



ANNUAL REPORT 2022



***The National Silk
& Rayon Mills Ltd.***

Manufacturer & Exporter of Quality Textile Products



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Mission Statement

We Shall provide unparalleled service and best value to our customers through dedicated, responsive and cost effective supply chain.

We are to provide quality products by strict adherence to international standards and best practices through collaboration with leading global companies in markets we serve.

We shall strive to maximize our shareholders value through sustained profitable growth.

We shall enhance existing employee productivity, hire, retain and develop best talent and provide them a competitive environment to excel and grow.

We will aggressively focus on increasing our market penetration by exploring new channels.

We shall continue to set new trends through innovative marketing and manufacturing.



Company Information

Board of Directors	Sh. Faisal Tauheed Sh. Kashif Tauheed Mrs. Samira Faisal Mrs. Tahira Kashif Sh Mustafa Faisal Tauheed Mr. Muhammad Arif Mr. Shehzad Ehsan	(Executive Director) -do- Non Executive Director Non Executive Director/Chairman Non Executive Director Independent Director Independent Director
Board Audit Committee	Mr. Muhammad Arif Sh Mustafa Faisal Tauheed Mrs. Tahira Kashif	(Chairman)
Board Human Resource and Remuneration Committee	Mr. Shehzad Ehsan Mrs. Sumaira Faisal Mrs. Tahira Kashif	(Chairman)
Management Team	Sh. Faisal Tauheed Puri Muhammad Islam Haider Imran Zafar Qaiser Ali Faheem	(Chief Executive) (Chief Financial Officer) (Company Secretary) (Internal Auditor)
Auditors	Riaz Ahmad and Company Chartered Accountants	
Bankers	National Bank of Pakistan The Bank of Punjab Bank Alfalah Limited Habib Metropolitan Bank Limited Askari Bank Limited Bank Al-Habib Limited MCB Limited Meezan Bank Limited	
Registered Office	House No. 8/3, Aziz Avenue, Canal Road, Gulberg V, Lahore.	
Factory	Dhuddiwala, Jaranwala Road, Faisalabad.	
Share Registrar	Corplink (pvt.) Ltd. Share Registrar & Corporate Consultants Wings Arcade, 1-K Commercial, Model Town, Lahore. Tel: 035916714, 35916719, 035839182 Fax: 92-42-35869037	
Legal Advisor	Sahibzada Muhammad Arif Advocate High Court, Chamber No.52, District Courts, Faisalabad.	

Notice of 72nd Annual General Meeting

Notice is hereby given that the 72nd Annual General Meeting of the Shareholders of The National Silk & Rayon Mills Limited will be held at Ewan-e-Noor Event Complex, 10-Civic Centre, Johar Town, LDA Office, Lahore on on 28th day of October 2022 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the annual audited financial statements of the Company for the year ended June 30, 2022 together with the Directors' and Auditors' Report thereon.
2. To appoint auditors and fix their remuneration.

By order of the Board

Place: Lahore
Dated: October 06, 2022

(IMRAN ZAFAR)
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 22, 2022 to October 28, 2022 (both days inclusive).
2. In light of the threat by the evolving coronavirus (COVID-19) situation, the Securities & Exchange Commission of Pakistan vide Circular No. 5 dated March 17, 2020 has advised the Company to modify their usual planning for Annual General Meeting in order to protect the well-being of the shareholders.

The shareholders who are interested to attend the AGM through Video Conference, are hereby requested to get themselves registered with the Company Secretary office by providing the following detail at the earliest but not later than 24 hours before the time of AGM.

Mobile / WhatsApp: 0300 8657997

E-mail: imran@nationalsilk.com

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

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

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

3. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her.
4. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a materially attested copy of the power of attorney must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting.
5. The financial statements for the year ended June 30, 2022 shall be uploaded on Company's website on or before October 06, 2022.
6. Members are requested to send copies of their computerized National Identity Cards to the company's independent Share Registrar M/s. Corplink (Pvt) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore.
7. Members can exercise their right to demand a poll subject to meeting requirements of Section 143 to Section 145 of the Companies Act, 2017 and applicable clauses of the Companies (Postal Ballot) Regulations, 2018.

8. Pursuant to SECP Circular No.10 of 2014 dated May 21, 2014, if company receives consent from members holding aggregate 10% or more shareholding residing in geographical location to participate in the meeting through video conference at least 10 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

In order to vote through e-voting and avail video conference facility, please fill the requisite form and submit to Company within time frame mentioned in form.

