Mohammad Salim |
| iv) | Female director | Mrs. Saba Yousaf |

(*) Explanation required under Regulation 6(1) of Code:

While calculating the minimum number of ID directors the fraction was not rounded upwards to 1. The reason being that as per general rule only number exceeding 0.5 shall be rounded to next number.

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 Act and these Regulations;

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

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

9. The Board has arranged Directors' Training program for the following:
The entire board is accredited under directors training program.
(Name of Executive & Designation - (N/A);

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

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

(a) Audit Committee

| Name | Designation |
|-------------------|----------------------------------|
| Mr. Iqbal Mehboob | Chairman - Independent Director |
| Mr. Bilal Sharif | Member - Non- Executive Director |
| Mr. Hamza Shakeel | Member - Non- Executive Director |

(b) Human Resource & Remuneration Committee

| Name | Designation |
|-------------------|----------------------------------|
| Mr. Iqbal Mehboob | Chairman - Independent Director |
| Mr. Muhammad Amin | Member - Non- Executive Director |
| Mr. Hamza Shakeel | Member - Non- Executive Director |

c) Nomination Committee (N/A)

Explanation

As the formation of Nomination Committee (NC) is not mandatory under regulation 29 of the Code, the functions and responsibilities of NC are performed by the Human Resources & Remuneration Committee.

d) Risk Management Committee (N/A)

Explanation

As the formation of Risk Management Committee (RMC) is not mandatory under regulation 30 of the Code, the functions and responsibilities of RMC are performed Audit Committee.

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

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following,-

| Name of Committee | Frequency of Meeting |
|-------------------------------|----------------------|
| Audit Committee | Quarterly |
| HR and Remuneration Committee | Yearly |
| Nomination Committee | Not applicable |
| Risk Management Committee | Not applicable |

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

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

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

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below (N/A):

For and on behalf of the Board



MUHAMMAD SHAHEEN

(Chairman)

Karachi

September 28, 2022

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

Head Office: 407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 021-32638521-3
Email: Info@mushtaqandco.com, audit.khi@mushtaqandco.com



Independent Auditor's Review Report

To the members of Bhanero Textile Mills Limited on the Statement of Compliance with the Code of Corporate Governance

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 Bhanero Textile Mills Limited for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

As 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 June 30, 2022.

Place: Karachi

Dated: 28 September, 2022

UDIN: CR202210043jGZ9YDyPS



Engagement Partner:
Zahid Hussain Zahid, FCA

Independent auditor's report to the members of

Bhanero Textile Mills Limited

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *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 Matter(s)

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.

We have determined the matters described below to be the key audit matters to be communicated in our report:

| S. No. | Key audit matter | How the matter was addressed in our audit |
|--------|--|--|
| 1. | Revenue Recognition Refer to note no. 3.16 and 28 to the audited financial statements. | Our key audit procedures in this area amongst others included the following: - Evaluated the appropriateness of the Company's |

Revenue from sale of Company's products for the year ended 30 June 2022 has increased by approximately 42% as compared to last year. The Company recognizes revenue at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

There is an inherent risk that revenue may be overstated since the Company focuses on revenue as a key performance measure, which could create an incentive for revenue to be recognized before the control has been transferred.

Considering revenue recognition a significant risk area, we have identified this as a key audit matter.

revenue recognition accounting policy and its compliance with IFRS 15: 'Revenue from Contracts with Customers'.

- Obtained an understanding of management's internal controls over the revenue process and tested effectiveness of controls relevant to such process.

- Performed testing of sales transactions on a sample basis to ensure that the related revenues are recorded appropriately at the correct quantity and price when control of goods has been transferred to the customer.

- Tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the correct period.

- Checked on a sample basis, approval of sales prices by the appropriate authority.

- Considered the adequacy of the disclosures in respect of revenues in accordance with the applicable financial reporting standards.

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

Management is responsible for the other information. The other information comprises director's report and last six years' financial analysis but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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



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

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

Auditor's Responsibilities for the Audit of the Financial Statements.

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

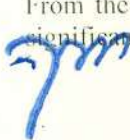
As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provided 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 and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is **Zahid Hussain Zahid, FCA.**


MUSHTAQ & CO
Chartered Accountants




Karachi.

Dated: 28 September, 2022

UDIN: AR202210043vs2xU9bup

**Statement of Financial Position
As at June 30, 2022**

| | Note | June 30, 2022 Rupees | June 30, 2021 Rupees | | Note | June 30, 2022 Rupees | June 30, 2021 Rupees |
|---|------|------------------------------|-----------------------------|--------------------------------|------|------------------------------|-----------------------------|
| EQUITY AND LIABILITIES | | | | ASSETS | | | |
| SHARE CAPITAL AND RESERVES | | | | NON CURRENT ASSETS | | | |
| Authorized capital 6,000,000 (2021: 6,000,000) ordinary shares of Rs.10 each | | <u>60,000,000</u> | <u>60,000,000</u> | Property, plant and equipment | 18 | 6,777,100,444 | 3,092,486,248 |
| Issued, subscribed and paid up capital | 5 | 30,000,000 | 30,000,000 | Long term deposits | 19 | 41,596,116 | 28,559,816 |
| Reserves | 6 | 8,000,000,000 | 6,300,000,000 | | | 6,818,696,560 | 3,121,046,064 |
| Unappropriated profit | | <u>1,275,893,956</u> | <u>433,063,770</u> | | | | |
| | | 9,305,893,956 | 6,763,063,770 | | | | |
| NON CURRENT LIABILITIES | | | | CURRENT ASSETS | | | |
| Long term financing - secured | 7 | 2,816,943,750 | 1,077,028,637 | Stores, spares and loose tools | 20 | 150,348,628 | 107,776,096 |
| Long term payables | 8 | 285,713,297 | 199,099,913 | Stock in trade | 21 | 5,101,913,563 | 2,659,408,838 |
| Staff retirement benefits | 9 | 208,934,489 | 181,861,570 | Trade debts | 22 | 1,883,524,023 | 1,628,119,912 |
| Deferred taxation | 10 | 231,555,260 | 165,286,894 | Loans and advances | 23 | 65,701,413 | 25,876,425 |
| Deferred government grant | 11 | 673,119,963 | 24,407,257 | Trade deposits and prepayments | 24 | 246,263,643 | 137,166,690 |
| | | 4,216,266,759 | 1,647,684,271 | Other receivables | 25 | 28,945,773 | 6,234,227 |
| | | | | Income tax refundable | | - | 5,397,013 |
| | | | | Sales tax refundable | 26 | 608,870,900 | 63,204,674 |
| | | | | Bank balances | 27 | 640,838,308 | 1,739,116,221 |
| | | | | | | 8,726,406,251 | 6,372,300,096 |
| CURRENT LIABILITIES | | | | | | | |
| Trade and other payables | 12 | 1,579,460,996 | 861,950,312 | | | | |
| Unclaimed dividend | 13 | 1,519,833 | 1,342,699 | | | | |
| Accrued markup / interest | 14 | 31,367,006 | 6,835,183 | | | | |
| Current portion of long term financing | 15 | 336,847,787 | 212,469,925 | | | | |
| Provision for taxation | 16 | 73,746,474 | - | | | | |
| | | 2,022,942,096 | 1,082,598,119 | | | | |
| CONTINGENCIES AND COMMITMENTS | | | | | | | |
| | 17 | - | - | | | | |
| TOTAL EQUITY AND LIABILITIES | | <u>15,545,102,811</u> | <u>9,493,346,160</u> | TOTAL ASSETS | | <u>15,545,102,811</u> | <u>9,493,346,160</u> |

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

**Statement of Profit or Loss
For The Year Ended June 30, 2022**

| | Note | June 30, 2022 Rupees | June 30, 2021 Rupees |
|--|------|-------------------------|-------------------------|
| Sales | 28 | 17,252,509,050 | 12,158,113,068 |
| Cost of sales | 29 | 13,178,129,028 | 9,426,415,558 |
| Gross profit | | <u>4,074,380,022</u> | <u>2,731,697,510</u> |
| Other income | 30 | 242,797,272 | 83,253,942 |
| | | <u>4,317,177,294</u> | <u>2,814,951,452</u> |
| Distribution cost | 31 | 461,356,046 | 243,334,988 |
| Administrative expenses | 32 | 216,261,742 | 157,638,312 |
| Other operating expenses | 33 | 318,462,301 | 169,994,496 |
| Finance cost | 34 | 137,883,096 | 83,004,832 |
| | | <u>1,133,963,185</u> | <u>653,972,628</u> |
| Profit before tax | | <u>3,183,214,109</u> | <u>2,160,978,824</u> |
| Taxation | 35 | 425,059,591 | 310,272,621 |
| Profit after taxation for the year | | <u>2,758,154,518</u> | <u>1,850,706,203</u> |
| Earnings per share - basic and diluted | 36 | <u>919.38</u> | <u>616.90</u> |

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

Bhanero Textile Mills Limited

**Statement of Comprehensive Income
For The Year Ended June 30, 2022**

| | Note | June 30, 2022 Rupees | June 30, 2021 Rupees |
|---|------|-----------------------------|-----------------------------|
| Profit after taxation for the year | | 2,758,154,518 | 1,850,706,203 |
| Other comprehensive income / (loss) | | | |
| Items that may be reclassified subsequently to profit or loss | | - | - |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Actuarial loss on remeasurement of employees retirement benefits - gratuity | 9.2 | (1,051,556) | (8,712,867) |
| Related deferred tax on remeasurement of employees retirement benefits - gratuity | | 227,224 | 1,950,384 |
| | | (824,332) | (6,762,483) |
| Total comprehensive Income for the year | | <u>2,757,330,186</u> | <u>1,843,943,720</u> |

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

**Statement of Changes in Equity
For The Year Ended June 30, 2022**

| | Share capital | Revenue Reserves | | Total |
|---|-------------------|----------------------|------------------------|----------------------|
| | | General reserve | Unappropriated profits | |
| Rupees | | | | |
| Balance as at June 30, 2020 | 30,000,000 | 4,800,000,000 | 89,120,050 | 4,919,120,050 |
| Total comprehensive income for the year | | | | |
| Profit for the year | - | - | 1,850,706,203 | 1,850,706,203 |
| Other comprehensive loss | - | - | (6,762,483) | (6,762,483) |
| Transfer to general reserve | - | 1,500,000,000 | (1,500,000,000) | - |
| Balance as at June 30, 2021 | 30,000,000 | 6,300,000,000 | 433,063,770 | 6,763,063,770 |
| Total comprehensive income for the year | | | | |
| Profit for the year | - | - | 2,758,154,518 | 2,758,154,518 |
| Other comprehensive loss | - | - | (824,332) | (824,332) |
| Final dividend paid for the year ended June 30, 2021 at the rate of PKR 71.50 per share | - | - | (214,500,000) | (214,500,000) |
| Transfer to general reserve | - | 1,700,000,000 | (1,700,000,000) | - |
| Balance as at June 30, 2022 | 30,000,000 | 8,000,000,000 | 1,275,893,956 | 9,305,893,956 |

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

Statement of Cash Flows
For The Year Ended June 30, 2022

| | June 30, 2022 Rupees | June 30, 2021 Rupees |
|---|-------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 3,183,214,109 | 2,160,978,824 |
| Adjustments for: | | |
| Depreciation on property, plant and equipment | 340,143,621 | 263,363,945 |
| Provision for staff retirement benefits - gratuity | 61,136,968 | 48,463,013 |
| Provision for bad debts | 92,208,365 | 10,372,084 |
| Infrastructure fee - ETO | 91,764,849 | 13,217,083 |
| Infrastructure cess - Gas | (5,151,465) | (15,173,820) |
| Gain on disposal of property, plant and equipment | (193,586,959) | (50,228,420) |
| Finance cost | 137,883,096 | 94,080,942 |
| Operating cash flows before changes in working capital | 3,707,612,584 | 2,525,073,651 |
| Working capital changes | | |
| (Increase) / decrease in current assets | | |
| Inventories | (2,485,077,257) | 1,310,964,125 |
| Trade debts | (347,612,476) | (680,997,807) |
| Loans and advances | (39,824,988) | (9,582,815) |
| Trade deposits | (109,096,953) | (8,603,778) |
| Other receivables | (22,711,546) | 14,063,347 |
| Sales tax refundable | (545,666,226) | 132,494,805 |
| | (3,549,989,446) | 758,337,877 |
| Increase in trade and other payables | 717,510,684 | 230,342,025 |
| Cash generated from operations | 875,133,822 | 3,513,753,553 |
| Finance cost paid | (113,351,273) | (119,016,399) |
| Staff retirement benefits - gratuity paid | (35,115,605) | (42,558,337) |
| Income taxes paid | (279,420,514) | (77,707,729) |
| Long term deposits | (13,036,300) | (6,000) |
| | (440,923,692) | (239,288,465) |
| Net cash generated from operating activities | 434,210,130 | 3,274,465,088 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from disposal of property, plant and equipment | 262,652,470 | 122,846,000 |
| Additions in property, plant and equipment | (4,093,823,328) | (401,911,875) |
| Net cash used in investing activities | (3,831,170,858) | (279,065,875) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of long term financing | (210,745,732) | (101,262,819) |
| Proceeds from long term financing | 2,723,751,413 | 301,253,570 |
| Short term borrowings - net | - | (1,570,614,112) |
| Dividend paid | (214,322,866) | (54,063) |
| Net cash generated from / (used in) financing activities | 2,298,682,815 | (1,370,677,424) |
| Net (decrease) / increase in cash and cash equivalents | (1,098,277,913) | 1,624,721,789 |
| Cash and cash equivalents at the beginning of the year | 1,739,116,221 | 114,394,432 |
| Cash and cash equivalents at the end of the year | 640,838,308 | 1,739,116,221 |

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

Notes to the financial statements
For the year ended June 30, 2022**1 THE COMPANY AND ITS OPERATIONS**

1.1 Bhanero Textile Mills Limited (the Company) was incorporated on 30th March 1980 as a public limited company in Pakistan under repealed Companies Ordinance, 1984 now the Companies Act, 2017 and is quoted on Pakistan Stock Exchanges Limited. The registered office of the Company is located at Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area Karachi.

1.2 The company is principally engaged in manufacturing and sales of yarn and fabric. The production facilities are located at Kotri, District Dadu in the province of Sindh and Feroze Wattwan, District Sheikhpura in the province of Punjab.

1.3 Merger and Acquisition

The board of directors' company ('BTML') in their meeting held on February 25, 2022 have approved to acquire Bhanero Energy Ltd Unit-I Kotri, Sindh ("BEL-I") through a Scheme of Arrangement ("Scheme"). On grant of approval by the competent authority the BTML will issue 40,964 ordinary shares at the break up value of the BTML to the shareholders of Bhanero Energy Ltd at the book value of acquired assets, equivalent to PKR 109,008,101.

The Bhanero Energy Limited in unquoted company engaged in power generation activities, it operates with two units located in Sindh and Punjab. The Unit-I located in Sindh generates electricity through natural gas whereas Unit-II located in Punjab generates electricity through furnace based having the generation capacity of 3.726 megawatt and 33.694 megawatt for the Unit-I and Unit-II respectively. The BEL-I does not carry out any other commercial activities in Sindh except supplying its entire power generation facility exclusively to the Bhanero Textile Mills Ltd Unit-I Kotri.

The Scheme will be beneficial for the shareholders of the company since it enables the company to directly exercise control and manage the affairs of BEL-Kotri Unit-I to ensure the uninterrupted supply of energy requirements in a cost-effective manner to the company with an ultimate aim of maximizing shareholder returns.

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 financial instruments at fair value and employees retirement benefits at present value. In these financial statements, except for cash flow statements, all transactions have been accounted for on accrual basis.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the company's functional currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest Rupee.

2.4 Use of estimates and judgements

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

Notes to the financial statements**For the year ended June 30, 2022**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year.

2.5 Standards, interpretations and amendments to published approved accounting standards**2.5.1 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the company:**

| | Effective date (annual reporting periods beginning on or after |
|--|---|
| IAS 1 Presentation of financial statements (Amendments) | January 1, 2023 |
| IAS 8 Accounting policies, changes in accounting estimates and errors (Amendments) | January 1, 2023 |
| IAS 12 Income Taxes (Amendments) | January 1, 2023 |
| IAS 16 Property, Plant and Equipment (Amendments) | January 1, 2022 |
| IAS 37 Provisions, Contingent Liabilities and Contingent Assets | January 1, 2022 |
| IAS 41 Agriculture (Amendments) | January 1, 2022 |
| IFRS 3 Business Combinations (Amendments) | January 1, 2022 |
| IFRS 9 Financial Instruments (Amendments) | January 1, 2022 |
| IFRS 16 Leases (Amendments) | January 1, 2022 |

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

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

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

3 Summary of Significant Accounting Policies**3.1 Borrowings**

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the statement of profit or loss over the period of the borrowings on an effective interest basis.

3.2 Employee benefits**Short term employees benefits**

The company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in statement of profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leaves are earned.

Post retirement benefits**Defined benefit plans**

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Liability is adjusted annually to cover the obligation and the adjustment is charged to statement of profit or loss. The determination of the Company's obligation under the scheme requires assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration, expected average remaining working lives of employees and discount rate used to derive present value of defined benefit obligation.

There is risk that the final salary at the time of cessation of service is greater than what the entity has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Notes to the financial statements**For the year ended June 30, 2022**

Amounts recognized in the statement of financial position represent the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

Actuarial gains and losses are recognized in statement of comprehensive income for the period in which these arise.

3.3 Taxation

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

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 higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any, or minimum of turnover. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. 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 accounted for using the statement of financial position liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the requirement of "Technical Release - 27" of the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. 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.

Deferred tax is not recognized for timing differences that are not expected to reverse and for the temporary differences arising from the initial recognition of goodwill and initial recognition of assets and liabilities in a transaction that is not a business combination and that at the time of transaction affects neither the accounting nor the taxable profit.

3.4 Provisions

A provision is recognized in the statement of financial position when the company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.5 Trade and other payables

Liabilities for trade and other amounts payable are recognized and carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not invoices to the company.

3.6 Dividend

Dividend is recognized as a liability in the period in which it is approved by shareholders.

3.7 Property, plant and equipment and depreciation**Owned assets**

Property, plant and equipment, except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and capital work-in-progress are stated at cost.

Subsequent cost

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Notes to the financial statements**For the year ended June 30, 2022****Depreciation**

Depreciation is charged to expense on reducing balance method over its estimated useful life at the rates specified in property, plant and equipment note except for equipment and other assets. Equipment and other assets are depreciated over the period of three years. Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalized while no depreciation is charged for the month in which the item is disposed off.

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

The gain or loss on disposal 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.

Impairment

Where the carrying amount of asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount.

Leased assets**Recognition**

The Company recognizes a right-of-use asset and a lease liability at the commencement date. A commencement date is the date on which the lessor makes an underlying asset available for use by the lessee (the Company). The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of all underlying assets that have a lease term of 12 months or less and leases for which the underlying asset, when new, is of low-value as per the threshold set by the Company. The Company recognizes the lease payments associated with these leases as an expense on straight-line basis over the lease term.

Initial measurement**Lease liability**

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid. The lease payments are discounted using the interest rate implicit in the lease, or the Company's incremental borrowing rate if the implicit rate is not readily available. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments comprise fixed payments less any lease incentives receivable; variable lease payments that depend on an index or a rate; amounts expected to be payable by the Company under residual value guarantees; the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

Right-of-use asset

The Company initially measures the right-of-use asset at cost. This cost comprises the amount of lease liability as initially measured, plus any lease payments made on or before the commencement date, less lease incentives received, initial direct costs and estimated terminal costs (i.e. dismantling or other site restoration costs required by the terms and conditions of the lease contract).

Subsequent measurement**Lease liability**

After the commencement date, the Company re-measures the lease liability to reflect the affect of interest on outstanding lease liability, lease payments made, reassessments and lease modifications etc. Variable lease payments not included in the measurement of the lease liability and interest on lease liability are recognized in the statement of profit or loss account, unless these are included in the carrying amount of another asset.

Lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability.

Right-of-use asset

After the commencement date, the Company measures the right-of-use asset at cost less accumulated depreciation and accumulated identified impairment losses, if any, adjusted for any remeasurement of the lease liability.

The Company depreciates the cost of right-of-use asset, net of residual value, from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. However, if the lease contract transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise the purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.

Notes to the financial statements**For the year ended June 30, 2022****Ijarah contracts**

Payments made under ijarah contract are charged to the statement of profit or loss on a straight line basis over the period of the lease as per IFAS 2.

3.8 Capital work in progress

Capital work in progress and stores held for capital expenditure are stated at cost and represents expenditure incurred on property, plant and equipment during construction and installation. Cost includes borrowing cost as referred in accounting policy of borrowing cost. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

3.9 Financial assets and liabilities**Financial assets**

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Amortised Cost

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value and subsequent to initial recognition changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Derecognition

Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

Financial Liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed on profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in profit or loss.

Notes to the financial statements**For the year ended June 30, 2022****3.10 Impairment****Financial Assets**

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The Company applies the simplified approach to recognise lifetime expected credit losses for trade debts, due from customers and contract assets. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Non-Financial Assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized as an expense in the profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.11 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amount and the company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.12 Stores and spares

Stores and spares are valued at lower of cost and net realizable value. Cost is determined on a weighted average basis. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

3.13 Stock-in-trade

Stock-in-trade is stated at the lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows.

| | |
|------------------|-------------------------------|
| Raw material | At weighted average cost |
| Work in progress | At average manufacturing cost |
| Finished goods | At average manufacturing cost |
| Waste | Net realizable value |

Valuation of raw material, work in process and finished goods as on 30th June 2022 have been valued at lower of cost and net realizable value as per the requirement of IAS 2.

Raw material in transit is stated at invoice price plus other charges paid thereon upto the statement of financial position date.

Average manufacturing cost in relation to work in process and finished goods, consist of direct material and proportion of manufacturing overheads based on normal capacity.