9. 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 Statement and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statement and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail has sufficient rights and space available to receive such e-mail which may be larger than 1 MB file in size. Further it is responsibility of the member to timely update the Share Registrar if any change in the registered e-mail address.
10. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular No.1, of 2000 dated 26th January 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

- a. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulation, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the meeting.
- b. In case of Corporate entity, the Board's resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For appointing Proxies

- a. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC regulations, shall submit the proxy form as per above requirements.
- b. The proxy form shall be witnessed by two persons, whose names, address and CNIC number shall be mentioned on the form.
- c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- d. The proxy shall produce his original CNIC or original passport at the time of the meeting.
- e. In case of corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with the proxy form to the company.

Chairmans' Review Report

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of The National Silk and Rayon Mills Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

The Company remains committed to deliver on its long term objectives of sustainable growth and value creation. This be being achieved through continued focus on operational excellence

For the financial year ended June 30, 2022, the Board's overall performance and effectiveness has been assessed as satisfactory. Improvement is an ongoing process leading to action plans. The overall assessment as satisfactory is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business.

The Board of Directors of the Company received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings. The board meets frequently enough to adequately discharge its responsibilities. The non-executive and independent directors are equally involved in important decisions.

Future Outlook

Pakistan's economy is now facing various challenges with expected slowdown of economic growth in near future. The foremost challenges include Rupee devaluation, Cotton crop damage due to recent floods coupled with sharp rise in energy/commodity prices, high inflation and higher rates of borrowing in the country. The recent resumption of the IMF program has boosted prospects and guaranteed that external financing needs will be comfortably met. This, together with expected private and official inflows should continue to keep Pakistan's external position relatively stable. Accordingly, there is a need to strike an appropriate balance between supporting the economy, ensuring debt sustainability, and advancing structural reforms while maintaining social cohesion. Company believes that the fundamental attributes of business operations – sustainability and leadership – have attained more relevance than ever before. This was achieved on the back of the Company's ability to deliver efficient and accessible mobility solutions to the present and future generations

Acknowledgment

On behalf of the Board of Directors, I would like to express my special gratitude to all the shareholders for their continued support and encouragement. I would also like to place on record the appreciation for the commendable services rendered by the employees of the Company. I also acknowledge the dedication and commitment of my fellow directors during this year and thank our CEO and his Team for their concerted efforts, focused approach and professional commitment.



Tahira Kashif
Chairperson

LAHORE: October 06, 2022

Directors' Report

The Board Directors of The National Silk and Rayon Mills Limited is pleased to present to you the Annual Report along with the Company's Audited Financial Statement for the year ended 30 June 2022.

Operating Results:	2022	2021
-----R u p e e s-----		
Gross profit	111,683,928	104,220,742
Selling, administrative and operating expenses	51,066,035	51,537,422
Profit/(Loss) for the year before taxation	52,867,484	56,491,860
Taxation	(38,616,014)	(11,404,487)
Profit/(Loss) after taxation	14,251,470	45,087,373
Earning per share	0.92	2.90

Performance Scorecard

The Company remains committed to deliver on its long-term objective of sustainable growth and value creation. This is being achieved through continued focus on operational excellence, product portfolio diversification, cost reduction and a strong capital structure.

The company's net turnover during the period under review remained Rs.1,302,943,379/- (2021: 1,087,044,667) showing increase of 20%, although during the period input costs remained high as the rupee weakened further against the US Dollar along with rise in Interest rates, energy and commodity prices.

Dividend:

The Board of Director's have not recommended dividend for the year ended June 30, 2022 keeping in view liquidity position of the company and high interest rate scenario.

Debt Obligation:

By the grace of Almighty Allah, despite so many challenges, the Company contains to meet its financial commitments and debt obligation on time.

Contribution to National Exchequer:

Being a responsible citizen, your company made a contribution of Rs.220.30 million to National Exchequer in form of income tax, sales tax, custom duties and excise as compare to Rs.187.67 million during the last year.

Human Resource Management and Employee Relationship:

We strongly believe that our people are our most valuable and essential assets. The Company's policy to retain its people is the best and unmatched. To continue our legacy of being unparalleled leaders, we put efforts to inspire top talent at all levels & aspire to be a destination of choice. The Company strives to develop its existing employees by keeping them motivated and engaged. Our HR department uses various tools to identify high potential employees and arranges various trainings to further groom them. With the enthusiastic team of high caliber professionals, the management is confident to get the business flourished more within the local as well as international markets. We continue to have a strong focus on structured development of our processes to fulfill our business needs through clearly defined authority matrices, policies procedures and systems. Reward and recognition will continue to be tied to transparent performance management systems and procedures.

The purpose of employee engagement and welfare activities is to keep employees engaged and motivated. These activities also serve to inspire and develop our people. The Company has permanent welfare strategy for its employees. Medical facilities for workers and first aid are also provided to the employees. There is a Mosque at plant for pray and to learn teaching of Religion. The company encourages and promotes all employees to participate in sports and various extracurricular activities.

Corporate and Social Responsibility:

Company is fully cognizant of its responsibility towards society and welfare. The company took several initiatives to meet its Corporate Social Responsibility and continued with reasonable financial support for the welfare of its employees, their families,

the local community and society at large.

Internal Financial Controls

The directors are aware of their responsibility with respect to internal financial controls. Through discussions with management and auditors (both internal and external), they confirm that adequate controls have been implemented by the Company.

Statutory Auditors of the company:

The present auditor M/s. Riaz Ahmad and Company Chartered Accountants, retire and being eligible, have offered themselves for re-appointment. The Audit Committee of the Board has also recommended their re-appointment as Auditors of the company for the year ending June 30, 2023.

Staff retirement benefits

The Company operates a funded contributory provident fund scheme for its employees and contributions based on salaries of the employees, are made to the fund on monthly basis.

Share Price Trend

During the year under review minimum price of share of Rs.10/- each fell up to Rs.17.01 and rose as high as Rs.31.90 and close at Rs.24.77 as on June 30, 2022.

Approval of Vision, Mission and Corporate Strategy by the Board

Pursuant to the Listed Companies (Code of Corporate Governance) Regulation 2017, the Board of Directors has carefully reviewed and approved the Vision, Mission and Corporate Strategy of the Company. It comprehensively states the ideology with which Company was incorporated. We ensure that our Vision and Mission set the direction for our overall corporate strategy. The entire organization is connected and driven by the purpose and it serves the decision making criterion on our day to day business.

Whistle Blowing Policy

Pursuant to the Listed Companies (Code of Corporate Governance) Regulation 2017, Company is committed to achieve high standards of integrity, ethical value and accountability. Accordingly, whistle blowing policy of the Company is approved by the Board of Directors and placed on the website of the company.

Compliance with the Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by Pakistan Stock Exchange in its Listing Regulations relevant for the year ended June 30, 2022 have been adopted by the company and have been duly complied with:

Code of Conduct

The board has adopted the Code of Conduct. All employees are informed of this Code and are required to observe these rules of conduct in relation to customers, suppliers and regulators.

Relation with stakeholders

We are committed to establish mutually beneficial relations with our suppliers, customers and business partners.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

In compliance with the Companies Act 2017 and the Code of Corporate Governance, we give below statements on Corporate and Financial Reporting framework:

- These financial statement, prepared by the management of the company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- The company has maintained proper books of account.
- 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 and any departure there from has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented. The system is being continuously monitored by internal audit and through other such monitoring procedure. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring in improvement in the system.
- There are 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 the corporate governance, as listed in the listing regulations.
- Key operating and financial data for the last six years in summarized form is annexed.
- Information about taxes and levies is given in the notes to the financial statements.
- The value of investments and bank balances in respect of staff retirement benefits: Provident Fund Rs.21,317,931/- The value of investment includes accrued profit.
- There have been no material changes and commitments affecting the financial position which have occurred between the end of financial year and the date of annual report.
- The principal risks faced by the Company include tough competition, Rupee devaluation, increasing gas prices and energy costs etc.
- The Company's production has no negative impact on the environment as our plant and operations re complying with international and national environmental standards.
- There are no changes that have occurred during the financial year concerning the nature of the business of the company or any other company in which the company has interest.
- The company has no policy for fixing remuneration package for Non-Executive and Independent Directors as they are not entitled for any remuneration.
- There are no outstanding statutory payments due on account of taxes, levies and charges except as those disclosed in these financial statements.

Board of Director's Meetings:

The Board convened 9 times during the year and attendance of the respective Directors was as under:

Directors	No. of meetings attended
Sh. Faisal Tauheed	9
Sh. Kashif Tauheed	9
Mrs. Samira Faisal	9
Mrs. Tahira Kashif	9
Mr. Shehzad Ihsan	9
Sh. Mustafa Faisal Tauheed	8
Mr. Muhammad Arif	8

Leave of absence was granted to the Directors who could not attend the Board meetings.

Board Audit Committee

An audit committee of the Board has been in existence since the enforcement of the Code of Corporate Governance. The audit committee has its terms of reference which were determined by the Board of Directors in accordance with the guidelines provided in the listing regulations and code of corporate governance.

The committee meets at least once every quarter and assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders, systems of internal control and risk management and the audit process. It has the power to call for information from management and to consult directly with the external auditors as considered appropriate. The Chief Financial Officer regularly attends the Board Audit Committee meeting by invitation to present the accounts. After each meeting, the Chairman of the Committee reports to the Board.

The audit committee comprises of two non-executive directors and one independent director who is also a Chairman. During the year four (4) meetings of the audit committee were held. The attendance of each member is given hereunder:

Names	No. of meetings attended
Mr. Muhammad Arif	4
Sh. Mustafa Faisal Tauheed	4
Mrs. Tahira Kashif	4

Human Resource and Remuneration Committee:

In compliance with the requirements of code of corporate governance, the Board of Directors has established this committee comprising three members (including Chairman)' two of whom are non executive directors and two is independent director. Detailed terms of reference of the Committee were duly communicated to the members by the Board.