Net realizable value is the estimated selling price in the ordinary course of business less costs of completion and selling expenses.

3.14 Trade debts and other receivables

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery.

3.15 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash in transit and balances with bank for the purpose of cash flow statement.

Notes to the financial statements**For the year ended June 30, 2022****3.16 Revenue recognition**

According to the core principles of IFRS-15, the company recognizes the revenue from sale when the company satisfies a performance obligation (at a point of time) by transferring promised goods to customers being when the goods are dispatched to customers. Revenue is measured at fair value of the consideration received or receivable and is reduced for allowances such as taxes, duties, commission, sales returns and discounts.

Interest income is recognized on the basis of constant periodic rate of return.

Dividend income is recognized when the right to receive dividend is established i.e. the book closure date of the investee company declaring the dividend.

Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through other comprehensive income' are included in other comprehensive income in the period in which they arise.

Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through profit or loss' are included in profit or loss in the period in which they arise.

3.17 Borrowing costs

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit or loss account currently.

3.18 Foreign currency translation

Foreign currency transactions are translated into Pak Rupees at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are retranslated into Pak Rupees at the rates of exchange prevailing at the statement of financial position date.

Exchange differences, if any, are taken to profit or loss account.

3.19 Transactions with related party

Transactions with related parties are priced at comparable uncontrolled market price. All transactions involving related parties arising in the normal course business are conducted at arm's length using valuation modes, as admissible. Parties are said to be related when they meet the definition as provided in the Companies Act, 2017.

3.20 Segment reporting

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

Segment results that are reported to the CEO includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprises mainly corporate assets, income tax assets, liabilities and related income and expenditure. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

The business segments are engaged in providing products and services which are subject to risks and rewards which differ from the risk and reward of other segment. Segments reported are Spinning, Weaving and Power Generation, which also reflects the management structure of company.

3.21 Deferred Government Grant

In accordance with IFRS 9 the benefit of interest rate lower than the market rate on borrowings obtained under State Bank of Pakistan (SBP) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of the entity and temporary economic refinance facility, is accounted for as a government grant which is the difference between amount of loan received and the fair value of the loan on the date of disbursement. The differential amount presented in statement of financial position as deferred government grant. The amortisation of deferred government grant is netted off with finance cost within the statement of profit or loss.

4 Capital Management

The company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital and level of dividends to ordinary shareholders. The company seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. There were no changes in the company's approach to capital management during the year. Further, the company is not subject to externally imposed capital requirements.

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

| June 30, 2022 | June 30, 2021 | | June 30, 2022 | June 30, 2021 |
|------------------|------------------|---|-------------------|-------------------|
| Number of shares | | | Rupees | Rupees |
| 1,762,500 | 1,762,500 | Ordinary shares of PKR 10 each allotted for consideration ¹ - fully paid in cash | 17,625,000 | 17,625,000 |
| 1,237,500 | 1,237,500 | Ordinary shares of Rs 10. each allotted as bonus shares | 12,375,000 | 12,375,000 |
| <u>3,000,000</u> | <u>3,000,000</u> | | <u>30,000,000</u> | <u>30,000,000</u> |

5.1 Associated company holds 500,600 (2021: 500,600) ordinary shares of Rs. 10 each in the company.

5.2 The shareholders¹ are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry "one vote" per share without restriction. There is no movement in share capital during the year.

6 RESERVES

| | | |
|-----------------------------------|----------------------|----------------------|
| General reserve - Revenue reserve | 8,000,000,000 | 6,300,000,000 |
| | <u>8,000,000,000</u> | <u>6,300,000,000</u> |

6.1 General reserve is primarily a revenue reserve being maintained to have adequate resources for future requirements and business operations.

7 LONG TERM FINANCING - SECURED

From Financial Institutions

| | Limit | Rate | Repayments | Frequency | Security | June 30, 2022 | June 30, 2021 |
|------------------------------|---------|--|---|-----------|--|--------------------|----------------------|
| | | | | | | Rupees | Rupees |
| Bank Al Habib Limited | | | | | | | |
| LTFF | 27.6 M | SBP LTFF rate + 0.4% | 32 equal quarterly installments commenced from 20 February 2019 and ending on 20 January 2028. | Quarterly | Hypothecation charge over plant and machinery of PKR 54 million of unit III located at Ferozwatton, Sheikhpura-Faisalabad Road, Sheikhpura. | 19,334,375 | 22,784,375 |
| | 17.5 M | SBP LTFF rate + 1.5% | 32 equal quarterly installments commencing from 22 July 2022 and ending on 22 April 2030. | Quarterly | | 17,504,000 | 17,504,000 |
| | | | | | | 36,838,375 | 40,288,375 |
| MCB Bank Limited | | | | | | | |
| LTFF | 900 M | SBP LTFF rate + 0.4% | 32 equal quarterly installments commenced from 30 April 2019 and ending on 05 February 2030. | Quarterly | Hypothecation charge on plant and machinery of PKR 1,351 million of unit II located at Ferozwatton, Sheikhpura-Faisalabad Road, Sheikhpura. | 624,239,596 | 709,301,345 |
| | 400M | SBP LTFF rate + 0.4% | 32 equal quarterly installments commenced from 06 May 2022 and ending on 07 February 2030. | Quarterly | | 212,027,410 | 218,867,000 |
| | 65 M | SBP LTFF rate + 0.4% | 32 equal quarterly installments commenced from 19 February 2022 and ending on 13 November 2029. | Quarterly | | 44,500,806 | 47,467,526 |
| Demand Finance | 900 M | 3M Kibor rate + 0.4% | 32 equal quarterly installments commenced from 26 July 2019 and ending on 09 August 2028. | Quarterly | | 28,985,540 | 33,709,820 |
| | | | | | | 909,753,352 | 1,009,345,691 |
| Bank Al Falah Limited | | | | | | | |
| Refinance salaries | 215.4 M | SBP LTFF Payment of wages and salaries 0.75% | 08 equal quarterly installments commenced from 01 January 2021 and ending on 01 October 2022. | Quarterly | Ranking Charge over current assets of unit III located at Ferozwatton, Sheikhpura-Faisalabad Road, Sheikhpura amounting to PKR. 352 million. | 53,688,405 | 155,128,054 |
| | | | | | | 53,688,405 | 155,128,054 |

| | | | | | | | |
|------|--------|-----------------------|---|-----------|--|----------------------|-------------------|
| TERF | 1600 M | SBP TERF rate + 0.60% | 32 equal quarterly installments commencing from 26 April 2023 and ending on 01 November 2031. | Quarterly | Hypothecation charge over plant and machinery of PKR 2,294 million of unit III located at Ferozwatton, Sheikhpura-Faisalabad Road, Sheikhpura. | 1,146,853,304 | 73,993,912 |
| LTFF | 113 M | SBP LTFF rate + 0.60% | 32 equal quarterly installments commencing from 14 April 2024 and ending on 14 January 2031. | Quarterly | | 113,430,613 | - |
| | | | | | | 1,260,283,917 | 73,993,912 |

National Bank Limited

| | | | | | | | |
|--|--------|-----------------------|--|-----------|---|----------------------|----------------------|
| LTFF | 2700 M | SBP LTFF rate + 1.25% | 32 equal quarterly installments commencing from 7 July 2024 and ending on 27 July 2032. | Quarterly | Hypothecation charge over fixed assets of the Company amounting to PKR 3,600 million. | 54,772,151 | - |
| DF (Note 7.1) | | 3 Month KIBOR + 1.25% | 32 equal quarterly installments commencing from 28 Oct 2024 and ending on 27 July 2032. | Quarterly | | 36,231,663 | - |
| TERF | | SBP TERF rate + 1.25% | 32 equal quarterly installments commencing from 10 December 2023 and ending on 27 July 2032. | Quarterly | | 659,008,872 | - |
| | | | | | | 750,012,686 | - |
| | | | | | | 3,010,576,735 | 1,278,756,032 |
| Less: current maturity shown under current liabilities | | | | | | (193,632,985) | (201,727,395) |
| | | | | | | 2,816,943,750 | 1,077,028,637 |

7.1 During the year, these long term loans did not carry rate of interest of State Bank of Pakistan Long Term Financing Facility (LTFF) because these were converted to LTFF subsequent to year end.

7.2 The aggregate approved short term borrowing facilities amounted to Rs. 9,206.03 Million (2021: Nil) are unavailed at the reporting date.

8 LONG TERM PAYABLES

| | Note | June 30, 2022 Rupees | June 30, 2021 Rupees |
|-----------------------------------|------|-------------------------|-------------------------|
| Infrastructure fee payable - ETO | 8.1 | 225,316,807 | 133,551,958 |
| Infrastructure cess payable - Gas | 8.2 | 60,396,490 | 65,547,955 |
| | | 285,713,297 | 199,099,913 |

8.1 Movement in net liability recognized in the statement of financial position

| | | |
|----------------------------------|--------------------|--------------------|
| Balance at beginning of the year | 133,551,958 | 120,334,875 |
| Accrued for the year | 101,309,417 | 26,432,803 |
| Paid during the year | (9,544,568) | (13,215,720) |
| Balance at the end of the year | 225,316,807 | 133,551,958 |

Sindh Infrastructure Cess was levied by Excise and Taxation Officer [‘ETO’] Government of Sindh on movement of imported goods entering the Sindh Province from outside Pakistan and Punjab Infrastructure Tax levied by ETO Government of Punjab on movement of imported goods entering the Punjab Province from outside Pakistan. The Company has filed petition in Lahore High Court against levy by ETO Government of Punjab. The Company has also filed petitions vide CP No. 4301 of 2021, 4305 of 2021, 4497 of 2021 in Supreme Court of Pakistan and obtained stay on the recovery of levy ETO Government of Sindh. During the pendency of final judgement on this, the Honorable Courts granted stay have directed the petitioners to arrange bank guarantees in favour of ETOs.

8.2 Movement in liability recognized in the statement of financial position

| | | |
|----------------------------------|-------------------|-------------------|
| Balance at beginning of the year | 65,547,955 | 80,721,775 |
| Accrued for the year | - | 2,351,855 |
| Paid during the year | (5,151,465) | (17,525,675) |
| Balance at the end of the year | 60,396,490 | 65,547,955 |

The Company vide petition 1234/2021 filed before the High Court of Sindh challenged the recovery of GIDC installments. The High Court of Sindh vide its order dated 22 November 2020 has suspended the recovery of GIDC installments. No further date is fixed for hearing. Further, the Company vide petition 1848/2021 dated 30 August 2021 filed before the High Court of Sindh challenged the levy of GIDC on the ground of the Government's failure to comply with the Supreme Court's judgment dated 13 August 2020 in relation to commencement of work on specified projects.

Bhanero Textile Mills Limited
Notes to the Financial Statements
For The Year Ended June 30, 2022
9 STAFF RETIREMENT BENEFITS

| | | | |
|--------------------------------------|-----|--------------------|-------------|
| Staff retirement benefits - gratuity | 9.1 | 208,934,489 | 181,861,570 |
| | | 208,934,489 | 181,861,570 |

9.1 Movement in net liability recognized in the balance sheet

| | | | |
|---|-----|---------------------|--------------|
| Present value of defined benefits obligation - at the beginning of the year | | 181,861,570 | 167,244,027 |
| Charged to profit or loss account and comprehensive income | 9.2 | 62,188,524 | 57,175,880 |
| Benefits paid during the year | | (35,115,605) | (42,558,337) |
| Present value of defined benefits obligation - at the end of the year | | 208,934,489 | 181,861,570 |

9.2 Amount charged to profit or loss account / other comprehensive income

| | | | |
|---|--|-------------------|------------|
| Current service cost | | 47,473,912 | 35,123,158 |
| Interest cost | | 13,663,056 | 13,339,855 |
| Remeasurement charged to other comprehensive income | | 1,051,556 | 8,712,867 |
| | | 62,188,524 | 57,175,880 |

9.3 The company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Provisions are made annually to cover the obligation under the scheme on the basis of actuarial valuation and are charged to income. Actuarial valuation has been carried out by independent valuer as at June 30, 2022 using the projected unit credit method assuming a discount rate of 13.25% (2021: 10%) per annum and expected rate of increase in salaries at 12.25% (2021: 9%) per annum.

9.4 There is no unrecognized actuarial loss / gain.

9.5 Historical information

| | 2021 Rupees | 2020 Rupees | 2019 Rupees | 2018 Rupees |
|--|----------------|----------------|----------------|----------------|
| Present value of defined benefits obligation | 181,861,570 | 167,244,027 | 148,844,904 | 149,566,641 |
| Experience adjustments on plan liabilities | 8,712,867 | 7,430,001 | (13,487,793) | (5,902,811) |

9.6 Sensitivity analysis of actuarial assumptions

The calculation of defined benefit obligation is sensitive to assumptions given above. The below information summarizes how the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of change in respective assumptions by 100 basis point.

| | Increase in assumption | Decrease in assumption |
|--|---------------------------|---------------------------|
| Discount rate | (9,345,904) | 10,403,182 |
| Expected rate of increase in future salary | 10,403,182 | (9,505,346) |

9.7 The expected gratuity expense comprising of service cost and net interest for the year ending 30th June 2023 works out to PKR 70,532,522 million.

9.8 The average duration of defined benefit obligation is 6 years.

10 DEFERRED TAXATION

| | Note | June 30, 2022 Rupees | June 30, 2021 Rupees |
|---|------|-------------------------|-------------------------|
| Deferred tax liability on taxable temporary differences | 10.1 | 311,899,581 | 225,786,408 |
| Deferred tax asset on deductible temporary differences | | (80,344,321) | (60,499,514) |
| | | 231,555,260 | 165,286,894 |

10.1 Deferred taxation

Deferred tax liability / (assets) arising in respect of:

| 2022 | | | |
|--|----------------------------------|---|------------------------|
| As at July 01 2021 | Recognized in profit and loss | Recognized in other comprehensive income | As at June 30, 2022 |
| Taxable temporary differences | | | |
| Accelerated tax depreciation on owned assets | 225,786,408 | 86,113,173 | - |
| | 225,786,408 | 86,113,173 | - |
| Deductible temporary differences | | | |
| Provision for employee benefit | (40,709,894) | (4,210,282) | (227,224) |
| Provision for doubtful debts and advances | (19,789,620) | (15,407,301) | - |
| | (60,499,514) | (19,617,583) | (227,224) |
| | 165,286,894 | 66,495,590 | (227,224) |
| | | | 231,555,260 |
| 2021 | | | |
| As at July 01 2020 | Recognized in profit and loss | Recognized in other comprehensive income | As at June 30, 2021 |
| Taxable temporary differences | | | |
| Accelerated tax depreciation on owned assets | 201,936,843 | 23,849,565 | - |
| | 201,936,843 | 23,849,565 | - |
| Deductible temporary differences | | | |
| Provision for employee benefit | (32,271,926) | (6,487,584) | (1,950,384) |
| Provision for doubtful debts and advances | (17,520,204) | (2,269,416) | - |
| | (49,792,130) | (8,757,000) | (1,950,384) |
| | 152,144,713 | 15,092,565 | (1,950,384) |
| | | | 165,286,894 |

Bhanero Textile Mills Limited**Notes to the Financial Statements****For The Year Ended June 30, 2022**

10.1.2 Revenue from export sales of the Company is subject to taxation under the final tax regime, while the remaining portion of revenue attracts assessment under normal provisions of the Ordinance. Deferred tax is provided for only that portion of timing differences that represent income taxable under normal provisions of the Ordinance. These differences are calculated at that proportion of total timing differences that the local sales, other than the indirect exports taxable under section 154 (3) of the Ordinance, bear to the total sales revenue based on historical and future trends. Deferred tax has been calculated at 33% of the timing differences so determined based on tax rates notified by the Government of Pakistan for future tax years.

11 DEFERRED GOVERNMENT GRANT

| | | | |
|---------------------------|-------------|--------------------|-------------------|
| Deferred Government grant | 11.1 | 673,119,963 | 24,407,257 |
| | | 673,119,963 | 24,407,257 |

11.1 Deferred Revenue - Govt Grant

| | | |
|--------------------------------|----------------------|-------------------|
| Balance at beginning of year | 35,149,787 | 5,177,459 |
| During the year | 857,069,985 | 41,048,438 |
| Amortization during the year | (75,885,007) | (11,076,110) |
| | 816,334,765 | 35,149,787 |
| Less: current portion | (143,214,802) | (10,742,530) |
| Balance at the end of the year | 673,119,963 | 24,407,257 |

11.1.2 The Company obtained term loan / SBP COVID-19 relief facility under "SBP refinance scheme for payment of wages and salaries" introduced by Government of Pakistan in order to prevent entities from laying-off employees during COVID-19 outbreak. The Company obtained Rs. 215.408 million, for paying salaries for the months from April 2020 to September 2020. The loan is repayable in eight equal quarterly installments, starting from January 2021. This long term financing facility is secured by way of hypothecation charge over current assets of the Company. The facility carries mark-up at State Bank of Pakistan (SBP) rate (currently 0%) plus bank's spread of 0.75% per annum starting from the date of disbursement and is payable in arrears on quarterly basis. The loan has been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using market rates at SBP approval dates of each tranche. The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan.

11.1.3 During the year, the Company availed long term financing from Faysal Bank Limited amounting to PKR 1,497.67 million (2021: 102.33) million and from National Bank of Pakistan amounting to PKR 1,021.7 million (2021: Nil) under "SBP Temporary Economic Refinance Facility" for additions of new plant & machinery. The facility carries mark-up at State Bank of Pakistan (SBP) rate 1% plus bank's spread ranging from 0.60% per annum to 1% per annum starting from the date of disbursement and are payable in arrears on quarterly basis. The loans have been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using market rates at SBP approval dates of each tranche. The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) and as per selected opinion issued in November 2020 by the Institute of Chartered Accountants of Pakistan.

| 12 TRADE AND OTHER PAYABLES | Note | June 30, 2022 | June 30, 2021 |
|------------------------------------|-------------|----------------------|--------------------|
| | | Rupees | Rupees |
| Creditors | | 884,165,514 | 377,216,036 |
| Advance from customers & others | 12.2 | 36,809,595 | 18,552,740 |
| Accrued liabilities | | 310,548,250 | 179,824,594 |
| Workers' Profit Participation Fund | 12.3 | 161,290,382 | 116,211,377 |
| Sales tax payable | | - | 53,060,404 |
| Workers Welfare Fund | | 177,993,460 | 113,029,906 |
| Others | | 8,653,795 | 4,055,255 |
| | | 1,579,460,996 | 861,950,312 |

12.1 These include amounts due to following related party in the normal course of business.

| Name of Company | Relationship | | |
|------------------------|---------------------|-------------------|------------|
| Bhanero Energy Limited | Associated Company | 34,717,004 | 44,963,139 |

12.2 Advance received from customer is recognised as revenue when the performance obligation in accordance with the policy is satisfied. Revenue for an amount of Rs. 2,811,917 (2021: Rs. 7,095,799) has been recognised in current year in respect of advances from customers at the beginning of period.

12.3 Workers' profit participation fund

| | | |
|--|----------------------|--------------------|
| Opening balance | 116,211,377 | 24,524,276 |
| Interest on funds utilized in the Company's business | 9,926,534 | 2,899,944 |
| | 126,137,911 | 27,424,220 |
| Paid to the fund | (126,137,911) | (27,424,220) |
| | - | - |
| Allocation for the year | 33 | 161,290,382 |
| | | 161,290,382 |

12.3.1 Interest on workers' profit participation fund has been provided @536.25% (2021: 375.5%) per annum.

13 UNCLAIMED DIVIDEND

| | | |
|--------------------|------------------|-----------|
| Unclaimed dividend | 1,519,833 | 1,342,699 |
|--------------------|------------------|-----------|

14 ACCRUED MARKUP / INTEREST

| | | | |
|-----------------------------|--|-------------------|-----------|
| Mark-up accrued on secured: | | | |
| - long term financing | | 29,288,234 | 6,813,685 |
| - short term borrowings | | 2,078,772 | 21,498 |
| | | 31,367,006 | 6,835,183 |

15 CURRENT PORTION OF LONG TERM FINANCING

| | | | |
|----------------------|-------------|--------------------|--------------------|
| Long-term financing | 7 | 193,632,985 | 201,727,395 |
| Deferred govt. grant | 11.1 | 143,214,802 | 10,742,530 |
| | | 336,847,787 | 212,469,925 |

Bhanero Textile Mills Limited**Notes to the Financial Statements**

For The Year Ended June 30, 2022

16 INCOME TAX REFUNDABLE/ PROVISION FOR TAXATION

| | | | |
|------------------------------------|----|----------------------|----------------------|
| Provision for taxation | 35 | 358,564,001 | 290,975,056 |
| Income tax refundable / adjustable | | <u>(284,817,527)</u> | <u>(296,372,069)</u> |
| | | <u>73,746,474</u> | <u>(5,397,013)</u> |

17 CONTINGENCIES AND COMMITMENTS**Contingencies**

17.1 Various banking companies have issued guarantees on behalf of the Company and discounted receivables of the Company as detailed below:

| | | |
|------------------|-------------|-------------|
| Bills discounted | 929,073,884 | 539,912,451 |
| Bank guarantees | 487,086,597 | 368,863,537 |

17.2 The Company has issued post dated cheques amounting to PKR 729,423,895 (2021: PKR 688,661,450) in favour of Collector of Customs in lieu of custom levies against various statutory notifications. The post dated cheques furnished by the company are likely to be released after the fulfilment of term of related SROs.

17.3 The Company vide petition ICA 239111 of 2018 filed before the High Court of Lahore challenged the recovery of Cotton Cess against the judgment passed in writ petition No. 311009 of 2016 and writ petition No. 214708 of 2018 respectively. No further date is fixed for hearing.

Commitments

| | | |
|---|--------------------|--------------------|
| Letter of credit (for store, raw material and fixed assets) | 6,621,568,727 | 5,105,556,165 |
| Commitments for capital expenditure | <u>257,644,452</u> | <u>758,430,450</u> |

The Company has entered into Ijarah arrangements for vehicles with Meezan Bank Limited. These arrangements have been made for the period of five years. Such arrangements carry Bench Mark Rate of 0.5% per annum over the 3 Month KIBOR. The rate would be fixed for the first three months on the last working day before the first disbursement date and subsequently on each last working day immediately preceding the beginning of next three months. Lease rentals shall be revised in accordance with the change in KIBOR to appropriately reflect the Bench Mark. Future Ijarah payments due under these arrangements at the period end are as follows:

| | | |
|---|--------------------|----------|
| Not later than one year | 31,608,798 | - |
| Later than one year & not later than five years | 106,418,566 | - |
| Later than five years | - | - |
| | <u>138,027,364</u> | <u>-</u> |

18 PROPERTY, PLANT AND EQUIPMENT

| | | | |
|--------------------------|------|----------------------|----------------------|
| Operating fixed assets | 18.1 | 4,607,486,317 | 2,911,960,350 |
| Capital work in progress | 18.6 | 2,169,614,127 | 180,525,898 |
| | | <u>6,777,100,444</u> | <u>3,092,486,248</u> |

18.6 CAPITAL WORK IN PROGRESS

| | June 30, 2022 | | | |
|----------------------------|------------------------|----------------------|----------------------|------------------------|
| | As at July 01, 2021 | Additions | Transfers | As at June 30, 2022 |
| | PKR | PKR | PKR | PKR |
| Building and civil works | 73,051,623 | 849,539,371 | 151,414,725 | 771,176,269 |
| Plant and machinery | 107,474,275 | 2,980,408,252 | 1,898,050,008 | 1,189,832,519 |
| Equipment and other Assets | - | 26,377,256 | 26,377,256 | - |
| Electric installation | - | 208,605,339 | - | 208,605,339 |
| | <u>180,525,898</u> | <u>4,064,930,218</u> | <u>2,075,841,989</u> | <u>2,169,614,127</u> |
| | June 30, 2021 | | | |
| | As at July 01, 2020 | Additions | Transfers | As at June 30, 2021 |
| | PKR | PKR | PKR | PKR |
| Building and civil works | 5,680,909 | 67,370,714 | - | 73,051,623 |
| Plant and machinery | 16,212,417 | 108,237,345 | 16,975,487 | 107,474,275 |
| | <u>21,893,326</u> | <u>175,608,059</u> | <u>16,975,487</u> | <u>180,525,898</u> |

Bhanero Textile Mills Limited
**Notes to the Financial Statements
For The Year Ended June 30, 2022**
18.1 OPERATING FIXED ASSETS

| PARTICULARS | Year Ended June 30, 2022 | | | | | | | | | Rate |
|-----------------------------------|--------------------------|--|-----------|------------------------|------------------------|--------------------|---------------------------|------------------------|-----------------------------------|-------------|
| | COST | | | | DEPRECIATION | | | | Book value as at June 30, 2022 | |
| | As at July 01, 2021 | Additions / (disposals) | Transfers | As at June 30, 2022 | As at July 01, 2021 | For the year | Transfers / (disposal) | As at June 30, 2022 | | |
| Rupees | | | | | | | | | | |
| Company owned | | | | | | | | | | |
| Leasehold land | 433,414 | - | - | 433,414 | - | - | - | - | 433,414 | - |
| Freehold land | 660,724,005 | 4,802,105 | - | 665,526,110 | - | - | - | - | 665,526,110 | - |
| Building on leasehold land | 174,351,730 | - | - | 174,351,730 | 120,239,643 | 5,497,140 | - | 125,736,783 | 48,614,947 | 10% |
| Building on freehold land | 473,447,260 | 130,438,591 | - | 603,885,851 | 290,751,909 | 24,791,468 | - | 315,543,377 | 288,342,474 | 10% |
| Office premises on leasehold land | 29,894,675 | - | - | 29,894,675 | 18,853,937 | 552,037 | - | 19,405,974 | 10,488,701 | 5% |
| Office premises on freehold land | 112,306,388 | 20,976,134 | - | 133,282,522 | 49,336,066 | 3,672,919 | - | 53,008,985 | 80,273,537 | 5% |
| Plant and machinery | 4,287,400,716 | 1,898,050,008 (366,296,216) | - | 5,819,154,508 | 2,480,566,504 | 271,173,472 | - | 2,453,105,322 | 3,366,049,186 | 10% |
| Equipments and other assets | 157,436,448 | 26,377,256 | - | 183,813,704 | 127,077,475 | 17,261,745 | - | 144,339,220 | 39,474,484 | Three years |
| Electric Installation | 78,506,475 | - | - | 78,506,475 | 44,173,389 | 3,359,506 | - | 47,532,895 | 30,973,580 | 10% |
| Gas Line & Pipe | 7,180,289 | - | - | 7,180,289 | 5,721,997 | 145,829 | - | 5,867,826 | 1,312,463 | 10% |
| Cooling towers | 5,223,570 | - | - | 5,223,570 | 4,126,388 | 109,718 | - | 4,236,106 | 987,464 | 10% |
| Ventilation system | 2,094,912 | - | - | 2,094,912 | 1,271,516 | 82,340 | - | 1,353,856 | 741,056 | 10% |
| Boiler | 24,032,925 | - | - | 24,032,925 | 15,457,966 | 857,496 | - | 16,315,462 | 7,717,463 | 10% |
| Factory equipments | 5,650,258 | - | - | 5,650,258 | 5,072,197 | 57,806 | - | 5,130,003 | 520,255 | 10% |
| Furniture and fixtures - Factory | 6,458,676 | - | - | 6,458,676 | 5,020,480 | 143,820 | - | 5,164,300 | 1,294,376 | 10% |
| Office equipments | 29,257,136 | 7,728,000 | - | 36,985,136 | 21,001,461 | 1,018,768 | - | 22,020,229 | 14,964,907 | 10% |
| Furniture and fixtures - Office | 2,657,972 | - | - | 2,657,972 | 1,349,373 | 130,860 | - | 1,480,233 | 1,177,739 | 10% |
| Vehicles | 119,185,984 | 16,363,005 (13,696,992) | - | 121,851,997 | 74,262,182 | 11,288,697 | - | 73,257,836 | 48,594,161 | 20% |
| June 30, 2022 | 6,176,242,833 | 2,104,735,099 (379,993,208) | - | 7,900,984,724 | 3,264,282,483 | 340,143,621 | - | 3,293,498,407 | 4,607,486,317 | - |
| | | | | | | | | | | |

Bhanero Textile Mills Limited
**Notes to the Financial Statements
For The Year Ended June 30, 2022**
Year Ended June 30, 2021
PROPERTY, PLANT AND EQUIPMENT

| PARTICULARS | COST | | | | DEPRECIATION | | | | Book value as at June 30, 2021 | Rate |
|-----------------------------------|------------------------|-----------------------------|-------------------|------------------------|------------------------|--------------------|---------------------------|------------------------|-----------------------------------|-------------|
| | As at July 01, 2020 | Additions / (disposals) | Transfers | As at June 30, 2021 | As at July 01, 2020 | For the year | Transfers / (disposal) | As at June 30, 2021 | | |
| Rupees | | | | | | | | | | |
| Company owned | | | | | | | | | | |
| Leasehold land | 433,414 | - | - | 433,414 | - | - | - | - | 433,414 | - |
| Freehold land | 542,200,660 | 190,497,419 (71,974,074) | - | 660,724,005 | - | - | - | - | 660,724,005 | - |
| Building on leasehold land | 174,351,730 | - | - | 174,351,730 | 114,131,709 | 6,107,934 | - | 120,239,643 | 54,112,087 | 10% |
| Building on freehold land | 473,447,260 | - | - | 473,447,260 | 270,452,426 | 20,299,483 | - | 290,751,909 | 182,695,351 | 10% |
| Office premises on leasehold land | 29,894,675 | - | - | 29,894,675 | 18,272,845 | 581,092 | - | 18,853,937 | 11,040,738 | 5% |
| Office premises on freehold land | 112,306,388 | - | - | 112,306,388 | 46,021,838 | 3,314,228 | - | 49,336,066 | 62,970,322 | 5% |
| Plant and machinery | 4,270,425,229 | - | 16,975,487 | 4,287,400,716 | 2,279,858,496 | 200,708,008 | - | 2,480,566,504 | 1,806,834,212 | 10% |
| Equipments and other assets | 131,851,201 | 25,585,247 | - | 157,436,448 | 110,873,726 | 16,203,749 | - | 127,077,475 | 30,358,973 | Three years |
| Electric Installation | 78,506,475 | - | - | 78,506,475 | 40,440,605 | 3,732,784 | - | 44,173,389 | 34,333,086 | 10% |
| Gas line and pipe | 7,180,289 | - | - | 7,180,289 | 5,559,964 | 162,033 | - | 5,721,997 | 1,458,292 | 10% |
| Cooling towers | 5,223,570 | - | - | 5,223,570 | 4,004,479 | 121,909 | - | 4,126,388 | 1,097,182 | 10% |
| Ventilation system | 2,094,912 | - | - | 2,094,912 | 1,180,027 | 91,489 | - | 1,271,516 | 823,396 | 10% |
| Boiler | 24,032,925 | - | - | 24,032,925 | 14,505,193 | 952,773 | - | 15,457,966 | 8,574,959 | 10% |
| Factory equipment | 5,650,258 | - | - | 5,650,258 | 5,007,968 | 64,229 | - | 5,072,197 | 578,061 | 10% |
| Furniture and fixtures - Factory | 6,458,676 | - | - | 6,458,676 | 4,860,682 | 159,798 | - | 5,020,480 | 1,438,196 | 10% |
| Office equipments | 29,257,136 | - | - | 29,257,136 | 20,084,163 | 917,298 | - | 21,001,461 | 8,255,675 | 10% |
| Furniture and fixtures - Office | 2,657,972 | - | - | 2,657,972 | 1,203,973 | 145,400 | - | 1,349,373 | 1,308,599 | 10% |
| Vehicles | 114,943,114 | 10,221,150 (5,978,280) | - | 119,185,984 | 69,795,218 | 9,801,738 | - | 74,262,182 | 44,923,802 | 10% |
| | - | - | - | - | - | - | (5,334,774) | - | - | 20% |
| June 30, 2021 | 6,010,915,884 | 226,303,816 | 16,975,487 | 6,176,242,833 | 3,006,253,312 | 263,363,945 | - | 3,264,282,483 | 2,911,960,350 | |
| | - | (77,952,354) | - | - | - | - | (5,334,774) | - | - | |

18.2 Equipment and other assets includes assets amounting to PKR 15,710,241 (2021: PKR 15,710,241) which has been fully depreciated.

18.3 The depreciation charge for the year has been allocated as follows:

| | Note | June 30, 2022 Rupees | June 30, 2021 Rupees |
|-------------------------|------|-------------------------|-------------------------|
| Cost of sales | 29 | 327,692,336 | 252,485,111 |
| Administrative expenses | 32 | 12,451,285 | 10,878,834 |
| | | <u>340,143,621</u> | <u>263,363,945</u> |

18.4 Freehold lands of the Company are located at Feroze Wattoan Sheikhpura with an area of 883 kanal 01 marla (2021: 880 kanal 8 marla), at Gajumata Kasur 48 Kanal (2021: 48 Kanal) and Leasehold land are located at Kotri with an area of 104 Kanal (2021: 104 Kanal).

Bhanero Textile Mills Limited
**Notes to the Financial Statements
For The Year Ended June 30, 2022**
18.5 DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

| Year Ended June 30, 2022 | | | | | | | |
|----------------------------|--------------------|--------------------------|--------------------|---|---|------------------|---|
| Description | Cost | Accumulated depreciation | Written down value | Proceeds from disposal of property, plant and equipment | Gain on disposal of property, plant and equipment | Mode of disposal | Particulars of buyer |
| Rupees | | | | | | | |
| Machinery | | | | | | | |
| 04 No. Picanol Looms | 15,383,583 | 12,449,665 | 2,933,918 | 12,446,084 | 9,512,166 | Negotiation | Deira Trading Center LLC, WH # 6 Safetex, Paniwala Road AD Ind Area, UAE |
| 06 No. Picanol Looms | 23,170,065 | 18,749,565 | 4,420,500 | 18,774,382 | 14,353,882 | Negotiation | Deira Trading Center LLC, WH # 6 Safetex, Paniwala Road AD Ind Area, UAE |
| 06 No. Picanol Looms | 22,973,004 | 18,593,214 | 4,379,790 | 18,830,888 | 14,451,098 | Negotiation | Deira Trading Center LLC, WH # 6 Safetex, Paniwala Road AD Ind Area, UAE |
| 08 No. Picanol Looms | 30,764,606 | 24,946,981 | 5,817,625 | 25,196,459 | 19,378,834 | Negotiation | Deira Trading Center LLC, WH # 6 Safetex, Paniwala Road AD Ind Area, UAE |
| 08 No. Picanol Looms | 30,628,112 | 24,838,364 | 5,789,748 | 25,291,034 | 19,501,286 | Negotiation | Deira Trading Center LLC, WH # 6 Safetex, Paniwala Road AD Ind Area, UAE |
| 12 No. Picanol Looms | 46,324,771 | 37,636,494 | 8,688,277 | 38,006,073 | 29,317,796 | Negotiation | Deira Trading Center LLC, WH # 6 Safetex, Paniwala Road AD Ind Area, UAE |
| 16 No. Picanol Looms | 61,713,473 | 50,140,048 | 11,573,425 | 51,632,350 | 40,058,925 | Negotiation | Green forest General Trading FZE, BC 1301523 Ajman Free Zone, UAE |
| 16 No. Picanol Looms | 61,839,727 | 50,340,574 | 11,499,153 | 52,525,200 | 41,026,047 | Negotiation | Green forest General Trading FZE, BC 1301523 Ajman Free Zone, UAE |
| 12 No. Picanol Looms | 46,271,883 | 37,893,768 | 8,378,115 | 10,800,000 | 2,421,885 | Negotiation | Sapphire Industries, D-198/5, Single MashAllah Compound, Street 3 SITE, Karachi |
| 02 No. Picanol Looms | 7,655,108 | 6,306,980 | 1,348,128 | 1,600,000 | 251,872 | Negotiation | Denim & Denim Mills, G-5, Court View Apartment, Sindh Assembly, Karachi |
| 04 No. Picanol Looms | 15,365,283 | 12,659,327 | 2,705,956 | 2,800,000 | 94,044 | Negotiation | Hanoof Textile, Chak # 120, Sargodha Road, Faisalabad |
| Murata Auto Coner | 4,206,601 | 4,079,674 | 126,927 | 1,000,000 | 873,073 | Negotiation | Denim & Denim Mills, G-5, Court View Apartment, Sindh Assembly, Karachi |
| | 366,296,216 | 298,634,654 | 67,661,562 | 258,902,470 | 191,240,908 | | |
| Vehicles | | | | | | | |
| Suzuki Cultus LEC 11-2061 | 941,900 | 842,450 | 99,450 | 300,000 | 200,550 | Negotiation | Mr. Muhammad Altaf, H # 68-B Railway Officer Colony, Walton, Lahore |
| Toyota Corolla LEA 10-6259 | 1,443,630 | 1,335,744 | 107,886 | 350,000 | 242,114 | Negotiation | Mr. Muhammad Altaf, H # 68-B Railway Officer Colony, Walton, Lahore |
| Suzuki Alto LEC 12-6268 | 887,313 | 771,528 | 115,785 | 300,000 | 184,215 | Negotiation | Mr. Ahmed Ali, H # 442/B-VII, Church Raod, Sahiwal |
| Suzuki Cultus LEC 07-7637 | 627,250 | 602,360 | 24,890 | 200,000 | 175,110 | Negotiation | Mr. Muhammad Altaf, H # 68-B Railway Officer Colony, Walton, Lahore |
| Toyota Corolla LEA 10-6251 | 1,443,630 | 1,343,185 | 100,445 | 400,000 | 299,555 | Negotiation | Mr. Muhammad Altaf, H # 68-B Railway Officer Colony, Walton, Lahore |
| Toyota Hilux LEE 12-5960 | 5,643,449 | 4,919,136 | 724,313 | 1,500,000 | 775,687 | Negotiation | Mr. Amjad Mushtaq, H # 37, Block E, Maraghzar Colony, Lahore |
| Toyota Corolla LEF-9452 | 1,968,440 | 1,863,025 | 105,415 | 500,000 | 394,585 | Negotiation | Mr. Muhammad Altaf, H # 68-B Railway Officer Colony, Walton, Lahore |
| Suzuki Mehran LEB 14-8491 | 741,380 | 615,615 | 125,765 | 200,000 | 74,235 | Negotiation | Ms. Farzana, H # 53, Sector R, Phase 8, DHA, Lahore |
| | 13,696,992 | 12,293,043 | 1,403,949 | 3,750,000 | 2,346,051 | | |
| 30-Jun-22 | 379,993,208 | 310,927,697 | 69,065,511 | 262,652,470 | 193,586,959 | | |

Bhanero Textile Mills Limited
**Notes to the Financial Statements
For The Year Ended June 30, 2022**

| Year ended June 30, 2021 | | | | | | | |
|---|-------------------|--------------------------|--------------------|---|---|------------------|--|
| Description | Cost | Accumulated depreciation | Written down value | Proceeds from disposal of property, plant and equipment | Gain on disposal of property, plant and equipment | Mode of disposal | Particulars of buyer |
| | | | | | | | |
| Office premises on lease hold land | | | | | | | |
| Land | 71,974,074 | - | 71,974,074 | 121,380,000 | 49,405,926 | Negotiation | Umer Farms (Private) Limited, Lahore - Associated Company |
| | 71,974,074 | - | 71,974,074 | 121,380,000 | 49,405,926 | | |
| Machinery | | | | | | | |
| Vehicles | | | | | | | |
| Toyota Corolla LEA-10 5338 | 1,443,630 | 1,306,447 | 137,183 | 300,000 | 162,817 | Negotiation | Mr. Ansar Mehmood, PO Jand Mahlu, Gojar Khan, Rawalpindi |
| Suzuki Bolan CT 1507 | 565,690 | 514,718 | 50,972 | 166,000 | 115,028 | Negotiation | Mr. Zafar Iqbal, Mohalla Sher Baba, Kawas, District Ziarat |
| Toyota Corolla LEC 2596 | 1,530,390 | 1,311,577 | 218,813 | 400,000 | 181,187 | Negotiation | Mr. Altaf, H # 68 Railway Colony Walton, Lahore |
| Toyota Corolla LEC-12 2454 | 1,525,890 | 1,316,111 | 209,779 | 400,000 | 190,221 | Negotiation | Mr. Altaf, H # 68 Railway Colony Walton, Lahore |
| Toyota Corolla LWL 8925 | 912,680 | 885,921 | 26,759 | 200,000 | 173,241 | Negotiation | Mr. Altaf, H # 68 Railway Colony Walton, Lahore |
| | 5,978,280 | 5,334,774 | 643,506 | 1,466,000 | 822,494 | | |
| 30-Jun-21 | 77,952,354 | 5,334,774 | 72,617,580 | 122,846,000 | 50,228,420 | | |

Bhanero Textile Mills Limited
Notes to the Financial Statements
For The Year Ended June 30, 2022
19 LONG TERM DEPOSITS

| | | | |
|----------------|------|-------------------|-------------------|
| Ijara deposits | | 13,022,800 | - |
| Electricity | | 28,107,540 | 28,107,540 |
| Telephone | | 33,600 | 33,600 |
| Others | 18.1 | 432,176 | 418,676 |
| | | <u>41,596,116</u> | <u>28,559,816</u> |

18.1 It includes security deposit amounting to Rs. 20,000 (June 2021: Rs. 20,000) given to Admiral (Private) Limited, an associated company, against rent of building.

20 STORES, SPARES AND LOOSE TOOLS

| | | | |
|-------------------|--|--------------------|--------------------|
| Stores and spares | | 135,388,484 | 95,176,831 |
| Packing material | | 14,960,144 | 12,599,265 |
| | | <u>150,348,628</u> | <u>107,776,096</u> |

20.1 No item of stores, spares and loose tools is pledged as security as at reporting date.

21 STOCK IN TRADE

| | | | |
|-------------------------|------|----------------------|----------------------|
| Raw material | 21.1 | 3,579,609,170 | 2,018,860,353 |
| Raw material in transit | | 449,891,086 | 38,546,837 |
| Work in process | | 259,005,475 | 185,829,049 |
| Finished goods | | 813,407,832 | 416,172,599 |
| | | <u>5,101,913,563</u> | <u>2,659,408,838</u> |

21.1 No item of stock in trade is pledged as security as at reporting date.

21.2 Stock of finished goods includes stock of waste valued at Rs. 2,412,274 (30-Jun-21: Rs. 1,877,916). The entire stock of waste is valued at net realizable value.