Composition of Board

The board consists of 5 male and 2 female directors with following composition:

Independent director	2
Other non-executive directors	3
Executive director	2
Total number of directors	7

Remuneration Policy of Non-Executive Directors

The fee of the Non-Executive and independent Directors for attending the Board and Committee meeting of the Company is determined by the Board from time to time.

Remuneration Package of Chief Executive and Directors

Remuneration package of Chief Executive and director is disclosed in Notes to the financial statement.

Financial Statements

As required under the listing regulations of stock exchanges the Chief Executive Officer and Chief Financial Officer present the financial statements, duly endorsed under their respective signatures, for consideration and approval of the board of directors and the board, after consideration and approval, authorize the signing of financial statements for issuance and circulation.

The financial statements of the company have been duly audited by the auditors of the company. Riaz Ahmad and Company, Chartered Accountants. Auditors have issued clean audit report on financial statements for the year ended 30 June 2022 and clean review report on Statement of Code of Corporate Governance and their reports are attached with the financial statements. No material changes in contingencies and commitments, effecting the financial position of your company, have occurred between the end of the financial year to which this balance sheet relates and the date of the directors' report.

Related Party transaction and Transfer Pricing

It is the policy of the company to ensure that all transactions entered with related parties must be at arm's length. The company has fully complied with the best practices of the transfer pricing as contained in the listing regulation of stock exchanges in Pakistan.

Directors' Training Programs:

The directors of the Company Sh. Faisal Tauheed and Sh. Kashif Tauheed acquired the certification under Director Training Program from Institute of Chartered Accountants of Pakistan and Mr. Shehzad Ehsan, Mrs. Samira Faisal and Mrs. Tahira Kashif acquired the certification from Institute of Cost and Management Accountants.

Pattern of Shareholding:

The pattern of shareholding in the prescribed form is annexed which also includes the information required under Code of Corporate Governance.

Trading by Directors etc:

No Share traded by directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouse and minor children during the year.

Appreciation

We would like to thank all of our staff members for the way they have responded to challenges of the year. Their hard work and commitment is greatly appreciated and is reflected in these results.

We are also thankful for the encouragement and support which we received from our suppliers, shareholders, bankers and financial institutions financial institutions.

On behalf of the Board



Sh. Faisal Tauheed Puri
Chief Executive



Sh. Kashif Tauheed
Director

LAHORE: October 06, 2022

Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulation, 2019

For the year ended June 30, 2022

The National Silk and Rayon Mills Limited (the company) has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations 2019 (the “Regulations”) in the following manner:

1. The total number of directors are Seven (7) as per the following:

- a. Male: Five
- b. Female: Two

2. The composition of Board is as follows:

Independent Director	Mr. Shehzad Ehsan
	Mr. Muhammad Arif
Non-executive directors	Mrs. Samira Faisal
	Mrs. Tahira Kashif
	Sh. Mustafa Faisal Tauheed
Executive Directors	Sh. Faisal Tauheed
	Sh. Kashif Tauheed

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 ensured that complete record of particulars of 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 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 Chairperson and, in her absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

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

9. The Board has already arranged Director's Training program for the following:

Name	Category
Mr. Faisal Tauheed	Executive Director
Mr. Kashif Tauheed	Executive Director
Mrs. Samaira Tauheed	Non-Executive Director
Mrs. Tahira Kashif	Non-Executive Director
Mr. Shahzad Ehsan	Independent Director

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

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

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

a)	Audit Committee	
	Mr. Muhammad Arif	(Chairman)
	Mrs. Tahira Kashif	(Member)
	Mr. Mustafa Faisal Tauheed	(Member)

b) HR and Remuneration Committee

Mr. Shahzad Ehsan
Mrs. Tahira Kashif
Mrs. Samira Faisal

(Chairman)
(Member)
(Member)

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

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

a) Audit Committee: Four meetings during the financial year ended June 30, 2022.

b) HR and Remuneration Committee: One meeting during the financial year ended June 30, 2022.