22 TRADE DEBTS

| | | | |
|---|------|----------------------|----------------------|
| Foreign - secured against letter of credit | | 360,677,957 | 174,002,310 |
| Local - unsecured - considered good | | 1,522,846,066 | 1,454,117,602 |
| Local - unsecured - considered doubtful | | 165,389,592 | 83,553,311 |
| | | 2,048,913,615 | 1,711,673,223 |
| Allowance for ECL on trade debts | 22.1 | (165,389,592) | (83,553,311) |
| | | <u>1,883,524,023</u> | <u>1,628,119,912</u> |
| 22.1 Particulars of allowance for ECL on trade debts | | | |
| Balance at beginning of the year | | 83,553,311 | 85,943,604 |
| Charge during the year | 33 | 92,208,365 | 10,372,084 |
| Allowance no longer required / recovered | | (10,372,084) | (12,762,377) |
| Balance at the end of the year | | <u>165,389,592</u> | <u>83,553,311</u> |

23 LOANS AND ADVANCES

| | | | |
|---|------|-------------------|-------------------|
| Advances to : | | | |
| Suppliers - Unsecured (considered good) | | 60,536,944 | 13,191,152 |
| Employees - Secured (considered good) | 23.1 | 4,939,064 | 6,406,465 |
| Employees - Unsecured (considered doubtful) | | 1,165,000 | 1,165,000 |
| L/C in transit | | 225,405 | 6,278,808 |
| | | 66,866,413 | 27,041,425 |
| Provision for doubtful advances | 23.2 | (1,165,000) | (1,165,000) |
| | | <u>65,701,413</u> | <u>25,876,425</u> |
| 23.1 These represent advances to employees against future salaries and post employment benefits in accordance with the company policy. | | | |
| 23.2 Provision for doubtful advances | | | |
| Balance at beginning of the year | | 1,165,000 | 1,165,000 |
| Charge during the year | | - | - |
| Provision no longer required/ recovered | | - | - |
| Balance at the ended of the year | | <u>1,165,000</u> | <u>1,165,000</u> |

24 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

| | | | |
|--------------------------------------|------|--------------------|--------------------|
| | Note | June 30, 2022 | June 30, 2021 |
| | | Rupees | Rupees |
| Deposits against infrastructure fees | 24.1 | 238,444,861 | 136,444,861 |
| Prepaid expenses | | 2,686,312 | 389,502 |
| Margin against letter of credit | | 5,132,470 | 332,327 |
| | | <u>246,263,643</u> | <u>137,166,690</u> |

24.1 Effective mark up rate on these deposits range from 5.5% to 11.1% per annum (June 30, 2021: 4.70% to 11.83% per annum).

25 OTHER RECEIVABLES - UNSECURED

| | | | |
|--------------------------------------|--|-------------------|------------------|
| KMC refundable - Considered doubtful | | 680,624 | 680,624 |
| Letter of credits | | 7,043 | - |
| Claims receivable - Considered good | | 28,938,730 | 6,234,227 |
| | | 29,626,397 | 6,914,851 |
| Provision for doubtful receivables | | (680,624) | (680,624) |
| | | <u>28,945,773</u> | <u>6,234,227</u> |

Bhanero Textile Mills Limited
**Notes to the Financial Statements
For The Year Ended June 30, 2022**
26 SALES TAX REFUNDABLE

| | | |
|---|--------------------|-------------------|
| Sales tax and federal excise duty refundable | 608,870,900 | 63,204,674 |
| Federal excise duty and 1% Special excise duty refundable - considered doubtful | 3,006,390 | 3,006,390 |
| Provision for non refundable | (3,006,390) | (3,006,390) |
| | - | - |
| | <u>608,870,900</u> | <u>63,204,674</u> |

27 BANK BALANCES

| | | |
|------------------------------------|--------------------|----------------------|
| Balances with banks on: | | |
| Current accounts | 636,001,983 | 1,736,582,020 |
| Saving Account | 27.1 1,519,833 | - |
| Foreign currency account - current | 3,316,492 | 2,534,201 |
| | <u>640,838,308</u> | <u>1,739,116,221</u> |

27.1 It carries mark up at the rate of 2.32% to 6.23% per annum (2021: Nil).

28 SALES - NET

| | | |
|----------------------|------------------------|------------------------|
| Export | | |
| Yarn | 3,317,226,912 | 985,021,426 |
| Fabric | 4,049,895,616 | 2,059,815,464 |
| | 7,367,122,528 | 3,044,836,890 |
| Export Rebate | 199,003 | 382,043 |
| | <u>7,367,321,531</u> | <u>3,045,218,933</u> |
| Local | | |
| Yarn | 8,989,974,126 | 8,122,292,559 |
| Fabric | 2,749,700,310 | 2,356,006,136 |
| Cotton and polyester | 2,465,426 | 12,337,111 |
| Scrap | 10,976,959 | 5,433,123 |
| Waste and others | 187,462,926 | 165,659,084 |
| | <u>11,940,579,747</u> | <u>10,661,728,013</u> |
| | 19,307,901,278 | 13,706,946,946 |
| Regulatory duty | - | - |
| Discount | (71,115) | (31,084) |
| Sales tax | (2,055,321,113) | (1,548,802,794) |
| | <u>(2,055,392,228)</u> | <u>(1,548,833,878)</u> |
| | <u>17,252,509,050</u> | <u>12,158,113,068</u> |

28.1 Export sales includes exchange gain of PKR 274.7 million (2021: PKR 111 million).

28.2 Export sales includes Rs. 1,882.54 million exclusive of sales tax (2021: Rs. Nil) in respect of indirect export sales.

29 COST OF SALES

| | Note | June 30, 2022 Rupees | June 30, 2021 Rupees |
|-----------------------------------|------|-------------------------|-------------------------|
| Raw material consumed | 29.1 | 10,600,582,371 | 6,301,666,632 |
| Packing material consumed | | 117,609,966 | 87,635,263 |
| Stores, spares and loose tools | | 237,263,066 | 209,934,800 |
| Salaries, wages and benefits | 29.2 | 879,293,995 | 785,431,331 |
| Fees and subscription | | 1,130,439 | 1,123,062 |
| Fuel, power and water | | 1,389,902,494 | 1,133,805,420 |
| Insurance | | 35,152,006 | 25,521,424 |
| Vehicle running and maintenance | | 13,059,942 | 9,852,560 |
| Rent, rate and taxes | | 714,327 | 625,410 |
| Repairs and maintenance | | 23,137,962 | 22,322,941 |
| Communication | | 950,025 | 793,937 |
| Traveling and conveyance | | 3,005,720 | 2,354,498 |
| Depreciation | 18.3 | 327,692,336 | 252,485,111 |
| Others | | 3,682,233 | 3,022,148 |
| | | <u>13,633,176,882</u> | <u>8,836,574,537</u> |
| Work in process | | | |
| Opening stock | | 185,829,049 | 158,886,287 |
| Closing stock | | (259,005,475) | (185,829,049) |
| | | <u>(73,176,426)</u> | <u>(26,942,762)</u> |
| Cost of goods manufactured | | <u>13,560,000,456</u> | <u>8,809,631,775</u> |
| Cost of raw material sold | 29.3 | 1,477,445 | 10,682,909 |
| Finished stocks | | | |
| Opening stock | | 416,172,599 | 856,636,117 |
| Finished goods purchases | | 13,886,360 | 165,637,356 |
| Closing stock | | (813,407,832) | (416,172,599) |
| | | <u>(383,348,873)</u> | <u>606,100,874</u> |
| | | <u>13,178,129,028</u> | <u>9,426,415,558</u> |
| 29.1 Raw material consumed | | | |
| Opening stock | | 2,057,407,190 | 2,940,887,298 |
| Purchases - net | | 12,576,516,384 | 5,439,499,392 |
| | | <u>14,633,923,574</u> | <u>8,380,386,690</u> |
| Cost of raw material sold | | (3,840,947) | (21,312,868) |
| Closing stock | | (4,029,500,256) | (2,057,407,190) |
| | | <u>10,600,582,371</u> | <u>6,301,666,632</u> |

29.2 Salaries, wages and benefits includes employees benefits amounting to PKR 53,150,976 (June 30, 2021: PKR 42,164,682).

Bhanero Textile Mills Limited
Notes to the Financial Statements
For The Year Ended June 30, 2022

| 29.3 Cost of cotton sold | | | |
|--|------|----------------------|----------------------|
| Cost of purchases | | 1,298,587 | 10,522,293 |
| Salaries, wages and other benefits | | 16,560 | 10,500 |
| Loading and unloading | | - | 697 |
| Insurance | | 5,596 | 8,183 |
| Finance cost | | 156,702 | 141,236 |
| | | 178,858 | 160,616 |
| | | 1,477,445 | 10,682,909 |
| 30 OTHER INCOME | | | |
| Income from financial assets | | | |
| Interest income | | 38,055,939 | 19,539,636 |
| Exchange gain on foreign currency accounts | | 782,290 | - |
| Reversal of provision for ECL & advance | | 10,372,084 | 12,762,377 |
| | | 49,210,313 | 32,302,013 |
| Income from other than financial assets | | | |
| Gain on disposal of property, plant and equipment | 18.5 | 193,586,959 | 50,228,420 |
| Rental income | | - | 723,509 |
| | | 193,586,959 | 50,951,929 |
| | | 242,797,272 | 83,253,942 |
| | | June 30, 2022 | June 30, 2021 |
| | | Rupees | Rupees |
| 31 DISTRIBUTION COST | | | |
| Export | | | |
| Freight on export sales | | 233,014,399 | 82,879,584 |
| Commission on export sales | | 86,169,352 | 40,846,643 |
| Export development surcharge | | 12,884,833 | 7,425,573 |
| Others | | 3,240,335 | 2,353,528 |
| | | 335,308,919 | 133,505,328 |
| Local | | | |
| Salaries and wages | | 1,020,364 | 1,006,921 |
| Freight on local sales | | 18,211,152 | 17,901,902 |
| Commission on local sales | | 105,254,310 | 89,373,335 |
| Quality claim | | 56,185 | 657,898 |
| Others | | 1,505,116 | 889,604 |
| | | 126,047,127 | 109,829,660 |
| | | 461,356,046 | 243,334,988 |
| 32 ADMINISTRATIVE EXPENSES | | | |
| Directors' remuneration | | 21,600,000 | 21,600,000 |
| Staff salaries and benefits | 32.1 | 104,949,854 | 83,038,318 |
| Traveling, conveyance and entertainment | | 6,593,916 | 5,452,555 |
| Printing and stationery | | 3,372,356 | 2,854,491 |
| Communication | | 2,018,397 | 1,142,681 |
| Vehicles running and maintenance | | 11,068,669 | 8,177,512 |
| Legal and professional | | 6,366,975 | 4,502,223 |
| Auditors' remuneration | 32.2 | 2,865,000 | 1,758,000 |
| Fee and subscription | | 10,185,305 | 8,593,255 |
| Repair and maintenance | | 485,221 | 851,409 |
| Depreciation | 18.3 | 12,451,285 | 10,878,834 |
| Rent, rates and utilities | | 1,917,575 | 1,826,241 |
| Donation | 32.3 | 1,500,000 | 600,000 |
| Ijara lease rentals | | 26,070,265 | - |
| Others | | 4,816,924 | 6,362,793 |
| | | 216,261,742 | 157,638,312 |
| 32.1 Salaries, wages and benefits includes employees benefits amounting to PKR 7,985,990 (June 30, 2021: PKR 6,298,331). | | | |
| 32.2 Auditors' remuneration | | | |
| Annual statutory audit | | 1,836,000 | 1,529,000 |
| Half yearly review | | 189,000 | 189,000 |
| Code of Corporate Governance review | | 40,000 | 40,000 |
| Special half yearly audit | | 800,000 | - |
| | | 2,865,000 | 1,758,000 |
| 32.3 During the year, donation to a single party does not exceed to Rs. 1 million (2021: Nil). No director or his spouse had any interest in the donee. | | | |
| 33 OTHER OPERATING EXPENSES | | | |
| Workers' Profit Participation Fund | 12.3 | 161,290,382 | 116,211,377 |
| Workers' Welfare Fund | | 64,963,554 | 43,219,577 |
| Allowance for ECL on trade debts | 22.1 | 92,208,365 | 10,372,084 |
| Exchange loss | | - | 191,458 |
| | | 318,462,301 | 169,994,496 |
| 34 FINANCE COST | | | |
| Mark-up on: | | | |
| - long-term financing | | 42,440,265 | 28,213,046 |
| - short-term borrowings | | 18,348,152 | 22,185,921 |
| - workers' profit participation fund | 12.3 | 9,926,534 | 2,899,944 |
| | | 70,714,951 | 53,298,911 |
| Bank charges and commission | | 7,198,679 | 5,177,145 |
| Letter of credits discounting | | 59,969,466 | 24,528,776 |
| | | 137,883,096 | 83,004,832 |

Bhanero Textile Mills Limited
Notes to the Financial Statements
For The Year Ended June 30, 2022

34.1 During the year company has capitalized the markup of Rs. 29,801,499 (2021: Nil).

34.2 Capitalization rates used to determine the amount of borrowing cost eligible for capitalization is 2.5% to 12.12% (2021: Nil).

35 PROVISION FOR TAXATION
Current

| | | | |
|-------------------|------|-------------|-------------|
| - for the year | 35.1 | 358,564,001 | 290,975,056 |
| - for prior years | | - | 4,205,000 |
| | | 358,564,001 | 295,180,056 |

Deferred

| | | | |
|-------------------|------|-------------|-------------|
| - for the year | 10.1 | 43,697,398 | 15,092,565 |
| - for prior years | | 22,798,192 | - |
| | | 66,495,590 | 15,092,565 |
| | | 425,059,591 | 310,272,621 |

35.1 Provision for current tax for the year has been made in accordance with section 18 and section 154 of the Income Tax Ordinance 2001. Income tax assessment of company has been finalized upto tax year 2021.

35.2 Numerical reconciliation between the average tax rate and the applicable tax rate

| | June 30, 2022 | June 30, 2021 |
|--|---------------|---------------|
| | % | % |
| Applicable tax rate | 39.00 | 29.00 |
| Tax effect of amounts that are: | | |
| adjustment of the prior years | - | 0.20 |
| income chargeable to tax at different rate | (27.74) | (15.54) |
| deferred tax | 2.09 | 0.70 |
| | (25.65) | (14.64) |
| Effective tax rate | 13.35 | 14.36 |

36 EARNINGS PER SHARE - BASIC AND DILUTED

919.38 616.90

There is no dilutive effect on the basic earning per share of the company which is based on;

Earnings

| | | |
|---|---------------|---------------|
| Earnings for the purpose of basic earnings per share (net profit after tax for the year) | 2,758,154,518 | 1,850,706,203 |
|---|---------------|---------------|

Number of shares

| | | |
|--|-----------|-----------|
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 3,000,000 | 3,000,000 |
|--|-----------|-----------|

Basic earnings per share have been computed by dividing earnings as stated above with weighted average number of ordinary shares.

| | | | |
|---------------------------------|---------------|---------------|---------------|
| Basic earnings per share | Rupees | 919.38 | 616.90 |
|---------------------------------|---------------|---------------|---------------|

No figure for diluted earnings per share has been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

37 NON ADJUSTING EVENTS AFTER THE REPORTING PERIOD

In respect of current period, the board of directors in their meeting held on 28 September, 2022 has proposed to pay cash dividend of @ 715% i.e. PKR 71.5per ordinary share of PKR 10 each. This dividend is subject to approval by the shareholders at the forthcoming annual general meeting.

38 CHANGES FROM FINANCING CASH FLOWS

| | June 30, 2022 | | |
|---|-----------------------|--------------------------|-----------------------|
| | Long term finances | Short term borrowings | Unclaimed Dividend |
| | Rupees | Rupees | Rupees |
| As at beginning of the year | 1,278,756,032 | - | 1,342,699 |
| Long term finances obtained | 2,723,751,413 | | |
| Repayment of long term finances | (210,745,732) | | |
| Deferred grant recognized during the year | (857,069,985) | | |
| Loan accretion | 75,885,007 | | |
| Net increase in short term borrowings | | | |
| Foreign exchange loss | | | |
| Dividend declared during the year | | | 214,500,000 |
| Dividend paid during the year | | | (214,322,866) |
| As at end of the year | 3,010,576,735 | - | 1,519,833 |
| | June 30, 2021 | | |
| | Long term finances | Short term borrowings | Unclaimed Dividend |
| | Rupees | Rupees | Rupees |
| As at beginning of the year | 1,108,737,609 | 1,570,614,112 | 1,396,762 |
| Long term finances obtained | 301,253,570 | | |
| Repayment of long term finances | (101,262,819) | | |
| Deferred grant recognized during the year | (41,048,438) | | |
| Loan accretion | 11,076,110 | | |
| Net decrease in short term borrowings | | (1,570,614,112) | |
| Foreign exchange loss | | | |
| Dividend declared during the year | | | |
| Dividend paid during the year | | | (54,063) |
| As at end of the year | 1,278,756,032 | - | 1,342,699 |

39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

| | Chief Executive | Director | Executives | Chief Executive | Director | Executives |
|--------------------------|------------------------|-------------------|-------------------|------------------------|-----------------|-------------------|
| | 2022 | 2022 | 2022 | 2021 | 2021 | 2021 |
| | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees |
| Remuneration | 9,600,000 | 12,000,000 | 22,093,936 | 9,600,000 | 12,000,000 | 21,098,914 |
| Perquisites | - | - | 5,360,978 | - | - | 3,416,848 |
| Post employment benefits | - | - | 4,953,859 | - | - | 3,236,541 |
| | 9,600,000 | 12,000,000 | 32,408,773 | 9,600,000 | 12,000,000 | 27,752,303 |
| Number of persons | 1 | 1 | 8 | 1 | 1 | 9 |

39.1 In addition the Chief Executive, directors are provided with free use of Company maintained cars and telephone for business use.

39.2 No remuneration to non executive directors has been paid.

**Notes to the financial statements
For The Year Ended June 30, 2022**

40 SEGMENT INFORMATION

40.1 Products and services from which reportable segments derive their revenues

Information reported to the Company's chief operating decision maker for the purpose of resource allocation and assessment of segment performance is focused on type of goods supplied. The Company's reportable

Segment

Spinning

Weaving

Information regarding Company's reportable segments is presented below.

41 Information about reportable segments

| | June-2022 | | |
|--|----------------------------|---------------------------|-------------------------|
| | Spinning Rupees | Weaving Rupees | Total Rupees |
| Revenue from external customers | 11,003,003,104 | 6,249,505,946 | 17,252,509,050 |
| Intersegment revenues | 557,608,935 | - | 557,608,935 |
| Depreciation | 174,692,527 | 165,451,094 | 340,143,621 |
| Segment results | 3,113,489,237 | 207,607,968 | 3,321,097,205 |
| Segment assets | 10,781,465,731 | 3,866,906,421 | 14,648,372,152 |
| Segment liabilities | 3,020,460,959 | 2,760,355,996 | 5,780,816,955 |
| Interest income | 37,531,989 | 523,950 | 38,055,939 |
| Additions to non-current assets | 2,238,421,323 | 1,855,402,005 | 4,093,823,328 |
| Disposals of property, plant and equipment | 1,181,870 | 67,883,641 | 69,065,511 |
| | June-2021 | | |
| | Spinning Rupees | Weaving Rupees | Total Rupees |
| Revenue from external customers | 8,066,696,488 | 4,091,416,580 | 12,158,113,068 |
| Intersegment revenues | 577,540,200 | - | 577,540,200 |
| Depreciation | 186,001,819 | 77,362,126 | 263,363,945 |
| Segment results | 2,060,030,953 | 183,952,703 | 2,243,983,656 |
| Segment assets | 6,936,009,473 | 2,323,008,494 | 9,259,017,967 |
| Segment liabilities | 1,784,898,445 | 645,202,394 | 2,430,100,839 |
| Interest income | 17,980,858 | 1,558,778 | 19,539,636 |
| Additions to non-current assets | 203,856,229 | 198,061,646 | 401,917,875 |
| Disposals of property, plant and equipment | 72,270,618 | 16,123,803 | 88,394,421 |

The accounting policies of the reportable segments are the same as the Company's accounting policies. Segment results represent operating profit earned by the segment. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

42 Reconciliations of reportable segment information

42.1 Segment revenues

| | June-2022 | | |
|-------------------------------|-----------------------|----------------------|-----------------------|
| | Spinning Rupees | Weaving Rupees | Total Rupees |
| Total for reportable segments | 11,560,612,039 | 6,249,505,946 | 17,810,117,985 |
| Inter-segment revenues | (557,608,935) | - | (557,608,935) |
| Total for the Company | 11,003,003,104 | 6,249,505,946 | 17,252,509,050 |
| | June-2021 | | |
| | Spinning Rupees | Weaving Rupees | Total Rupees |
| Total for reportable segments | 8,644,236,688 | 4,091,416,580 | 12,735,653,268 |
| Inter-segment revenues | (577,540,200) | - | (577,540,200) |
| Total for the Company | 8,066,696,488 | 4,091,416,580 | 12,158,113,068 |

42.2 Segment assets

| | June-2022 | | |
|-------------------------------|-----------------------|-------------------------|--------------------------|
| | Spinning Rupees | Weaving Rupees | Total Rupees |
| Total for reportable segments | 10,781,465,731 | 3,866,906,421 | 14,648,372,152 |
| Unallocated assets | | | |
| Taxation recoverable | | | - |
| Sales tax refundable | | | 608,870,900 |
| Trade deposits | | | 246,263,643 |
| Long term deposit | | | 41,596,116 |
| Total for the Company | 10,781,465,731 | 3,866,906,421.00 | 15,545,102,811.00 |
| | June-2021 | | |
| | Spinning Rupees | Weaving Rupees | Total Rupees |
| Total for reportable segments | 6,936,009,473 | 2,323,008,494 | 9,259,017,967 |
| Unallocated assets | | | |
| Taxation recoverable | | | 5,397,013 |
| Sales tax refundable | | | 63,204,674 |
| Trade deposits | | | 137,166,690 |
| Long term deposit | | | 28,559,816 |
| Total for the Company | 6,936,009,473 | 2,323,008,494 | 9,493,346,160 |

42.3 Segment liabilities

| | June-2022 | | |
|-------------------------------|----------------------|----------------------|----------------------|
| | Spinning Rupees | Weaving Rupees | Total Rupees |
| Total for reportable segments | 3,020,460,959 | 2,760,355,996 | 5,780,816,955 |
| Un-allocated liabilities | | | |
| Unclaimed dividends | | | 1,519,833 |
| Infrastructure fee | | | 225,316,807 |
| Deferred taxation | | | 231,555,260 |
| Total for the Company | 3,020,460,959 | 2,760,355,996 | 6,239,208,855 |
| | | | |
| | June-2021 | | |
| | Spinning Rupees | Weaving Rupees | Total Rupees |
| Total for reportable segments | 1,784,898,445 | 645,202,394 | 2,430,100,839 |
| Un-allocated liabilities | | | |
| Unclaimed dividends | | | 1,342,699 |
| Infrastructure fee | | | 133,551,958 |
| Deferred taxation | | | 165,286,894 |
| Total for the Company | 1,784,898,445 | 645,202,394 | 2,730,282,390 |

43 Geographical information

The geographic information analyses the entity's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the

| | June 30, 2022 | June 30, 2021 |
|-----------------|------------------------------|------------------------------|
| Portugal | 1,467,476,668 | 943,380,727 |
| Korea | 433,250,498 | 634,646,882 |
| Japan | 828,138,694 | 502,367,137 |
| Italy | 642,617,987 | 398,054,573 |
| Belgium | 235,380,794 | - |
| Spain | 415,088,305 | - |
| Bangladesh | 440,897,228 | - |
| Other Countries | 704,251,563 | 566,387,571 |
| Pakistan | 14,140,600,538 | 10,661,728,013 |
| | <u>19,307,702,275</u> | <u>13,706,564,903</u> |
| Export Rebate | 199,003 | 382,043 |
| Discount | (71,115) | (31,084) |
| Sales tax | (2,055,321,113) | (1,548,802,794) |
| | <u><u>17,252,509,050</u></u> | <u><u>12,158,113,068</u></u> |

44 Information about significant customers

There is no single significant external customer to whom sales in excess of 10% of the Company's total sales were made during the year.

44.1 Company do not have any non current assets outside Pakistan.

45 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arms length transaction. As at June 30, 2022 the net fair value of all financial instruments has been based on the valuation methodology outlined below:-

Long-term deposits

Long term deposits does not carry any rate of return. The fair value of it has been taken at book value as it is not considered materially different and readily exchangeable.

Non-current liabilities

For all non-current liabilities the fair values have been taken at book values as these are not considered materially different based on the current market rates of return and reprising profiles of similar non-current liabilities.

Other financial instruments

The fair values of all other financial instruments are considered to approximate their book values as they are short term in nature.

The analysis of yield / mark-up rate risk is as under:

| | 2022 | | | | | | | Effective Interest Rate % |
|--------------------------------------|---------------------------|-----------------|-----------------|-------------------------------|----------------|---------------|-----------------|-------------------------------|
| | Interest / Markup bearing | | | Non Interest / Markup bearing | | | Total | |
| | Maturity Upto | Maturity After | Subtotal | Maturity Upto | Maturity After | Subtotal | | |
| | One year | One year | Rupees | One year | One year | Rupees | Rupees | |
| Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | | |
| Financial assets | | | | | | | | |
| Trade debts | - | - | - | 1,883,524,023 | - | 1,883,524,023 | 1,883,524,023 | |
| Loans and advances | - | - | - | 6,329,469 | - | 6,329,469 | 6,329,469 | |
| Trade deposits | 238,444,861 | - | 238,444,861 | 5,132,470 | - | 5,132,470 | 243,577,331 | 5.50 to 11.10 |
| Other receivables | - | - | - | 28,945,773 | - | 28,945,773 | 28,945,773 | |
| Cash and bank balances | - | - | - | 640,838,308 | - | 640,838,308 | 640,838,308 | |
| Long term deposits | - | - | - | - | 41,596,116 | 41,596,116 | 41,596,116 | |
| | 238,444,861 | - | 238,444,861 | 2,564,770,043 | 41,596,116 | 2,606,366,159 | 2,844,811,020 | |
| Financial liabilities | | | | | | | | |
| Long-term financing | 193,632,985 | 2,816,943,750 | 3,010,576,735 | - | - | - | 3,010,576,735 | 0.75 to 3.50 and KIBOR + 0.40 |
| Trade and other payables | 161,290,382 | - | 161,290,382 | 1,418,170,614 | - | 1,418,170,614 | 1,579,460,996 | |
| Accrued mark-up / interest | - | - | - | 31,367,006 | - | 31,367,006 | 31,367,006 | |
| Short-term borrowings | - | - | - | - | - | - | - | KIBOR + 0.1 to 2 |
| | 354,923,367 | 2,816,943,750 | 3,171,867,117 | 1,449,537,620 | - | 1,449,537,620 | 4,621,404,737 | |
| On balance sheet gap | (116,478,506) | (2,816,943,750) | (2,933,422,256) | 1,115,232,423 | 41,596,116 | 1,156,828,539 | (1,776,593,717) | |
| Contingencies and commitments | | | | | | | | |
| Post dated cheques | | | | | | | 729,423,895 | |
| Bill discounted | | | | | | | 929,073,884 | |
| Bank guarantees | | | | | | | 487,086,597 | |
| Letters of credit | | | | | | | 6,621,568,727 | |

| | 2021 | | | | | | | Effective Interest Rate % |
|--------------------------------------|---------------------------|-----------------|-----------------|-------------------------------|----------------|---------------|---------------|------------------------------|
| | Interest / Markup bearing | | | Non Interest / Markup bearing | | | Total | |
| | Maturity Upto | Maturity After | Subtotal | Maturity Upto | Maturity After | Subtotal | | |
| | One year | One year | Rupees | One year | One year | Rupees | Rupees | |
| Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | | |
| Financial assets | | | | | | | | |
| Trade debts | - | - | - | 1,628,119,912 | - | 1,628,119,912 | 1,628,119,912 | |
| Loans and advances | - | - | - | 13,850,273 | - | 13,850,273 | 13,850,273 | |
| Trade deposits | 136,444,861 | - | 136,444,861 | 332,327 | - | 332,327 | 136,777,188 | 4.70 to 11.83 |
| Other receivables | - | - | - | 6,234,227 | - | 6,234,227 | 6,234,227 | |
| Bank balances | - | - | - | 1,739,116,221 | - | 1,739,116,221 | 1,739,116,221 | |
| Long-term deposits | - | - | - | - | 28,559,816 | 28,559,816 | 28,559,816 | |
| | 136,444,861 | - | 136,444,861 | 3,387,652,960 | 28,559,816 | 3,416,212,776 | 3,552,657,637 | |
| Financial liabilities | | | | | | | | |
| Long-term financing | 201,727,395 | 1,077,028,637 | 1,278,756,032 | - | - | - | 1,278,756,032 | 0.75 to 3.5 and KIBOR + 0.40 |
| Trade and other payables | 116,211,377 | - | 116,211,377 | 745,738,935 | - | 745,738,935 | 861,950,312 | |
| Mark-up accrued on loans | - | - | - | 6,835,183 | - | 6,835,183 | 6,835,183 | |
| Short-term borrowings | - | - | - | - | - | - | - | KIBOR + 0.1 to 2 |
| | 317,938,772 | 1,077,028,637 | 1,394,967,409 | 752,574,118 | - | 752,574,118 | 2,147,541,527 | |
| On balance sheet gap | (181,493,911) | (1,077,028,637) | (1,258,522,548) | 2,635,078,842 | 28,559,816 | 2,663,638,658 | 1,405,116,110 | |
| Contingencies and commitments | | | | | | | | |
| Post dated cheques | | | | | | | 688,661,450 | |
| Bill discounted | | | | | | | 539,912,451 | |
| Bank guarantees | | | | | | | 368,863,537 | |
| Letters of credit | | | | | | | 5,105,556,165 | |

45.1 Interest rate risk management

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. Changes in interest rates can affect the rates charged on interest bearing liabilities. This can result in an increase in interest expense relative to financial borrowings or vice versa. The Company manages its risk by interest rate swapping, maintaining a fair balance between interest rates and financial assets and financial liabilities. The effective interest rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

45.2 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted. Out of the total financial assets of PKR 2,844,811,020 (June 30, 2021: PKR 3,552,657,637), unsecured local trade debts, advances to suppliers, and other receivables amounting in aggregate to PKR 1,918,799,265 (June 30, 2021: PKR 1,648,204,412) are subject to credit risk. The Company manages its credit risk by; limiting significant exposure to any individual customers and obtaining advance against sales.

45.3 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. The management closely monitors the Company's liquidity and cash flow position. This includes maintenance of statement of financial position liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

45.4 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As at June 30, 2022, the total foreign currency risk exposure was PKR 363,994,449 (June 30, 2021: PKR 176,536,511) in respect of foreign trade debts.

**Notes to the Financial Statements
For The Year Ended June 30, 2022**
45.5 Credit risk
45.5.1 Maximum credit exposure

The carrying amount of financial assets, excluding cash in hand, represents maximum credit exposure. The maximum exposure to credit risk as at the reporting date is:

| | <i>Note</i> | June 30, 2022 Rupees | June 30, 2021 Rupees |
|---------------------------|-------------|-------------------------|-------------------------|
| Long term deposits | | 41,596,116 | 28,559,816 |
| Trade debts | | 1,883,524,023 | 1,628,119,912 |
| Advances to employees | | 3,774,064 | 5,241,465 |
| Refundable trade deposits | | 238,444,861 | 136,444,861 |
| Other receivables | | 28,945,773 | 6,234,227 |
| Cash at banks | | 640,838,308 | 1,739,116,221 |
| | | <u>2,837,123,145</u> | <u>3,543,716,502</u> |

45.5.2 Concentration of credit risk

Maximum exposure to credit risk by geographical region as at the reporting date is:

| | | |
|----------------------|----------------------|----------------------|
| Domestic | 1,688,235,658 | 1,537,670,913 |
| Europe | 195,054,364 | 94,039,429 |
| Asia and Middle East | 165,623,593 | 79,962,881 |
| | <u>2,048,913,615</u> | <u>1,711,673,223</u> |
| Impairment | (165,389,592) | (83,553,311) |
| | <u>1,883,524,023</u> | <u>1,628,119,912</u> |

45.5.3 Aging and movement in Impairment losses

The aging of receivables as at the reporting date is as follows:

| | | |
|---|----------------------|----------------------|
| Not past due | 1,206,295,287 | 1,346,557,697 |
| Past due less than one year | 772,404,737 | 291,934,975 |
| Past due more than one year but less than three years | - | 2,966,960 |
| Past due more than three years | 70,213,591 | 70,213,591 |
| | <u>2,048,913,615</u> | <u>1,711,673,223</u> |
| Allowance for expected credit losses | (165,389,592) | (83,553,311) |
| | <u>1,883,524,023</u> | <u>1,628,119,912</u> |

The movement in allowance for impairment in respect of receivables during the year is as follows:

| | | |
|-----------------------------|--------------------|-------------------|
| As at beginning of the year | 83,553,311 | 85,943,604 |
| Impairment loss recognized | 92,208,365 | 10,372,084 |
| Impairment loss reversed | (10,372,084) | (12,762,377) |
| As at end of the year | <u>165,389,592</u> | <u>83,553,311</u> |

Credit quality of counter parties is assessed based on historical default rates. All loans and receivables not past due are considered good. The management believes that allowance for impairment of loans and receivables past due is not necessary, as these comprise amounts due from old customers, which have been re-negotiated from time to time and are also considered good.

45.5.4 Collateral held

The Company does not hold collateral to secure its loans and receivables. However, foreign trade receivables of the Company are secured through letters of credits and exposure to credit risk in respect of these is minimal.

45.6 Liquidity risk

Following are the contractual maturities of financial liabilities, including estimated interest payments

| | As at June 30, 2022 | | | | |
|----------------------------|------------------------------|-------------------------------------|-------------------------------|--------------------------------|-----------------------------------|
| | Carrying amount Rupees | Contractual cash flows Rupees | One year or less Rupees | One to five years Rupees | More than five years Rupees |
| Long term financing | 3,010,576,735 | 4,169,507,753 | 264,530,135 | 1,826,828,232 | 2,078,149,386 |
| Accrued mark-up / interest | 31,367,006 | 31,367,006 | 31,367,006 | - | - |
| Trade creditors | 884,165,514 | 884,165,514 | 884,165,514 | - | - |
| Accrued liabilities | 310,548,250 | 310,548,250 | 310,548,250 | - | - |
| Unclaimed dividend | 1,519,833 | 1,519,833 | 1,519,833 | - | - |
| Other payables | 169,944,177 | 169,944,177 | 169,944,177 | - | - |
| | <u>4,408,121,515</u> | <u>5,567,052,533</u> | <u>1,662,074,915</u> | <u>1,826,828,232</u> | <u>2,078,149,386</u> |
| | As at June 30, 2021 | | | | |
| | Carrying amount Rupees | Contractual cash flows Rupees | One year or less Rupees | One to five years Rupees | More than five years Rupees |
| Long term financing | 1,278,756,032 | 1,432,172,032 | 235,510,332 | 731,826,079 | 464,835,620 |
| Accrued mark-up / interest | 6,835,183 | 6,835,183 | 6,835,183 | - | - |
| Trade creditors | 377,216,036 | 377,216,036 | 377,216,036 | - | - |
| Accrued liabilities | 179,824,594 | 179,824,594 | 179,824,594 | - | - |
| Unclaimed dividend | 1,342,699 | 1,342,699 | 1,342,699 | - | - |
| Other payables | 120,266,632 | 120,266,632 | 120,266,632 | - | - |
| | <u>1,964,241,176</u> | <u>2,117,657,176</u> | <u>920,995,476</u> | <u>731,826,079</u> | <u>464,835,620</u> |

| | | June 30, 2022 | June 30, 2021 |
|-----------------------------|---|--------------------|--------------------|
| | | Rupees | Rupees |
| 45.7 Market risk | | | |
| 45.7.1 Currency risk | | | |
| a) | The Company's exposure to currency risk as at the reporting date is as follows: | | |
| | Trade receivables | 360,677,957 | 174,002,310 |
| | Cash and cash equivalents | 3,316,492 | 2,534,201 |
| | Total exposure | <u>363,994,449</u> | <u>176,536,511</u> |

- b) Exchange rates applied as at the reporting date.
The following spot exchange rates were applied as at the reporting date wherever applicable.

| | 2022 | | 2021 | |
|------|------------------|-----------------------|------------------|-----------------------|
| | Assets Rupees | Liabilities Rupees | Assets Rupees | Liabilities Rupees |
| CHF | 215.43 | 215.96 | 171.32 | 171.86 |
| JPY | 1.5047 | 1.5083 | 1.4279 | 1.43 |
| Euro | 215.23 | 215.75 | 188.12 | 188.71 |
| CNY | 30.85 | 30.93 | 24.69 | 24.76 |
| USD | 205.50 | 206.00 | 157.80 | 158.30 |

A ten percent appreciation in Rupee would have decreased profit or loss by PKR 36,399,445 (2021: PKR 17,653,651). A ten percent depreciation would have had the equal but opposite effect on profit or loss. This sensitivity analysis based on assumption that all variables, with the exception of foreign exchange rates, remain unchanged.

| | | June 30, 2022 | June 30, 2021 |
|----------------------------------|--|---------------|---------------|
| | | Rupees | Rupees |
| 45.7.2 Interest rate risk | | | |
| | The interest rate profile the Company's interest bearing financial instruments as at the reporting date is as follows: | | |
| | Fixed rate instruments | | |
| | Financial assets | 238,444,861 | 136,444,861 |
| | Financial liabilities | 2,981,591,195 | 1,089,918,158 |
| | Variable rate instruments | | |
| | Financial assets | - | - |
| | Financial liabilities | 28,985,540 | 33,709,820 |

The Company is not exposed to interest rate risk in respect of its fixed rate instruments. A 100 basis points increase in variable interest rates would have decreased profit or loss by PKR 289,855 (2021: PKR 337,098). A 100 basis points increase in variable interest rate would have had an equal but opposite impact on profit or loss.

- 45.7.3 Other Price Risk**
Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to commodity price risk as it does not hold financial instruments based commodity prices.

45.8 Fair value of financial assets and liabilities

The following table shows the carrying amounts and fair values of financial assets and liabilities. The fair value of financial assets measured at fair value is shown below. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

| | | Carrying amount 2022 | | Carrying amount 2021 | |
|------------------------------|--|-------------------------|---|-------------------------|---|
| | | At amortized cost | Fair value through profit or loss | At amortized cost | Fair value through profit or loss |
| -----Rupees----- | | | | | |
| Financial assets | | | | | |
| Long term deposits | | 41,596,116 | - | 28,559,816 | - |
| Trade debts | | 1,883,524,023 | - | 1,628,119,912 | - |
| Advances to employees | | 3,774,064 | - | 5,241,465 | - |
| Refundable trade deposits | | 243,577,331 | - | 136,777,188 | - |
| Other receivables | | 28,945,773 | - | 6,234,227 | - |
| Cash at banks | | 640,838,308 | - | 1,739,116,221 | - |
| | | <u>2,842,255,615</u> | - | <u>3,544,048,829</u> | - |
| Financial Liabilities | | | | | |
| Long term financing | | 3,010,576,735 | - | 1,278,756,032 | - |
| Short term borrowings | | - | - | - | - |
| Accrued mark-up / interest | | 31,367,006 | - | 6,835,183 | - |
| Trade creditors | | 884,165,514 | - | 377,216,036 | - |
| Accrued liabilities | | 310,548,250 | - | 179,824,594 | - |
| Unclaimed dividend | | 1,519,833 | - | 1,342,699 | - |
| Other payables | | 8,653,795 | - | 4,055,255 | - |
| | | <u>4,246,831,133</u> | - | <u>1,848,029,799</u> | - |

The basis for determining fair values is as follows:

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. Since the majority of the financial assets are fixed rate instruments, there is no significant difference in market rate and the rate of instrument, fair value significantly approximates to carrying value.

Notes to the Financial Statements
For The Year Ended June 30, 2022
46 TRANSACTIONS WITH RELATED PARTIES

The associated undertaking and related parties comprise associated companies, directors and key management personnel. Names, basis of relationship and transaction with associated undertakings and related parties, other than remuneration and benefits to key management personnel under the term of their employment as disclosed in note 39 are as follow:

| Name of the Company | Basis of relationship | Percentage of shareholding | | |
|-------------------------------|---------------------------------------|-----------------------------------|----------------------|---------------|
| Faisal Spinning Mills Limited | Common directorship | N/A | | |
| Blessed Textiles Limited | Common directorship | N/A | | |
| Bhanero Energy Limited | Common directorship | N/A | | |
| Admiral (Private) Limited | Directorship of close family relative | N/A | | |
| | | | June 30, 2022 | June 30, 2021 |
| | | | Rupees | Rupees |
| Nature of relationship | Nature of transactions | | | |
| Associated undertaking | Sales of fabric | | 383,292,227 | 111,526,622 |
| | Sales of Cotton | | 2,167,629 | 12,337,111 |
| | Sales of yarn | | 697,877,799 | 1,044,890,765 |
| | Sales of land | | - | 121,380,000 |
| | Purchase of yarn | | 562,737,574 | 277,006,289 |
| | Purchase of cotton | | - | 9,589,487 |
| | Purchase of fabric | | 34,454,507 | 172,339,702 |
| | Services rendered | | - | 723,509 |
| | Purchase of stores & spares | | 1,648,969 | - |
| | Services received | | 309,000 | 309,000 |
| | Electricity purchased | | 430,555,981 | 422,010,543 |
| Retirement benefits | Provision for gratuity | | 62,188,524 | 57,175,880 |

46.1 Detail of compensation to key management personnel comprising of chief executive officer, director and executives is disclosed in note 39.

47 Accounting Estimates and Judgments
47.1 Income taxes

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

47.2 Investment stated at fair value

Management has determined fair value of certain investments by using quotations from active market conditions and information about the financial instruments. These estimates are subjective in nature and involve some uncertainties and matters of judgment (e.g. valuation, interest rate, etc.) and therefore, cannot be determined with precision.

47.3 Property, plant and equipment

The Company reviews the rate of depreciation, useful life, residual value and value of assets 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 property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

47.4 Stock-in-trade and stores and spares

The Company reviews the net realizable value of stock-in-trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores and spares with a corresponding affect on the amortization charge and impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sales.

47.5 Interest rate and cross currency swap

The Company has entered into various interest rates and cross currency swap over the last year. The calculation involves use of estimates with regard to interest and foreign currency rates which fluctuate with the market forces.

48 Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders. The Company seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. The Company monitors capital using the gearing ratio which is debt divided by total capital employed. Debt comprises long term finances including current maturity. Total capital employed includes total equity as shown in the statement of financial position plus debt. The Company's strategy is to maintain an optimal capital structure in order to minimize cost of capital. Gearing ratio of the Company as at the reporting date is as follows:

| | | |
|----------------|-----------------------|----------------------|
| Total debt | 3,153,791,537 | 1,289,498,562 |
| Total equity | 9,305,893,956 | 6,763,063,770 |
| | 12,459,685,493 | 8,052,562,332 |
| Gearing | 25% | 16% |

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, except those, related to maintenance of debt covenants, commonly imposed by the providers of debt finance.

Bhanero Textile Mills Limited**Notes to the Financial Statements****For The Year Ended June 30, 2022****49 Fair Value Measurements****49.1 Financial Instruments**

There are no recurring or non-recurring fair value measurements as at the reporting date. The management considers the carrying amount of all the financial instruments approximate to their fair values.

49.2 Assets and liabilities other than financial instruments.

None of the assets and liabilities other than certain financial instruments are measured at fair value.

50 PLANT CAPACITY AND ACTUAL PRODUCTION**Spinning & Weaving**

| | | |
|--|-------------------|------------|
| Number of spindles installed | 80,112 | 80,112 |
| Number of looms installed | 162 | 162 |
| Installed capacity of yarn converted in 20/1 (Kgs.) | 14,810,385 | 14,810,385 |
| Actual production of yarn | 13,001,202 | 12,223,351 |
| Installed capacity of fabric based on 50 picks- meters | 34,016,175 | 26,566,890 |
| Actual production of fabric- meters | 24,019,600 | 21,117,435 |

It is difficult to precisely describe production capacity and the resultant production converted into base count in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw materials used, spindles speed and twist etc. It would also vary accordingly to pattern of production adopted in a particular year.