15. The board has set up an effective internal audit function which comprises the persons 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 Finance 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 other requirements of the Regulations 3, 7, 8, 32, 33 and 36 of the Regulations have been complied with, except for the requirements of regulation 6 and 27, against which compliance will be made in due course;

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

Sr. No.	Requirement	Explanation for Non-compliance	Reg. No.
1	Nomination Committee: The Board may constitute a separate committee, designated as the Nomination Committee (NC) of such number and class of directors, as it may deem appropriate in its circumstances.	Currently the Board has not constituted a separate NC and the functions are being performed by the HR committee.	29(1)
2	Risk Management Committee: The Board may constitute the Risk Management Committee (RMC), of such number and class of directors, as it may deem appropriate in its circumstances, to carry out review of effectiveness of risk management procedures and present a report to the Board.	Currently the Board has not constituted the RMC and the Company's Risk Manager performs the requisite functions and appraises the Board accordingly.	30(1)
3	Directors' training It is encouraged that by 30 June 2022, all directors on the Board have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.	The Non-Executive Director Sheikh Mustafa Faisal Tauheed and the Independent Director Mr. Muhammad Arif did not attend the directors' training program due to tight schedule. However, company is arranging directors' training program as early as possible.	19(1)
4	Disclosure of significant policies on website The Company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committees on its website and key elements of the directors' remuneration policy.	The Company will upload the required policies and terms of references to comply these requirements soon.	35
5	Internal audit reports: The Company shall ensure that internal audit reports are provided for the review of external auditors.	Internal audit reports are not formally prepared and the internal audit department just performs day to day verification. However, these reports will be prepared next year.	31(7)

For and on behalf of the Board of Directors

Lahore: October 06, 2022

Sh. Kashif Tauheed
Director

Sh. Faisal Tauheed Puri
Chief Executive Officer

Independent Auditor's Review Report

To the Members of The National Silk And Rayon Mills Limited

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

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

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

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

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

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

Further, we highlight below instances of non-compliance with the mandatory requirements of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Sr. No.	Paragraph reference	Description
(i)	18	Independent director s did not qualify the criteria of independence in accordance with t he requirements of regulation 6(3) of the Regulations. We have been explained that the Board is deliberating on the matter.
(ii)	18	Composition of the audit committee is not as per the requirements of the regulation 27(1) of the Regulations due to non-qualification of the directors as independent directors. Hence chairman of the audit committee is not an independent director. We have been explained that the Board is deliberating on the matter.

Faisalabad: October 06, 2022
UDIN: CR202210184gBluN4Dos



RIAZ AHMAD & COMPANY
Chartered Accountants

Independent Auditor's Report

To the members of The National Silk And Rayon Mills Limited
Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

S. No.	Key audit matter(s)	How the matter was addressed in our audit
(i)	<p>Revenue recognition</p> <p>The Company recognized revenue of Rupees 1,302.943 million for the year ended 30 June 2022.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> <p>For further information on revenue recognition, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Revenue from contracts with customers (Note 2.19 to the financial statements). - Revenue from contracts with customers (Note 18 to the financial statements). 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue. • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents. • We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'. • We also considered the appropriateness of disclosures in the financial statements.

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

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

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

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter

The financial statements of the Company for the year ended 30 June 2021 were audited by another firm of Chartered Accountants whose auditor's report dated 06 October 2021 expressed unmodified opinion.

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

Faisalabad: October 06, 2022



RIAZ AHMAD & COMPANY
Chartered Accountants

Statement of Financial Position

AS AT JUNE 30, 2022

	NOTE	2022 RUPEES	2021 RUPEES		NOTE	2022 RUPEES	2021 RUPEES
EQUITY AND LIABILITIES				ASSETS			
SHARE CAPITAL AND RESERVES				NON-CURRENT ASSETS			
Authorized share capital				Property, plant and equipment	10	820,161,917	834,163,520
20 000 000 (30 June 2021: 20 000 000) A - class ordinary shares of Rupees 10 each		200,000,000	200,000,000	Intangible asset	11	5,518,609	6,927,615
400 000 (30 June 2021: 400 000) B - class ordinary shares of Rupees 10 each		4,000,000	4,000,000	Long term deposits		26,217,046	22,956,046
		<u>204,000,000</u>	<u>204,000,000</u>			<u>851,897,572</u>	<u>864,047,181</u>
Issued, subscribed and paid up share capital	3	155,531,740	155,531,740				
Reserves							
Capital reserve - surplus on revaluation of freehold land	4	561,529,091	561,529,091				
Revenue reserve - unappropriated profit		148,679,684	134,428,214				
Total reserves		<u>710,208,775</u>	<u>695,957,305</u>				
Total equity		<u>865,740,515</u>	<u>851,489,045</u>				
LIABILITIES				CURRENT ASSETS			
NON-CURRENT LIABILITIES				Stores and spare parts	12	162,825,397	145,042,248
Deferred income tax liability	5	23,755,892	1,431,700	Trade debts	13	303,238,632	225,447,951
Deferred liability	6	-	1,271,309	Loans and advances	14	5,268,228	7,653,270
		<u>23,755,892</u>	<u>2,703,009</u>	Prepayments and other receivables	15	462,718	416,001
CURRENT LIABILITIES				Income tax refundable - net		32,350,384	21,691,445
Trade and other payables	7	274,011,248	211,282,221	Sales tax refundable	16	17,171,477	15,525,876
Unclaimed dividend		594,836	594,836	Short term investment		305,000	305,000
Accrued mark-up		1,921,464	3,520,819	Cash and bank balances	17	10,973,293	8,960,370
Short term borrowings	8	191,405,184	194,769,004			<u>532,595,129</u>	<u>425,042,161</u>
Current portion of deferred liability	6	27,063,562	24,730,408				
		<u>494,996,294</u>	<u>434,897,288</u>				
TOTAL LIABILITIES		<u>518,752,186</u>	<u>437,600,297</u>				
CONTINGENCIES AND COMMITMENTS	9						
TOTAL EQUITY AND LIABILITIES		<u>1,384,492,701</u>	<u>1,289,089,342</u>	TOTAL ASSETS		<u>1,384,492,701</u>	<u>1,289,089,342</u>

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Statement of Profit and Loss

FOR THE YEAR ENDED JUNE 30, 2022

	NOTE	2022 RUPEES	2021 RUPEES
REVENUE FROM CONTRACTS WITH CUSTOMERS	18	1,302,943,379	1,087,044,667
COST AGAINST SERVICES PROVIDED	19	(1,191,259,451)	(982,823,925)
GROSS PROFIT		111,683,928	104,220,742
DISTRIBUTION COST	20	(2,328,020)	(1,342,729)
ADMINISTRATIVE EXPENSES	21	(43,362,478)	(43,826,344)
OTHER EXPENSES	22	(5,375,537)	(6,368,349)
		(51,066,035)	(51,537,422)
		60,617,893	52,683,320
OTHER INCOME	23	5,023,992	11,303,641
PROFIT FROM OPERATIONS		65,641,885	63,986,961
FINANCE COST	24	(12,774,401)	(7,495,101)
PROFIT BEFORE TAXATION		52,867,484	56,491,860
TAXATION	25	(38,616,014)	(11,404,487)
PROFIT AFTER TAXATION		14,251,470	45,087,373
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	26	0.92	2.90

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Statement of Comprehensive Income

FOR THE YEAR ENDED JUNE 30, 2022

	2022 RUPEES	2021 RUPEES
PROFIT AFTER TAXATION	14,251,470	45,087,373
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	14,251,470	45,087,373

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Statement of Cash Flow

FOR THE YEAR ENDED JUNE 30, 2022

	NOTE	2022 RUPEES	2021 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	27	67,425,628	7,971,052
Finance cost paid		(13,095,632)	(6,504,964)
Income tax (paid) / refunded		(26,950,761)	1,961,085
Net increase in long term deposits		(3,261,000)	(1,298,500)
Workers' profit participation fund paid		(3,249,000)	-
Net cash generated from operating activities		20,869,235	2,128,673
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(20,218,865)	(52,122,606)
Proceeds from disposal of property, plant and equipment		4,625,000	4,320,000
Profit on saving account / term deposit receipt		101,373	68,491
Net cash used in investing activities		(15,492,492)	(47,734,115)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		(3,363,820)	34,642,255
Net cash (used in) / from financing activities		(3,363,820)	34,642,255
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		2,012,923	(10,963,187)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		8,960,370	19,923,557
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 17)		10,973,293	8,960,370

The annexed notes 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

ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL	RESERVES			TOTAL EQUITY
	CAPITAL	REVENUE	Total	
	Surplus on revaluation of freehold land	Unappropriated profit		

----- RUPEES -----

Balance as at 01 July 2020 155,531,740 561,529,091 89,340,841 650,869,932 806,401,672

Profit for the year	-	-	45,087,373	45,087,373	45,087,373
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	45,087,373	45,087,373	45,087,373

Balance as at 30 June 2021 155,531,740 561,529,091 134,428,214 695,957,305 851,489,045

Profit for the year	-	-	14,251,470	14,251,470	14,251,470
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	14,251,470	14,251,470	14,251,470

Balance as at 30 June 2022 155,531,740 561,529,091 148,679,684 710,208,775 865,740,515

The annexed notes 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 The National Silk and Rayon Mills Limited (the Company) is a public limited company incorporated in Pakistan on 27 June 1950 under the Companies Act, 1913 (Now Companies Act, 2017), and its shares are quoted on Pakistan Stock Exchange Limited. The registered office of the Company is situated at H-8/3, Aziz Avenue, Canal Road, Gulberg V, Lahore, Punjab. The head office and production unit are situated at Dhuddiwala, Jaranwala Road, Faisalabad, Punjab. The principal activity of the company is dyeing, bleaching, finishing and embroidery of fabric.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

- Provisions of and directives issued under the Companies Act, 2017.