51 NUMBER OF EMPLOYEES

| | | |
|--------------------------|---------------------|--------------|
| As at the reporting date | <u>1,441</u> | <u>1,424</u> |
| Average for the year | <u>1,435</u> | <u>1,420</u> |

52 DATE OF AUTHORIZATION FOR ISSUE

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

53 CORRESPONDING FIGURES

Corresponding figures have been re-arranged where necessary to facilitate comparison. Amortization of deferred grant net off with interest expense for the better presentation of income statement (Note 30 and 34). Following major reclassification has been made during the year.

| <u>Description</u> | <u>Reclassified from</u> | <u>Reclassified to</u> |
|--------------------------|--|--|
| Capital Work in progress | Presented on face of statement of financial position | Property, plant and equipment (Note 17.6) |

54 GENERAL

The figures have been rounded off to the nearest Rupee.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

For the year ended June 30, 2022

Year-Wise Operating Data

| 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|------|------|------|------|------|------|
|------|------|------|------|------|------|

Spinning Unit

| | | | | | | |
|--|------------|------------|------------|------------|------------|------------|
| Spindle installed | 80,112 | 80,112 | 80,112 | 80,112 | 80,112 | 69,312 |
| Spindles worked | 80,112 | 80,112 | 80,112 | 80,112 | 80,112 | 69,312 |
| Installed capacity after conversion into 20/s count - Kg | 14,810,385 | 14,810,385 | 14,810,385 | 14,810,385 | 14,810,385 | 13,954,119 |
| Actual production - Kg | 13,001,202 | 12,223,351 | 10,727,209 | 12,363,406 | 11,392,698 | 10,621,496 |

Weaving Unit

| | | | | | | |
|---|------------|------------|------------|------------|------------|------------|
| Air jet looms installed | 162 | 162 | 162 | 162 | 160 | 160 |
| Air jet looms worked | 162 | 162 | 162 | 162 | 160 | 160 |
| Installed capacity after conversion into 50 picks - Meter | 34,016,175 | 26,566,890 | 26,566,890 | 26,566,890 | 21,534,566 | 21,534,566 |
| Actual production - Meter | 24,019,600 | 21,117,435 | 17,372,400 | 15,864,187 | 15,952,617 | 15,100,469 |

Year-Wise Financial Data

| 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|------|------|------|------|------|------|
|------|------|------|------|------|------|

Rupees in Thousands

Profit and loss account

| | | | | | | |
|--------------------|------------|------------|-----------|-----------|-----------|-----------|
| Turnover (Net) | 17,252,509 | 12,158,113 | 8,923,611 | 9,347,773 | 8,073,845 | 6,837,254 |
| Gross profit | 4,074,380 | 2,731,698 | 823,552 | 1,293,672 | 868,396 | 754,284 |
| Operating profit | 3,321,097 | 2,243,984 | 637,077 | 1,123,205 | 636,131 | 456,308 |
| Financial expenses | 137,883 | 83,005 | 181,440 | 166,323 | 93,971 | 87,063 |
| Profit before tax | 3,183,214 | 2,160,979 | 455,636 | 956,883 | 542,160 | 369,245 |
| Profit after tax | 2,758,155 | 1,850,706 | 329,399 | 832,410 | 482,037 | 275,737 |
| Cash dividend | 214,500 | 214,500 | 150,000 | 167,400 | 192,900 | 110,400 |

Balance Sheet

| | | | | | | |
|------------------------------------|-----------|-----------|------------|-----------|-----------|-----------|
| Share Capital | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| Reserves | 8,000,000 | 6,300,000 | 4,800,000 | 4,700,000 | 4,000,000 | 3,700,000 |
| Shareholder equity | 9,305,894 | 6,763,064 | 4,919,120 | 4,913,117 | 4,262,737 | 3,886,302 |
| Long term loans | 2,816,944 | 1,077,029 | 1,090,593 | 1,121,716 | 885,234 | 428,762 |
| Short term loan | - | - | 1,570,614 | 992,657 | 220,458 | 676,558 |
| Current liabilities | 2,022,942 | 1,082,598 | 2,256,905 | 1,897,523 | 1,089,456 | 1,256,655 |
| Current portion of long term loans | 336,848 | 212,470 | 21,515 | 140,183 | 81,367 | 77,464 |
| Fixed assets | 4,607,486 | 2,911,960 | 3,004,663 | 3,168,486 | 2,794,871 | 2,029,940 |
| Current assets | 8,726,406 | 6,372,300 | 57,333,761 | 5,183,986 | 3,790,735 | 3,784,088 |

| Ratios | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Performance | | | | | | |
| Sales growth percentage - Year to Year basis | 41.90% | 36.25% | -4.54% | 15.78% | 18.09% | 3.01% |
| Gross profit (%) | 23.62% | 22.47% | 9.23% | 13.84% | 10.76% | 11.03% |
| Profit before tax (%) | 18.45% | 17.77% | 5.11% | 10.24% | 6.72% | 5.40% |
| Profit after tax (%) | 15.99% | 15.22% | 3.69% | 8.90% | 5.97% | 4.03% |
| | | | | | | |
| Breakup value per share - Rupees per share | 3,101.96 | 2,254.35 | 1,639.71 | 1,637.71 | 1,420.91 | 1,295.43 |
| Market value of share - at the year end - Rupees per share | 1,465.00 | 1,050.00 | 770.01 | 800.00 | 807.49 | 900.00 |
| | | | | | | |
| Earnings per share - Rupees per share | 919.38 | 616.90 | 109.80 | 277.47 | 160.68 | 91.91 |
| Price earning ratio | 1.59 | 1.70 | 7.01 | 2.88 | 5.03 | 9.79 |
| | | | | | | |
| Leverage | | | | | | |
| Gearing ratio | 0.34 | 0.19 | 0.55 | 0.46 | 0.28 | 0.30 |
| Debt to equity (%) | 30.27% | 15.93% | 22.17% | 22.83% | 20.77% | 11.03% |
| Interest covering ratio | 24.09 | 27.03 | 3.51 | 6.75 | 6.77 | 5.24 |
| | | | | | | |
| Liquidity ratio | | | | | | |
| Current ratio | 4.31 | 5.89 | 25.40 | 2.73 | 3.48 | 3.01 |

BHANERO TEXTILE MILLS LIMITED
CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2022

| SR # | CATEGORIES OF SHAREHOLDERS | NUMBERS OF SHAREHOLDERS | SHARES HELD | PERCENTAGE % |
|-------------|---|--------------------------------|--------------------|---------------------|
| 1 | Director's, CEO, Their Spouse and Minor Children | 19 | 1,420,779 | 47.36 |
| 2 | Associated Companies, Undertaking and Related Parties | 13 | 1,427,721 | 47.71 |
| 3 | NIT & ICP | - | - | - |
| 4 | Insurance Company | 1 | 70,500 | 2.35 |
| 5 | General Public / Individuals | 338 | 80,994 | 2.58 |
| 6 | Other Companies | 2 | 6 | 0.00 |
| | | 373 | 3,000,000 | 100.00 |

BHANERO TEXTILE MILLS LIMITED
LIST OF SHAREHOLDERS
AS AT JUNE 30, 2022

| Sr # | Shareholder Category | Percentage | No. of Shares |
|----------|--|---------------|------------------|
| 1 | ASSOCIATED COMPANIES UNDERTAKINGS AND RELATED PARTIES | | |
| | ADMIRAL (PVT) LTD | 16.69 | 500,600 |
| | MR. MOHAMMAD SHAKEEL | 0.74 | 22,055 |
| | MR. ADIL SHAKEEL | 4.92 | 147,634 |
| | MR. FARRUKH SALEEM | 2.02 | 60,600 |
| | MR. SAQIB SALEEM | 1.68 | 50,490 |
| | MR. MUHAMMAD QASIM | 5.28 | 158,400 |
| | MR. FAISAL SHAKEEL | 4.92 | 147,676 |
| | MR. ABDULLAH BILAL | 1.96 | 58,787 |
| | MR. YAHYAA FURRUKH | 2.42 | 72,500 |
| | MRS. NAZLI BEGUM | 4.19 | 125,579 |
| | MRS. SABA SAQIB | 2.76 | 82,900 |
| | MRS. MARIUM ADIL | 0.02 | 500 |
| 2 | DIRECTOR'S, CEO, THEIR SPOUSE AND MINOR CHILDREN | | |
| | MR. MUHAMMAD SALEEM | 0.73 | 21,929 |
| | MR. MUHAMMAD SHAHEEN | 1.43 | 42,780 |
| | MR. HAMZA SHAKEEL | 4.92 | 147,594 |
| | MR. KHURRAM SALEEM | 2.02 | 60,500 |
| | MR. YOUSUF SALEEM | 1.69 | 50,674 |
| | MR. BILAL SHARIF | 2.48 | 74,500 |
| | MR. MUHAMMAD AMIN | 5.32 | 159,500 |
| | MR. IQBAL MEHBOOB VOHRA | 0.02 | 500 |
| | MR. MUSTAFA TANVIR | 0.02 | 500 |
| | MR. ASIF ELAHI | 0.02 | 500 |
| | MRS. YASMIN BEGUM | 1.01 | 30,372 |
| | MRS. SEEMA BEGUM | 1.78 | 53,292 |
| | MRS. AMNA KHURRAM | 2.45 | 73,400 |
| | MRS. SAMIA BILAL | 11.14 | 334,283 |
| | MRS. FATIMA AMIN | 5.68 | 170,400 |
| | MRS. SABA YOUSUF | 2.76 | 82,700 |
| | MASTER AZAAN BILAL | 1.96 | 58,678 |
| | MASTER ALI BILAL | 1.96 | 58,677 |
| 3 | BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS AND INSURANCE COMPANIES | | |
| | STATE LIFE INSURANCE CORPORATION OF PAKISTAN | 2.35 | 70,500 |
| 4 | INDIVIDUAL SHAREHOLDERS | 2.58 | 80,994 |
| 5 | OTHER COMPANIES | 0.00 | 6 |
| | TOTAL | 100.00 | 3,000,000 |

**6 DETAIL OF TRADING IN THE SHARES BY THE DIRECTORS, CEO
 COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN**

7 SHAREHOLDERS HOLDING 05% OR MORE

| | | |
|--------------------|-------|---------|
| MR. MUHAMMAD QASIM | 5.28 | 158,400 |
| MR. MUHAMMAD AMIN | 5.32 | 159,500 |
| MRS. SAMIA BILAL | 11.14 | 334,283 |
| MRS. FATIMA AMIN | 5.68 | 170,400 |
| ADMIRAL (PVT) LTD | 16.69 | 500,600 |

BHANERO TEXTILE MILLS LIMITED
PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2022

| NUMBERS OF SHAREHOLDERS | SHARE HOLDING | | TOTAL SHARES HELD | Percentage |
|-------------------------|---------------|--------|-------------------|---------------|
| | FROM | TO | | |
| 293 | 1 | 100 | 8,600 | 0.29 |
| 35 | 101 | 500 | 11,522 | 0.38 |
| 9 | 501 | 1000 | 7,951 | 0.27 |
| 6 | 1001 | 5000 | 18,227 | 0.61 |
| 2 | 5001 | 10000 | 17,000 | 0.57 |
| 3 | 20001 | 25000 | 64,184 | 2.14 |
| 1 | 25001 | 30000 | 29,872 | 1.00 |
| 1 | 40001 | 45000 | 42,780 | 1.43 |
| 3 | 50001 | 55000 | 154,456 | 5.15 |
| 3 | 55001 | 60000 | 176,142 | 5.87 |
| 2 | 60001 | 65000 | 121,100 | 4.04 |
| 4 | 70001 | 75000 | 290,900 | 9.70 |
| 2 | 80001 | 85000 | 165,600 | 5.52 |
| 1 | 125001 | 130000 | 125,579 | 4.19 |
| 3 | 145001 | 150000 | 442,904 | 14.76 |
| 2 | 155001 | 160000 | 317,900 | 10.60 |
| 1 | 170001 | 175000 | 170,400 | 5.68 |
| 1 | 330001 | 335000 | 334,283 | 11.14 |
| 1 | 500001 | 505000 | 500,600 | 16.69 |
| 373 | | | 3,000,000 | 100.00 |








* Note: The slabs representing nil holding have been omitted.










**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

-  Licensed Entities Verification
-  Scam motor*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
-  Jamapunji application for mobile device
-  Online Quizzes



Jama Punji is an Investor Education Institute of Securities and Exchange Commission of Pakistan

 [jamapunji.pk](http://www.jamapunji.pk)

 [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile app is also available for download on android and ios devices

ڈائریکٹرز کی رپورٹ

بھنیرو ٹیکسٹائل ملز لمیٹڈ کے ڈائریکٹرز کو 30 جون 2022 کو ختم ہونے والی کمپنی کے مالی بیانات کے بارے میں آڈیٹرز کی رپورٹ کے ساتھ سالانہ رپورٹ پیش کرنے میں بے حد خوشی ہے۔

مالی نتائج

کمپنی کے مالی نتائج 30 جون 2022 کو ختم ہوئے۔

Statement of Profit or Loss For The Year Ended June 30, 2022

| | June 30, 2022 Rupees | June 30, 2021 Rupees |
|--|-------------------------|-------------------------|
| Sales | 17,252,509,050 | 12,158,113,068 |
| Cost of sales | 13,178,129,028 | 9,426,415,558 |
| Gross profit | 4,074,380,022 | 2,731,697,510 |
| Other income | 242,797,272 | 83,253,942 |
| | 4,317,177,294 | 2,814,951,452 |
| Distribution cost | 461,356,046 | 243,334,988 |
| Administrative expenses | 216,261,742 | 157,638,312 |
| Other operating expenses | 318,462,301 | 169,994,496 |
| Finance cost | 137,883,096 | 83,004,832 |
| | 1,133,963,185 | 653,972,628 |
| Profit before tax | 3,183,214,109 | 2,160,978,824 |
| Taxation | 425,059,591 | 310,272,621 |
| Profit after taxation for the year | 2,758,154,518 | 1,850,706,203 |
| Earnings per share - basic and diluted | 919.38 | 616.90 |

کلیدی مالیاتی اشارے

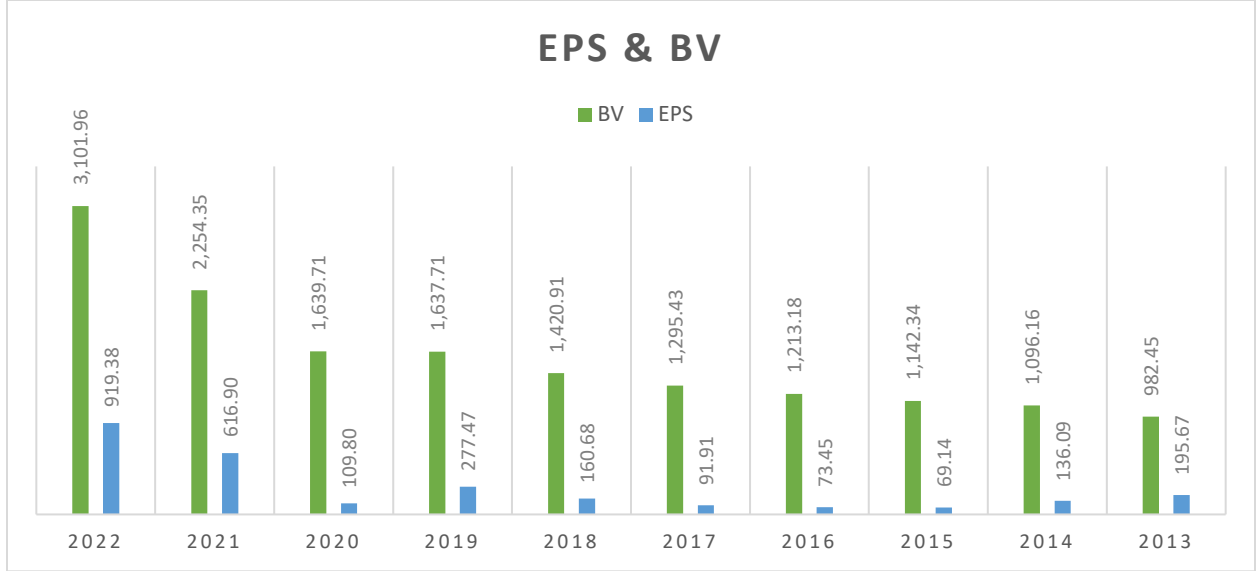
2021 میں ایک محتاط بحالی کے بعد عالمی سطح پر 2022 میں تیزی سے اداس پیش رفت ہوئی ہے کیونکہ متعدد جھٹکے عالمی معیشت کو پہلے ہی وبائی امراض، مہنگائی میں اضافے اور یوکرائن کی جنگ کے مزید منفی اثرات سے کمزور پڑ چکے ہیں۔ اس کے باوجود، کمپنی اب بھی موجودہ سال کے دوران کاروبار اور منافع دونوں کو بہتر بنانے کا انتظام کرتی ہے۔ کمپنی نے 30 جون 2022 کو ختم ہونے والے موجودہ سال (PAT 2021: PKR 1,850.706 ملین) کے دوران PKR 2,758.154 ملین روپے کا ٹیکس کے بعد منافع حاصل کیا جو موجودہ سال کے لئے PKR 919.38 کے EPS میں ترجمہ کیا (EPS 2021: PKR 2026: PKR)۔ ٹرن اوور PKR 12,158.113 ملین سے PKR 17,252.509 ملین ہو گیا ہے جبکہ مجموعی منافع PKR 2,731.697 ملین سے PKR 4,074.380 ملین ہو گیا ہے جو کہ 30 جون کو ختم ہونے والے سال کے مقابلے میں 30 جون کو ختم ہوا۔

منافع اور ذخائر مختص

بورڈ آف ڈائریکٹرز کو 715.00 فیصد نقد منافع کی منظوری دیتے ہوئے خوشی ہے کہ 71.50 روپے فی حصص آڈٹ کمیٹی کی سفارش کے مطابق 27 اکتوبر 2022 کو ہونے والی آئندہ سالانہ جنرل میٹنگ میں منظوری کے حصول داروں سے مشروط ہے۔ مزید برآں، ڈائریکٹرز نے مستقبل میں کسی بھی غیر متوقع ہنگامی صورتحال سے نمٹنے کے لیے PKR 1,700.00 ملین کی رقم جنرل ریزرو میں منتقل کرنے کی تجویز پیش کی۔

فی شیئر آمدنی اور بریک اپ ویلیو۔

فی حصص آمدنی (EPS) ایک کلیدی میٹرک ہے جو کمپنی کے منافع کے عام شیئر ہولڈر کے حصے کا تعین کرنے کے لیے استعمال ہوتی ہے جو کمپنی کے کل منافع کے سلسلے میں ہر عام شیئر ہولڈر کے منافع کی تقسیم کی پیمائش کرتی ہے جب کہ سرمایہ کار کمپنی کی مالی طاقت کا اندازہ لگانے کے لیے بریک اپ ویلیو کا استعمال کرتے ہیں۔ سرمایہ کاری کے لیے بہترین انٹری پوائنٹ۔ گورننگ بورڈ اپنے شیئر ہولڈرز کو زیادہ سے زیادہ واپسی اور کمپنی کے مالی استحکام کو برقرار رکھنے دونوں کے لیے کوشش کرتا ہے۔ اسی مدت کے دوران حصص کے EPS اور BV دونوں میں بالترتیب 49.03 فیصد اور 37.60 فیصد اضافہ ہوا ہے۔ 30 جون 2022 کو ختم ہونے والے موجودہ سال کے دوران شیئر کا EPS اور BV بالترتیب (2021: PKR 616.90) اور (2021: PKR 2,254.35) PKR 3,101.96 ہے۔



ورکنگ کیپٹل مینجمنٹ

کاروباری سرمائے کا مناسب انتظام کمپنی کی بنیادی مالی صحت اور کاروبار کے طور پر آپریشنل کامیابی کے لیے ضروری ہے۔ اچھے کاروباری نظم و نسق کی ایک پہچان ترقی، منافع اور لیکویڈٹی کے درمیان ٹھوس توازن برقرار رکھنے کے لیے ورکنگ کیپٹل مینجمنٹ کو استعمال کرنے کی صلاحیت ہے۔ بورڈ اس بات کو یقینی بناتا ہے کہ کوئی کمپنی اپنے موجودہ اثاثوں اور ذمہ داریوں کی نگرانی اور ان کے موثر ترین استعمال کے لیے موثر طریقے سے کام کرتی ہے۔ سال 2022 کے دوران طویل مدتی قرضوں کی مد میں PKR 210.745 ملین کی ادائیگیاں کی گئی ہیں۔ کمپنی کی قلیل مدتی لیکویڈٹی کافی مستحکم ہے اور موجودہ سال (2021: 5.89) کے دوران 4.31 کا موجودہ تناسب کمپنی کی کافی صلاحیت کو ظاہر کرتا ہے۔ اس کے موجودہ اثاثہ کے ساتھ اس کی مختصر مدتی ذمہ داریوں کا احاطہ کرنا۔

کیپٹل سٹرکچر

متوازن سرمائے کا ڈھانچہ بلاشبہ تکنیکی نقطہ نظر سے اس کا سب سے اہم انتخاب ہے جو کمپنی کی ترقی کا تعین کرے گا۔ کمپنی نے حصص یافتگان کی قدر بڑھانے کے لیے قرض اور ایکویٹی کے زیادہ سے زیادہ امتزاج کا انتظام کیا جو اپنے سرمایہ کاروں کو صحت مندانہ واپسی فراہم کرتا ہے۔ کمپنی کی مالی استحکام کی طاقت کا اندازہ اس حقیقت سے لگایا جا سکتا ہے کہ شیئر ہولڈرز ایکویٹی 6,763.064

ملین روپے (2020: 4,919.120 PKR ملین) پر کھڑی ہے جو کہ اسی عرصے کے دوران غیر معمولی ترقی کی کل ایکویٹی کو ظاہر کرتی ہے۔ 30 جون 2021 کو ختم ہونے والے موجودہ سال کے دوران 0.19 (2020: 0.55) کا گیٹرننگ تناسب عام طور پر کافی اطمینان بخش سمجھا جاتا ہے جس میں صنعت کے اصولوں کے مطابق اچھی طرح سے قائم کمپنیوں کے لیے کم خطرہ ہے۔

توازن ، جدید کاری اور تبدیلی۔

رواں سال کے دوران تکنیکی ترقی کے ساتھ رفتار کو برقرار رکھنے کے لیے 140 ایئر جیٹ لومز اور دیگر مشینری کی تبدیلی کے لیے پلانٹ اور مشینری میں تقریباً 1,900.00 ملین روپے کا اضافہ کیا گیا ہے۔

نئے اسپننگ یونٹ کا قیام

بورڈ آف ڈائریکٹرز نے 25 فروری 2021 کو ہونے والے اپنے اجلاس میں شیخوپورہ، پنجاب میں تقریباً 1,000 تھیلوں کی یومیہ پیداواری صلاحیت کے ساتھ 19,584 سپنڈلز کا نیا اسپننگ یونٹ قائم کرنے کی منظوری دی ہے اور تجارتی پیداوار کے لیے متوقع ٹائم لائن ستمبر 2022 تھی۔ یونٹ کے بنیادی ڈھانچے کی تعمیر کے لیے سول ورک تقریباً مکمل ہو چکا ہے تاہم، کمپنی کو عالمی اور مقامی دونوں عوامل کی وجہ سے مشینری کی طے شدہ ترسیل میں غیر متوقع تاخیر کا سامنا کرنا پڑا۔ چونکہ مشینری کو کھڑا کرنے کا کام ابھی تک مکمل نہیں ہوا ہے، اس لیے بورڈ آف ڈائریکٹرز نے کمرشل پروڈکشن کے لیے ٹائم لائنز پر نظر ثانی کی ہے۔ امید ہے کہ آزمائشی پیداوار اپریل 2023 تک شروع ہو جائے گی جبکہ امید ہے کہ تجارتی پیداوار جولائی 2023 تک شروع کر دی جائے گی۔

بھنیرو انرجی لمیٹڈ - یونٹ ا کوٹری کا کمپنی میں انضمام

بورڈ آف ڈائریکٹرز کمپنی ('BTML') نے 25 فروری 2022 کو منعقدہ اپنی میٹنگ میں بھنیرو انرجی لمیٹڈ یونٹ-ا کوٹری، سندھ ("BEL-ا") کو ایک سکیم آف ارینجمنٹ ("اسکیم") کے ذریعے حاصل کرنے کی منظوری دی ہے۔ مجاز اتھارٹی کی منظوری پر BTML BTML کی وقفہ قیمت پر 40,964 عام حصص بھنیرو انرجی لمیٹڈ کے شیئر ہولڈرز کو حاصل کردہ اثاثوں کی بک ویلیو پر جاری کرے گا، جو 109,008,101.00 PKR کے برابر ہے۔ بھنیرو انرجی لمیٹڈ بجلی پیدا کرنے کی سرگرمیوں میں مصروف غیر نقل شدہ کمپنی میں، یہ سندھ اور پنجاب میں واقع دو یونٹوں کے ساتھ کام کرتی ہے۔ سندھ میں واقع یونٹ-ا قدرتی گیس کے ذریعے بجلی پیدا کرتا ہے جبکہ پنجاب

میں واقع یونٹ-II یونٹ-I اور یونٹ-II کے لیے بالترتیب 3.726 میگاواٹ اور 33.694 میگاواٹ کی پیداواری صلاحیت کے ساتھ فرنس کے ذریعے بجلی پیدا کرتا ہے۔ BEL-I سندھ میں کوئی دوسری تجارتی سرگرمیاں نہیں کرتا ہے سوائے اس کی بجلی کی پیداواری کی پوری سہولت بہنپرو ٹیکسٹائل ملز لمیٹڈ یونٹ-I کوٹری کو فراہم کرنے کے۔ یہ سکیم کمپنی کے حصص یافتگان کے لیے فائدہ مند ثابت ہو گی کیونکہ یہ کمپنی کو براہ راست BEL-Kotri Unit-I کے معاملات کو کنٹرول کرنے اور ان کا انتظام کرنے کے قابل بناتی ہے تاکہ کمپنی کو سرمایہ کاری مؤثر طریقے سے توانائی کی ضروریات کی بلاتعطل فراہمی کو یقینی بنایا جا سکے۔ شیئر ہولڈر کے منافع کو زیادہ سے زیادہ کرنے کا حتمی مقصد۔

کریڈٹ ریٹنگ

موجودہ سال کے لیے 15 اگست 2022 کو میسر کی VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ کی طرف سے A+/A-1 (سنگل اے پلس/اے ون) پر ہستی کی درجہ بندی کی دوبارہ تصدیق کی گئی ہے۔ دی گئی درجہ بندیوں پر ہستی کے آؤٹ لک کو 'مستحکم' کے طور پر تفویض کیا گیا ہے

مالیاتی گوشوارے

جیسا کہ کمپنیز ایکٹ 2017 کے تحت ضرورت ہے ، پی ایس ایکس کے ریگولیشن ریگولیشنز اور ایس ای سی پی کی طرف سے جاری کردہ ہدایات چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر نے 30 جون 2022 کو ختم ہونے والے سال کے لیے کمپنی کے مالیاتی بیانات پیش کیے ، ان کے متعلقہ دستخطوں کے تحت غور کے لیے توثیق کی گئی ، جاری کرنے اور گردش کے لیے بورڈ آف ڈائریکٹرز کی منظوری اور اجازت۔ کمپنی کے مالیاتی بیانات کو کمپنی کے آڈیٹرز ، مشتاق اینڈ کمپنی ، چارٹرڈ اکاؤنٹنٹس نے باقاعدہ طور پر آڈٹ کیا ہے اور آڈیٹرز نے 30 جون 2022 کو ختم ہونے والے سال کے مالی بیانات پر صاف آڈٹ رپورٹ جاری کی ہے اور کوڈ کے بیان پر صاف جائزہ رپورٹ کارپوریٹ گورننس ریگولیشنز ، 2019 "کوڈ"۔ یہ رپورٹیں مالی بیانات کے ساتھ منسلک ہیں۔

اکاؤنٹنگ کے معیارات

کمپنی کی اکاؤنٹنگ پالیسیاں کمپنیز ایکٹ 2017 اور اس طرح کے منظور شدہ بین الاقوامی اکاؤنٹنگ سٹینڈرڈز اور انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز کی مکمل طور پر عکاسی کرتی ہیں جیسا کہ اس ایکٹ کے تحت اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری ہدایات کے ذریعے مطلع کیا گیا ہے۔

کاٹن پر آؤٹ لک۔

کپاس کی پیداوار میں مسلسل کمی ہمارے معاشی استحکام کے لیے انتہائی نقصان دہ ہے جہاں اس کا جی ڈی پی کا 0.8 فیصد حصہ ہے اور زری ویلیو ایڈیشن میں 5.2 فیصد حصہ ڈالتا ہے اس کے علاوہ ملک کی کل زرمبادلہ کمائی میں تقریباً 60 فیصد حصہ رکھتا ہے۔ اس اقتصادی اہمیت کے باوجود، گزشتہ 10 سالوں میں کپاس کی پیداوار 12/2011 میں 13.6 ملین گانٹھوں سے تقریباً نصف ہو کر 21/2020 میں تقریباً 7 ملین رہ گئی ہے (ماخذ: PBS)۔

کپاس کی فصل کا رقبہ نمایاں طور پر کم ہو گیا ہے کیونکہ کپاس کی کٹائی کے بڑے رقبے کی جگہ مقابلہ کرنے والی فصلوں نے بہتر منافع اور بکھری ہوئی ہاؤسنگ سوسائٹیوں نے لے لی ہے۔ اعلیٰ معیار کے بیجوں کی اقسام تیار کرنے پر تحقیقی اخراجات کی کمی، ہوائی کے موسم میں پانی کی کمی، سستی کپڑے مار ادویات کی عدم دستیابی، مون سون کے بعد کپڑوں کا حملہ، کھڑی فصلوں پر سیلاب کچھ ایسے عوامل ہیں جو کپاس کی پیداوار کو بھی متاثر کر رہے ہیں۔

شدید بارش نے پاکستان میں کپاس کی کھڑی فصل کو تباہ کرنے کا خدشہ ظاہر کیا ہے، بال پارک سے پتہ چلتا ہے کہ بارش نے کھیتوں میں 10 فیصد سے 50 فیصد فصلوں کو نقصان پہنچایا ہے، زیادہ تر سندھ میں۔ اس کے نتیجے میں اس سال ٹیکسٹائل ملوں کو چلانے کے لیے ملک کو عالمی منڈی کی طرف بڑھنا پڑے گا۔

موسلا دھار بارشوں نے کھیتوں میں کپاس کی تقریباً پوری فصل کو زیادہ خطرے میں ڈال دیا ہے کیونکہ تخمینہ شدہ کپاس کی فصلوں میں سے تقریباً 95 فیصد کپاس کی 10.5 ملین گانٹھوں کے برابر فی الحال کھیتوں میں ہیں۔ اس بات کا امکان ہے کہ بارشوں سے متعلق زیادہ تر نقصانات سندھ سے ہوں گے، جو پنجاب کے مقابلے میں ملک کی کل فصل کا تقریباً 30 فیصد پیدا کرتا ہے، جو کہ کپاس کی بقیہ 70 فیصد فصل پیدا کرتا ہے جس پر ہلکی سی زیادہ بارش ہوئی اور اس کے ساتھ زندہ رہ سکتا ہے۔ محدود نقصانات 10.0 ملین گانٹھوں کے تخمینے کے خلاف، یہ اندازہ لگایا گیا ہے کہ اس سال ملک میں بمشکل 6 سے 7 ملین کے درمیان کپاس کی پیداوار ہوگی۔ اس کے نتیجے میں ایف سی وائی کے ذخائر پہلے ہی ختم ہو جائیں گے، کیونکہ ملک کو ٹیکسٹائل انڈسٹری کی مانگ کو پورا کرنے کے لیے تقریباً 9 ملین گانٹھیں درآمد کرنی پڑیں گی۔ ملک نے 30 جون 2022 کو ختم ہونے والے پچھلے مالی سال میں 1.83 بلین ڈالر کی کپاس درآمد کی ہے کیونکہ ملک مالی سال 22 میں 15-16 ملین گانٹھوں کی گھریلو ضرورت کے مقابلے میں مشکل سے 8.4 ملین گانٹھوں کی پیداوار کا انتظام کر سکا۔ موجودہ حالات میں اگلے سال کے لیے تخمینہ بہت زیادہ ہونے کا تخمینہ لگایا گیا ہے۔

اس کے علاوہ، پانی کی کمی بھی ایک رکاوٹ کا باعث بنی جس نے کاشتکاروں کو موسم کے آغاز پر کپاس کے بیج کی بروقت بوائی سے روک دیا جس کی وجہ سے سندھ کی بوائی کے ہدف میں قابل ذکر کمی واقع ہوئی۔ تاریخی اعداد و شمار بتاتے ہیں کہ سندھ عام طور پر 1.6 ملین سے 1.7 ملین ہیکٹر اراضی پر کپاس کا بیج بوتا ہے جبکہ رواں سال کے دوران صرف 1.5 ملین ہیکٹر اراضی پر بیج کاشت کیا گیا ہے۔ سندھ کے برعکس پنجاب میں کسانوں نے اس سال 3.5 ملین ہیکٹر زمین کے بڑے رقبے پر بیج بویا جو پچھلے سال 3.2 ملین ہیکٹر تھا۔ ہماری رائے میں، کپاس کی پیداوار میں اضافہ یا تو کپاس کی فصل کے نیچے رقبہ بڑھا کر یا فی کیٹر لنٹ کی پیداوار یا دونوں سے حاصل کیا جا سکتا ہے۔ تاہم، کپاس کے زیر کاشت رقبہ بڑھانے کا اختیار استعمال نہیں کیا جا سکتا کیونکہ آبپاشی کے پانی کی عدم فراہمی کی وجہ سے جہاں کپاس کی کاشت کرنے والے دو بڑے صوبے پنجاب اور سندھ پہلے ہی اپنی زیادہ سے زیادہ سطح پر ہیں۔ کپاس کی فصل کو دوسری فصلوں سے بھی مقابلہ کا سامنا کرنا پڑتا ہے جو اس فصل کے نیچے زیادہ رقبہ لانے میں بھی ایک رکاوٹ ہے۔

تاہم بلوچستان اور سرحد کے مختلف اضلاع میں کپاس کی کاشت میں اضافے کا امکان ہے۔ دوسرا آپشن یہ ہے کہ کپاس کی جدید ٹیکنالوجی کا استعمال کرتے ہوئے فی ایکڑ پیداوار میں اضافہ کیا جائے جو فصل کی پیداوار کو بہتر بنانے کے لیے بہت سے ترقی یافتہ اور ترقی پذیر ممالک میں کامیابی سے اپنائی گئی ہے۔

کوڈ آف کارپوریٹ گورننس کی تعمیل

کوڈ آف کارپوریٹ گورننس ریگولیشنز، 2019 کے ساتھ درج کمپنیوں کے لیے ریگولیشن 36 (1) کے تحت تعمیل کا بیان منسلک ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر بیان:

کمپنی کے ڈائریکٹرز کمپنیز ایکٹ 2017، کوڈ آف کارپوریٹ گورننس 2019 "ضابطہ"، پاکستان اسٹاک ایکسچینج لمیٹڈ کی رول بک اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری کردہ ہدایات کے تحت اپنی ذمہ داریوں سے پوری طرح آگاہ ہیں۔ ریگولیشنز کی تعمیل کے ایک حصے کے طور پر ہم مندرجہ ذیل کی تصدیق کرتے ہیں:

financial یہ مالیاتی بیانات، جو کمپنی کے انتظام کے ذریعہ تیار کیے گئے ہیں، اس کے معاملات کی منصفانہ حالت، اس کے کام کا نتیجہ، نقد بہاؤ اور ایکوٹی میں تبدیلیوں کو پیش کرتے ہیں۔
the کمپنی کے اکاؤنٹ کی مناسب کتابیں برقرار رکھی گئی ہیں۔

account مناسب حساب کتاب کی پالیسیوں کو مالی بیانات کی تیاری میں مستقل طور پر لاگو کیا گیا ہے اور اکاؤنٹنگ کا تخمینہ معقول اور سمجھدار فیصلے پر مبنی ہے۔

• بین الاقوامی مالیاتی رپورٹنگ کے معیارات ، جیسا کہ پاکستان میں لاگو ہوتا ہے ، مالی بیانات کی تیاری میں عمل کیا گیا ہے۔
internal اندرونی کنٹرول کا نظام ڈیزائن میں درست تھا اور اسے مؤثر طریقے سے نافذ اور مانیٹر کیا گیا ہے۔
the کمپنی کی مستقل تشویش کے طور پر جاری رکھنے کی صلاحیت پر کوئی خاص شبہات نہیں تھے۔
corporate کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی روانگی نہیں ہوئی ، جیسا کہ فہرست سازی کے قواعد و ضوابط میں تفصیلی ہے۔

• ہم نے ڈائریکٹروں اور ملازمین کے درمیان ایک ضابطہ اخلاق اور کاروباری حکمت عملی تیار اور گردش کی ہے۔
Direct بورڈ آف ڈائریکٹرز نے ویژن اور مشن کا بیان اور مجموعی کارپوریٹ حکمت عملی کا بیان اپنایا ہے۔
• تمام ڈائریکٹرز اس کے بورڈ اور جنرل میٹنگ میں یا تو جسمانی طور پر یا ویڈیو کانفرنس کے ذریعے شریک ہوئے ہیں جب تک کہ معقول وجہ کی وجہ سے روک نہ لیا جائے۔

• تمام ڈائریکٹرز کو ان کی ذمہ داریوں ، کرداروں ، معاوضوں ، اختیارات اور ذمہ داری کے ساتھ ان کی شرائط کے آغاز پر کوڈ آف کارپوریٹ گورننس ، کمپنیز ایکٹ اور آرٹیکل آف ایسوسی ایشن کے مطابق تفویض کیا جاتا ہے۔

the کمپنی کے تمام ڈائریکٹرز کو ڈائریکٹر ٹریننگ پروگرام (ڈی ٹی پی) کے تحت منظور شدہ / چھوٹ دی گئی ہے جیسا کہ کوڈ آف کارپوریٹ گورننس ریگولیشنز ، 2019 کی ضرورت ہے۔

human انسانی وسائل ، سیٹی بجائے ، خریداری ، اسٹیک ہولڈرز کے ساتھ مواصلاتی طریقہ کار ، ماحولیات ، صحت اور حفاظت ، ڈائریکٹر کا معاوضہ ، اینٹی منی لانڈرنگ اور رسک مینجمنٹ وغیرہ پر بورڈ آف ڈائریکٹرز کی طرف سے منظور شدہ اہم پالیسیوں کا مناسب تازہ ترین ریکارڈ موجود ہے۔

• جیسا کہ کوڈ آف کارپوریٹ گورننس ریگولیشنز ، 2019 اور کمپنیز ایکٹ 2017 (ایکٹ) کے تحت ضرورت ہے ، ہم نے مندرجہ ذیل معلومات کو اس رپورٹ میں شامل کیا ہے۔

شیئر ہولڈنگ کے پیٹرن کا بیان الگ سے دیا گیا ہے۔

o متعلقہ کاروباری اداروں اور متعلقہ افراد کے حصص کا بیان۔

o سال کے دوران منعقد ہونے والے بورڈ میٹنگز اور سالانہ جنرل میٹنگ کا بیان اور ہر ڈائریکٹر کی حاضری الگ سے دی گئی ہے۔

o ایکٹ کے سیکشن 192 (4) کی دفعات کے تحت چیئرمین جائزہ رپورٹ۔

ضابطے کے ضابطہ 36 کے تحت چبٹرمن کی طرف سے دستخط شدہ تعمیل کا بیان۔

six پچھلے چھ سالوں کے کلیدی آپریٹنگ اور مالیاتی اعدادوشمار کے ساتھ ٹیکس اور لیویز کی معلومات کو منسلک آڈٹ شدہ مالی بیانات میں مناسب طریقے سے ظاہر کیا گیا ہے۔

listed کمپنی ایس ای سی پی کی طرف سے جاری کردہ ہدایات کی سختی سے پیروی کرتی ہے جو کہ لسٹڈ کمپنیوں کے اندرونی تجارت کی ممانعت پر ہے اور کمپنی کے حصص میں کوئی تجارت اس کے ڈائریکٹر، سی ای او، سی ایف او، کمپنی سیکرٹری، ہیڈ آف انٹرنل آڈٹ اور ان کے میاں بیوی اور نابالغ بچوں کے علاوہ نہیں شیئر ہولڈنگ کے انداز میں انکشاف

شیئر ہولڈنگ کا نمونہ۔

شیئر ہولڈنگ کا پیٹرن اور اس سے متعلقہ معلومات اس کے مطابق منسلک ہیں۔

متعلقہ پارٹی لین دین

متعلقہ پارٹی ٹرانزیکشنز (RPT) اور ان کی حیثیت کا IAS 24 کے تحت ضرورت کی تعمیل کرتے ہوئے مناسب طور پر انکشاف کیا جاتا ہے۔ مزید برآں، SRO 768 (1) کے ذریعے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ نوٹیفکیشن کے مطابق سب کے لیے ایک مضبوط پالیسی موجود ہے۔ (2019 اور گائیڈ لائنز کو کمپنی کی پالیسی میں لین دین اور ریکارڈ کی دیکھ بھال کے حوالے سے مناسب طریقے سے شامل کیا گیا ہے۔ آر پی ٹی کو اندرونی آڈٹ کے ذریعے باضابطہ طور پر منظور کیا گیا تھا جس کے بعد بورڈ میٹنگ میں اسے پیش کرنے سے پہلے آڈٹ کمیٹی کی منظوری لی گئی تھی، تاکہ اس بات کو یقینی بنایا جا سکے کہ کاروباری سرگرمی کے معمول کے دوران تمام لین دین مکمل طور پر مکمل ہوں۔ 30 جون 2022 کو ختم ہونے والے موجودہ مالی سال کے دوران تمام RPT کو ممبران کی منظوری کے لیے کمپنی کی جنرل میٹنگ کے سامنے پیش کیا جائے گا۔ اسی طرح، بورڈ نے 30 جون 2023 کو ختم ہونے والے مالی سال کے دوران کئے جانے والے لین دین کے لیے کمپنی کی جنرل میٹنگ میں ممبران کی منظوری حاصل کرنے کا بھی فیصلہ کیا ہے اور اسے اگلی سالانہ جنرل میٹنگ میں شیئر ہولڈرز کے سامنے رکھا جائے گا۔ ان کی رسمی توثیق / منظوری۔

بورڈ کی تشخیص

کوڈ آف کارپوریٹ گورننس ریگولیشنز، 2019 کے ضابطہ 10(3)(v) کے مطابق بورڈ اور کمیٹیوں کے ہر رکن کی کارکردگی کی پیمائش کرنے کے لیے ہمارے ذریعہ ایک جامع جائزہ اور جائزہ لیا گیا ہے۔

کمپنی نے بورڈ، کمیٹیوں کی کارکردگی کا جائزہ لینے اور گورننگ بورڈ اور اس کی کمیٹیوں کی تاثیر پر بنیادی توجہ کے ساتھ فیصلہ سازی میں زیادہ سے زیادہ جوابدہی کے لیے قیادت کے کرداروں کی وضاحت کے لیے اندرونی طور پر بورڈ کی جانچ کا عمل انجام دیا۔