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

b) Accounting convention

These financial statements have been prepared under the historical cost convention, except for freehold land which is stated at revalued amount.

c) Critical accounting estimates and judgments

The preparation of these financial statements in conformity with the approved accounting and reporting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods affected. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairments

The estimate for revalued amount of freehold land is based on valuation performed by external professional valuer and recommendation of technical teams of the Company. The said recommendation also includes estimates with respect to residual values and depreciable lives. Further, the Company reviews the value of the assets including intangible asset for possible impairment on an annual basis. If such indication exists, asset's recoverable amount is estimated in order to determine the extent of impairment loss, if any. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment along with intangible asset with a corresponding effect on the depreciation / amortization charge and impairment.

Provisions

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

Inventories

Inventory write-down is made based on current market conditions and historical experiences. It could change significantly as a result of change in market conditions.

Income tax

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

Revenue from contracts with customers

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

Allowance for expected credit losses

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

Contingencies

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

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

Following amendment to published approved accounting standards is mandatory for the Company's accounting periods beginning on or after 01 July 2021:

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

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

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

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

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

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2022 or later periods:

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

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

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

Following annual improvement to IFRS standards 2018-2020 is effective for annual reporting periods beginning on or after 01 January 2022 and relevant to the Company:

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

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

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

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

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

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

There are other standards and amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2022 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Employees retirement benefit

The Company operates an employees' provident fund for all its permanent employees effective from 01 July 2016 by replacing unfunded gratuity scheme which was ceased earlier. Equal monthly contributions are made to the fund both by the Company and the employees at the rate of 8.33% percent of the basic salary. The Company's contributions to the Fund are charged to the statement of profit or loss.

2.3 Provisions

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

2.4 Dividend and other appropriations

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

2.5 Taxation

Current

The charge for current tax is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

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

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

2.6 Property, plant and equipment

a) Operating fixed assets

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss. Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to the construction / erection period of qualifying assets and other directly attributable cost of bringing the assets to working condition.

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

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the statement of profit or loss during the period in which these are incurred.

b) Depreciation

Depreciation on operating fixed assets is charged to the statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 10.1. The Company charges the depreciation on additions from the month when the asset is available for use and on deletions up to the month preceding the month of disposal. The assets' residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

c) De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss in the year the asset is de-recognized.

d) Capital work-in-progress

Capital work-in-progress is stated at cost less impairment loss, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

2.7 Intangible assets

Computer software acquired by the Company is stated at cost less accumulated amortization and any identified impairment loss. Software costs are only capitalized when it is probable that future economic benefits attributable to the software will flow to the Company and the same is amortized applying the straight line method at the rates stated in Note 11 to these financial statements.

Amortization is charged to the statement of profit or loss on straight line basis so as to write off the cost of an asset over its estimated useful life. Amortization is charged from the month in which the asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed of. Intangible asset is amortized over its estimated useful life at the rate of 20% per annum.

The Company assesses at each reporting date whether there is any indication that intangible asset may be impaired. If such indication exists, the carrying amount of such asset is reviewed to assess whether it is recorded in excess of its recoverable amount. When carrying value exceeds the respective recoverable amount, asset is written down to its recoverable amount and resulting impairment is recognized in the statement of profit or loss. When an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

2.8 Inventories

Stores and spares parts except for items in transit, are stated at lower of cost and net realizable value. Usable stores and spare parts are valued principally at moving average cost, while items considered obsolete are carried at nil value up to the reporting date. Items in transit are valued at cost comprising invoice amount plus other charges paid thereon accumulated up to the reporting date.

Net realizable value is the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make the sale.

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which asset's carrying amount exceeds its recoverable amount. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.11 Financial Instruments

i) Recognition, classification and measurement of financial instruments

Financial assets

a) Classification

The Company classifies its financial assets at amortized cost. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

b) Measurement

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

Financial liabilities

Classification and measurement

Financial liabilities are classified as measured at amortized cost. These are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

ii) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

iii) **De-recognition of financial assets and financial liabilities**

Financial assets

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

Financial liabilities

The Company de-recognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expired.

iv) **Offsetting of financial instruments**

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

2.12 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

2.13 Share capital

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

2.14 Government grants

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

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

2.15 Trade debts and other receivables

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

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

2.16 Borrowing cost

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

2.17 Trade and other payables

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

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

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Figures are rounded off to the nearest Rupee unless otherwise specified. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction.

2.19 Revenue from contracts with customers

i) Revenue recognition

Rendering of services

The Company provides dyeing and embroidery services to local customers. These services are sold separately and the Company's contract with the customers for services constitutes a single performance obligation. Revenue from a contract to provide services is recognized at point in time, generally at the time of dispatch.

Sale of goods

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

Interest

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

Other revenue

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

ii) Contract assets

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

iii) Contract liabilities

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

2.20 Earnings per share

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

2.21 Contingent assets

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

2.22 Contingent liabilities

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

2.23 Segment reporting

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

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

The Company's reportable business segments comprise of Dyeing and Embroidery.

Due to separate nature of both segments' operations, there are no transactions among the business segments.