زیر انتظام سوالناموں کے ذریعے جمع کی گئی معلومات کے ساتھ ساتھ بورڈ کے اراکین اور کمیٹی کے اراکین کے ساتھ ہماری بات چیت کے نتیجے میں حاصل ہونے والی معلومات۔ کارپوریٹ گورننس کے اہم معاملات پر دو طرفہ مواصلاتی عمل پر مشتمل ایک جامع سوالنامہ کا بھی کمیٹی اور بورڈ ممبران نے جواب دیا ہے۔

بورڈ کی تشکیل

ضابطہ 34 کے تحت ضرورت کے مطابق دس (10) ڈائریکٹرز کا بورڈ مندرجہ ذیل پر مشتمل ہے۔

| Sr No | Category | Gender | | Total |
|-------|--------------------------|--------|--------|-------|
| | | Male | Female | |
| (i) | Independent Director | 3 | 0 | 3 |
| (ii) | Executive Directors | 2 | 0 | 2 |
| (ii) | Non- Executive Directors | 4 | 1 | 5 |

بورڈ اور آڈٹ کمیٹی کے اجلاس

• تمام ڈائریکٹرز، میٹنگ میں شرکت کے اہل، کمپنی کی جنرل میٹنگز میں شرکت کی ہے۔ کوڈ کے ریگولیشن 10 (6) کے تحت ذاتی طور پر یا ویڈیو کانفرنس کے ذریعے جب تک کسی معقول کی وجہ سے ایسا کرنے سے روک دیا جائے۔ 2021-22 کے دوران بورڈ آف ڈائریکٹرز، آڈٹ کمیٹی اور ہیومن ریسورس اور معاوضہ کمیٹی کے اجلاس اور شرکت کی میٹنگ کی تعداد درج ذیل ہے۔

| Sr | Name of Directors | Board of Directors | | Committees | | | |
|-----|----------------------|--------------------|----------|--------------------|----------|---------------------------------|----------|
| | | | | Audit | | Human Resource and Remuneration | |
| | | Eligible to attend | Attended | Eligible to attend | Attended | Eligible to attend | Attended |
| 1. | Mr. Muhammad Salim | 5 | 5 | - | - | - | - |
| 2. | Mr. Muhammad Shaheen | 5 | 5 | - | - | - | - |
| 3. | Mr. Khurram Salim | 5 | 4 | - | - | - | - |
| 4. | Mr. Bilal Sharif | 5 | 5 | 6 | 6 | - | - |
| 5. | Mr. Muhammad Amin | 5 | 5 | - | - | 1 | 1 |
| 6. | Mr. Hamza Shakeel | 5 | 5 | 6 | 6 | 1 | 1 |
| 7. | Mr. Iqbal Mehboob | 5 | 5 | 6 | 6 | 1 | 1 |
| 8. | Mr. Asif Elahi | 5 | 5 | - | - | - | - |
| 9. | Mr. Mustafa Tanvir | 5 | 5 | - | - | - | - |
| 10. | Mrs. Saba Yousaf | 5 | 5 | - | - | - | - |

آڈٹ کمیٹی

| Sr | Name | Designation | Category |
|-----|---------------|-------------|-------------------------|
| i | Bilal Sharif | Member | Non- Executive Director |
| ii | Hamza Shakeel | Member | Non- Executive Director |
| iii | Iqbal Mehboob | Chairman | Independent Director |

آڈٹ کمیٹی تین ممبران پر مشتمل ہوتی ہے جس میں چیئرمین ایک آزاد ڈائریکٹر ہوتا ہے جبکہ باقی تمام نان ایگزیکٹو ڈائریکٹر ہوتے ہیں اور بورڈ آف ڈائریکٹرز کی طرف سے تفویض کردہ شرائط کے تحت اپنی ذمہ داریاں نبھاتے ہیں۔ مالیاتی خواندہ ممبر کی تقرری ضابطہ کے باب X میں ضابطہ 27(1)(iii) کے مطابق کی گئی ہے۔

بورڈ آف ڈائریکٹرز کی منظوری سے قبل عبوری اور سالانہ مالیاتی گوشواروں کا جائزہ لینے کے لیے آڈٹ کمیٹی کے اجلاس باقاعدگی سے وقفے وقفے سے منعقد کیے جاتے تھے اور سال میں ایک بار بیرونی آڈیٹر کے ساتھ ایک اضافی میٹنگ ہوتی تھی۔ بغیر CFO اور دوسرے اندرونی آڈیٹر کے ساتھ CFO اور بیرونی آڈیٹر کی موجودگی کے بغیر۔

AC کمپنی کے بورڈ آف ڈائریکٹرز کا ایک ذیلی گروپ ہے جو کمپنی کی مالیاتی رپورٹنگ اور انکشاف کے عمل کی نگرانی کے لیے ذمہ دار ہے اور کمپنی کے عمل اور اندرونی کنٹرول سے مکمل آگاہی رکھتا ہے۔ اکاؤنٹنگ پالیسیوں اور اصولوں کے انتخاب پر نظر رکھنے اور قوانین اور ضوابط کی تعمیل کو یقینی بنانے کے لیے AC عام طور پر انتظامی ٹیم، آزاد آڈیٹر، اور اندرونی آڈیٹرز کے ساتھ رابطہ کرتا ہے۔ AC اس بات کو یقینی بناتا ہے کہ دھوکہ دہی کی روک تھام اور اس کی نشاندہی کے لیے مناسب پالیسیاں اور عمل موجود ہیں، جیسے کہ اثاثہ جات کا غلط استعمال، بدعنوانی، اور مالیاتی سٹیٹمنٹ فراڈ اور انتظامیہ کے ساتھ مل کر کام کرتا ہے تاکہ اس بات کو یقینی بنایا جا سکے کہ فراڈ کی نشاندہی پر ضروری اقدامات کیے جائیں۔

AC کمپنی کے سہ ماہی اور آڈٹ شدہ سالانہ مالیاتی بیانات پر تبادلہ خیال کرنے کے لیے انتظامیہ اور قانونی آڈیٹرز سے باقاعدگی سے ملاقات کرتا ہے جبکہ سالانہ آڈٹ کے دوران، آڈٹ کمیٹی ریگولیشن 27(2) کی تعمیل میں بیرونی آڈیٹر اور اندرونی آڈٹ کے سربراہ کے ساتھ الگ سے ملاقات کرتی ہے۔ (iii) ان معاملات پر بات کرنے کے لیے جن پر رازداری سے بات کرنے کی ضرورت ہے۔ AC ضابطہ اخلاق کو لاگو کرنے اور موثر مواصلاتی چینلز کے قیام کو یقینی بنا کر تنظیم کے لہجے کو ترتیب دینے میں اہم کردار ادا کرتا ہے۔ AC اس بات سے پوری طرح واقف ہے کہ انتظامیہ قوانین اور ضوابط کی تعمیل حاصل کرنے کے لیے کیا کر رہی ہے، اور انہیں جاری تحقیقات اور تادیبی کارروائیوں جیسے مسائل کے بارے میں علم ہونا چاہیے۔ AC ممبران اجتماعی طور پر دھوکہ دہی کو روکنے کے لیے کام کرتے ہیں اور جان بوجھ کر اکاؤنٹنگ کی غلطیوں اور بے ضابطگیوں کا پتہ لگانے میں ماہر ہیں۔

انسانی وسائل اور معاوضہ کمیٹی

| Sr | Name | Designation | Category |
|-----|---------------|-------------|-------------------------|
| i | Iqbal Mehboob | Chairman | Independent Director |
| ii | Mohammad Amin | Member | Non- Executive Director |
| iii | Hamza Shakeel | Member | Non- Executive Director |

ہیومن ریسورس اینڈ ریمونریشن کمیٹی (HRRC) تین ممبران پر مشتمل ہے جن میں سے سبھی نان ایگزیکٹو ڈائریکٹر ہیں جبکہ چیئرمین ایک آزاد ڈائریکٹر ہیں۔ HRRC سی ای او کے انتخاب، تشخیص، معاوضہ (بشمول ریٹائرمنٹ فوائد) اور جانشینی کی منصوبہ بندی کے لیے بورڈ کو انسانی وسائل کے انتظام کی اہم پالیسیوں کی سفارش کرتا ہے۔

HRRC کا مقصد کسی تنظیم کے بورڈ، انتظامی ٹیم اور اس کے ملازمین کی تاثیر کو بہتر بنا کر اس کی پیداواری صلاحیت کو زیادہ سے زیادہ کرنا ہے۔ HRRC بورڈ کو انسانی وسائل کے انتظام کی پالیسی کی سفارش کرنے کا ذمہ دار ہے۔ CEO، CFO اور کمپنی سکریٹری کے انتخاب، تشخیص، معاوضے (بشمول ریٹائرمنٹ فوائد) اور جانشینی کی منصوبہ بندی کی سفارش کرنے کی مجموعی ذمہ داری کمیٹی پر ہوگی۔ HRRC سینئر مینجمنٹ کی بھرتی اور تربیت، معاوضے، کارکردگی کا جائزہ، جانشینی کی منصوبہ بندی اور انسانی سرمائے کے موثر استعمال کے لیے اقدامات میں بورڈ اور انتظامیہ کی مدد کرتا ہے۔



کارپوریٹ سماجی ذمہ داری کی پالیسی

کمپنی کی اخلاقی، پائیدار اور ماحولیاتی ذمہ داریوں سے متعلق پالیسیاں تیار کرتی ہے اس بات کو یقینی بنا کر کہ کمپنی کا مقامی کمیونٹیز اور ماحول پر مثبت اثر پڑے۔

کمپنی کی اپنی کمیونٹی اور ماحولیات کے تئیں ایک سماجی ذمہ داری ہے کمپنی کے کاموں کے تمام پہلوؤں جیسے مسائل جو ماحول پر اثر انداز ہوتے ہیں جیسے کہ آلودگی، فضلہ، مصنوعات کی حفاظت اور مزدوری لیکن صرف کمیونٹی اور سماجی افراد کو فنڈز فراہم کرنے تک محدود نہیں۔ ماحول، بلکہ کمپنی سے متعلق فریقین کے ساتھ اچھے طویل مدتی تعلقات کو برقرار رکھنا بھی شامل ہے۔ کمپنی آلودگی اور گرین ہاؤس گیسوں کے اخراج کو کم کرنے، قدرتی وسائل کے پائیدار استعمال، ضیاع کو کم سے کم اور مناسب طریقے سے ٹھکانے لگانے کے مقصد کے ساتھ ماحولیاتی برقرار رکھتے ہوئے اقتصادی، سماجی اور ماحولیاتی طور پر پائیدار طریقے سے کام کرنے کے لیے ایک جامع کارپوریٹ سماجی ذمہ داری (CRS) پالیسی کا انتظام کرتی ہے۔ مینوفیکچرنگ کے عمل کے دوران ری سائیکلنگ کو فروغ دینا۔

صحت ، حفاظت اور ماحولیاتی پالیسی

کمپنی ایک محفوظ اور صحت مند کام کی جگہ کو یقینی بنانے اور ماحول کی حفاظت کے لیے پرعزم ہے اور اس بات پر پختہ یقین رکھتی ہے کہ حفاظت اور ماحول کی حفاظت ایک اچھا کاروبار ہے اور کام سے متعلق تمام چوٹیں، بیماریاں، املاک کے نقصانات اور منفی

ماحولیاتی اثرات کو روکا جا سکتا ہے۔ اس عزم کو پورا کرنے کے لیے، کمپنی اس بات کو یقینی بناتی ہے کہ انتظامیہ کارکنوں اور ماحول کے تحفظ کی مکمل ذمہ داری قبول کرے۔ کسی بھی ملازم کے ساتھ کسی غیر متوقع حادثے کی صورت میں کارکنوں کے لیے ایک جامع گروپ لائف انشورنس پہلے سے ہی موجود ہے۔ کمپنی کراچی اور لاہور دونوں دفاتر میں اپنے انتظامی ملازمین کے لیے ہیلتھ پالیسی کے لیے بنائے گئے انتظامات بھی فراہم کرتی ہے۔ کمپنی صحت، حفاظت اور ماحولیاتی تحفظات کو کمپنی کے دیگر کاروباری مقاصد کے ساتھ مساوی حیثیت دیتی ہے اور انہیں کام کے تمام پہلوؤں میں ضم کرتی ہے اور صحت، حفاظت اور ماحولیاتی کارکردگی کو مسلسل بہتر بنانے کے لیے فعال طور پر کوشش کرتی ہے۔ کمپنی کی پالیسی پانی اور فضائی آلودگی، کیمیائی اور تیل کے اخراج، سموگ، پینے کے پانی کے معیار، زمین کے تحفظ اور انتظام اور جنگلی حیات کے تحفظ پر چوکس ہے۔

ڈائریکٹر معاوضہ پالیسی

ڈائریکٹر کی معاوضے کی پالیسی کمپنی کے طویل مدتی مقاصد کو آگے بڑھانے کے لیے بورڈ اور سینئر مینجمنٹ میں صحیح ٹیلنٹ کو برقرار رکھنے کے لیے کمپنی کی کارکردگی اور استحکام کا سنگ بنیاد ہے۔ چونکہ کمپنی کا بورڈ اور سینئر مینجمنٹ اسٹریٹجک سمت فراہم کرنے، اہم کاروباری فیصلوں اور عمل درآمد کی ذمہ داریاں نبھاتے ہیں، اس لیے یہ بہت ضروری ہے کہ انہیں ان کی کارکردگی کے لیے زیادہ ذمہ دار اور جوابدہ بنایا جائے۔ سینئر مینجمنٹ اور بورڈ ممبران کے معاوضے کے طریقے کارپوریٹ گورننس کے مجموعی فریم ورک کے بہت اہم پہلوؤں میں سے ایک ہیں، کیونکہ یہ کمپنی کی کارکردگی کو متاثر کرتا ہے، جس کے نتیجے میں عام شیئر ہولڈرز کو واپسی اور کمپنی کے استحکام پر اثر پڑتا ہے۔ معاوضے کی پالیسی کمپنیز ایکٹ 2017، کمپنیز آرٹیکل آف ایسوسی ایشن اور کوڈ آف کارپوریٹ گورننس ریگولیشنز، 2019 کی دفعات کے تحت بورڈ کو انسانی وسائل اور معاوضے کی کمیٹی (HRRC) کی سفارشات اور تجاویز کے تحت تیار کی گئی ہے۔ ایگزیکٹو ڈائریکٹرز مقررہ ماہانہ معاوضے اور HRRC کی طرف سے تجویز کردہ دیگر مراعات کے حقدار ہیں جن کی بورڈ نے باضابطہ طور پر منظوری دی اور اس کے بعد کمپنی کی جنرل میٹنگ میں ممبران کی منظوری لی گئی۔

ایکٹ کے سیکشن 227(a)(I) کے مطابق، موجودہ مالی سال کے دوران کمپنی کے ڈائریکٹرز کو درج ذیل معاوضے (نوٹ 32) ادا کیے گئے ہیں:

(a) جناب خرم سلیم (PKR 800,000.00) - CEO ماہانہ۔

(ب) جناب محمد سلیم (PKR 1,000,000.00) - ED ماہانہ۔

اس کے علاوہ، مندرجہ بالا ڈائریکٹرز کے لیے دیگر فوائد میں کمپنی کے زیر انتظام گاڑی ایندھن، کاروباری سفر اور مواصلاتی اخراجات شامل ہیں۔

کمپنی کے کسی دوسرے ڈائریکٹر کو کوئی فیس یا معاوضہ ادا نہیں کیا گیا ہے۔

قانونی آڈیٹرز -

موجودہ آڈیٹر کے میسرز مشتاق اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس 27 اکتوبر 2022 کو طے شدہ سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہو جائیں گے، تاہم، اہل ہونے کی وجہ سے انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔ آڈٹ کمیٹی نے 30 جون 2023 کو ختم ہونے والے سال کے لیے میسرز مشتاق اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو بطور ایکسٹرنل آڈیٹر مقرر کرنے کی تجویز دی ہے۔ کوالٹی کنٹرول کے تحت بیرونی آڈیٹر میسرز مشتاق اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو تسلی بخش درجہ بندی دی گئی ہے۔ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کا جائزہ پروگرام۔ فرم اور اس کے تمام پارٹنر انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کی طرف سے اپناؤ گئے کوڈ آف ایتھکس پر انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس کے رہنما اصولوں کی تعمیل کرتے ہیں اور وہ ایس ای سی پی ایکٹ 1997 کے سیکشن 136 کے تحت آڈٹ اوور سائیٹ بورڈ کے ساتھ رجسٹرڈ ہیں۔ قانونی آڈیٹرز نے نہ تو کوئی فیصلہ سازی، اندرونی آڈٹ یا انتظامی کام انجام دیا اور نہ ہی ان کا کمپنی کے کسی ڈائریکٹر یا ایگزیکٹوز کے ساتھ کسی قسم کا تعلق ہے۔ منگنی کے شراکت داروں کو ہر پانچ سال کی تکمیل کے بعد گھمایا جاتا تھا۔

بورڈ آف ڈائریکٹرز نے 30 جون 2023 کو ختم ہونے والے سال کے لیے میسرز مشتاق اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی بطور بیرونی آڈیٹر تقرری کی بھی سفارش کی اور آڈیٹرز کا معاوضہ (سال 2021,000,000 روپے) سال 2022-23 جیسا کہ آڈٹ کمیٹی نے کوڈ کے ضابطہ 32(3) کے تحت بورڈ کو تجویز کیا ہے۔ اسائنمنٹس میں قانونی آڈٹ، ششماہی جائزہ اور کارپوریٹ گورننس ریویو کا کوڈ شامل ہے۔

مادی تبدیلیاں اور وعدے۔

کمپنی کی مالی پوزیشن کو متاثر کرنے والی کوئی مادی تبدیلیاں اور وعدے کمپنی کے مالی سال کے اختتام کے درمیان نہیں ہوئے جس سے بیلنس شیٹ کا تعلق ہے اور ڈائریکٹرز کی رپورٹ کی تاریخ۔

اعتراف

میں بورڈ آف ڈائریکٹرز، قابل قدر شیئر ہولڈرز، کسٹمرز، بینکرز، سپلائرز اور دیگر سٹیک ہولڈرز کا ان کا تعاون، اعتماد اور اعتماد کا انتہائی مقروض ہوں۔ میں تمام ملازمین کا بھی شکریہ ادا کرتا ہوں۔

خرم سلیم



چیف ایگزیکٹو

محمد سلیم



ڈائریکٹر

کراچی: 28 ستمبر 2022

بلیسڈ ٹیکسٹائلز لمیٹڈ

پراکسی فارم

میں _____ کے _____
کے رکن اور عام شیئر کے حامل کی حیثیت کے _____ (شیئر کی تعداد)
رجسٹرڈ کارپوریٹ نمبر _____ اور ایسی ڈی سی فوئیو کا آئی ڈی نمبر _____ اور ذیلی اکاؤنٹ نمبر _____ کے
_____ یا _____ کے
کو کمپنی کے سالانہ اجلاس جو 27 اکتوبر 2022 کو منعقد ہوگا، میں میرے / ہمارے لئے اور میری / ہماری طرف سے بحیثیت اپنا پراکسی، ووٹ دینے کے لئے نامزد کرتا ہوں / کرتے ہیں۔

دستخط _____ بروز _____ بتاریخ _____ / _____ 2022۔

گواہان:

دستخط: _____

نام: _____

پتہ: _____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____

پاسپورٹ نمبر: _____

دستخط شیئر ہولڈر

(دستخط کا کمپنی میں رجسٹرڈ نمونے کے ہو، ہو مطابق ہونا ضروری ہے)

دستخط: _____

نام: _____

پتہ: _____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____

پاسپورٹ نمبر: _____

نوٹ: نمائندے کو فعال بنانے کے لئے نامزدگی کا فارم مہینہ سے کم از کم 48 گھنٹے قبل کمپنی کو موصول ہو جانا چاہیے۔ نمائندے کو کمپنی کارکن ہونا ضروری نہیں۔
سی ڈی سی شیئر ہولڈرز اور ان کے نمائندوں سے فرد افراد درخواست ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ تصدیق شدہ نقل یا پاسپورٹ، پراکسی فارم داخل کرنے سے قبل اس کے ساتھ منسلک کریں۔

Bhanero Textile Mills Ltd

Proxy Form

I/We _____ of _____ being a member of **BHANERO TEXTILE MILLS LIMITED** and holder of _____ ordinary shares as per Share Register Folio No. _____ and/or CDC Participant ID No. _____ and Sub Account No. _____ hereby appoint Mr./Mrs./Miss _____ of _____ or failing him/her _____ of _____ as my / our proxy to act on my/our behalf at the 43rd Annual General Meeting of the Company to be held on Thursday, 27th October 2022 at 03:00 pm at Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. and/or at any adjournment thereof.

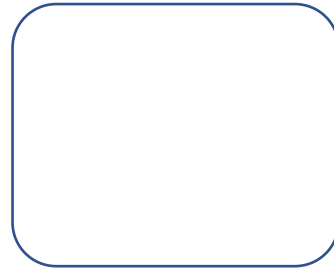
Witness: _____

Signature : _____ (Signature should agree with specimen registered with company)

Name : _____

CNIC/ PP: _____

Address: _____



Affix Rs.5 Revenue Stamp

Signed this _____ day of _____ 2022

Notes:

If a member is unable to attend the meeting, they may complete and sign this form and sent it to the Company Secretary, **Bhanero Textile Mills Limited**, Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. so as to reach not less than 48 hours before the time scheduled for holding the meeting.

- (i) The Proxy form shall be witnessed by a person whose name, address and CNIC/Passport number should be stated on the form.
- (ii) Attested copy of CNIC or the Passport of the beneficial owner alongwith the Proxy form should also be submitted.
- (iii) The Proxy nominee shall produce his / her original CNIC or original Passport at the time of the meeting.
- (iv) In case of a Corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signature should be submitted (unless it has been provided earlier) along with Proxy form to the Company.