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2022 (NUMBER OF SHARES)	2021	2022 RUPEES	2021 RUPEES
15 051 267	15 051 267 A - Class Ordinary shares of Rupees 10 each fully paid in cash	150,512,670	150,512,670
320 100	320 100 B - Class Ordinary shares of Rupees 10 each fully paid in cash (Note 3.1)	3,201,000	3,201,000
181 807	181 807 A - Class Ordinary shares of Rupees 10 each issued as fully paid bonus shares	1,818,070	1,818,070
15,553,174	15,553,174	155,531,740	155,531,740

- 3.1 Shareholders of B-class shares will not participate in dividends unless a minimum 10% of dividend is paid to shareholders of A-class shares and will not exercise voting rights except when the management is found to be inefficient and debt servicing by the company becomes unsatisfactory.

4. CAPITAL RESERVE - SURPLUS ON REVALUATION OF FREEHOLD LAND

- 4.1 Revaluation of freehold land of the Company was carried out on 01 April 2020 by an independent valuer, Messrs Materials and Design Services (Private) Limited applying fair market value. Previously revaluations were carried out by independent valuers on 28 June 2016, 27 June 2012 and during the year 2000.

5. DEFERRED INCOME TAX LIABILITY

Taxable temporary difference on

Accelerated tax depreciation	34,286,787	8,199,537
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Deductible temporary differences on

Gratuity payable - ceased	(188,396)	(75,222)
Provision for doubtful receivables	(676,160)	(347,414)
Provision for GIDC	(7,848,433)	-
Minimum tax available for carry forward	(1,817,906)	(6,345,201)
	(10,530,895)	(6,767,837)
	23,755,892	1,431,700

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

As on 01 July	1,431,700	2,581,331
Add / (less):		
- difference in tax and accounting bases of operating fixed assets	26,087,250	(4,143,204)
- gratuity payable - ceased	(113,174)	220,600
- provision for doubtful receivables	(328,746)	(317,161)
- provision for GIDC	(7,848,433)	1,376,345
- minimum tax available for carry forward	4,527,295	1,713,789
Charged to the statement of profit or loss (Note 25)	22,324,192	(1,149,631)
As at 30 June	23,755,892	1,431,700

- 5.2 Minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 is of Rupees 1.818 million which will be expired in the financial year 2022-23.

	2022 RUPEES	2021 RUPEES
6. DEFERRED LIABILITY		
Gas Infrastructure Development Cess (GIDC) payable		
As on 01 July	26,001,717	37,081,790
Less: Gain on remeasurement of GIDC	-	(3,945,939)
Less: Payments made during the year	-	(7,134,134)
Add: Unwinding of discount on GIDC payable (Note 24)	1,061,845	-
	27,063,562	26,001,717
Less: Current portion shown under current liabilities	(27,063,562)	(24,730,408)
	-	1,271,309
6.1	This represents Gas Infrastructure Development Cess (GIDC) which was levied through GIDC Act, 2015. Supreme Court of Pakistan upheld the GIDC Act, 2015 to be constitutional and intra vires. This liability has been recognized at amortized cost in accordance with IFRS 9 'Financial Instruments'.	
7. TRADE AND OTHER PAYABLES		
Creditors	206,449,389	144,948,400
Accrued liabilities	38,915,805	48,024,554
Contract liabilities - unsecured	22,017,528	12,074,098
Payable to Employees' Provident Fund Trust	698,273	713,876
Income tax deducted at source	478,962	281,551
Gratuity payable - ceased	649,641	1,077,184
Workers' Profit Participation Fund (Note 7.1)	2,525,750	3,032,721
Workers' welfare fund (Note 7.2)	2,275,900	1,129,837
	274,011,248	211,282,221
7.1 Workers' profit participation fund		
Balance as at 01 July	3,032,721	-
Add: Provision for the year (Note 22)	2,525,750	3,032,721
Add: Interest for the year (Note 24)	216,279	-
	5,774,750	3,032,721
Less: Payments made during the year	3,249,000	-
	2,525,750	3,032,721
7.1.1	Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds retained by the Company.	
7.2 Workers' welfare fund		
Balance as at 01 July	1,129,837	-
Add: Provision for the year (Note 22)	1,146,063	1,129,837
	2,275,900	1,129,837
8. SHORT TERM BORROWINGS		
From banking companies - secured		
Cash finance (Note 8.1)	49,968,109	49,612,319
Running finance (Note 8.2)	-	7,976,045
Letters of credit payable (Note 8.3)	35,536,369	61,829,934
	85,504,478	119,418,298
Others - unsecured		
From other related parties (Note 8.4)	105,900,706	75,350,706
	191,405,184	194,769,004

- 8.1** This facility of Rupees 50 million (2021: Rupees 50 million) is obtained from National Bank of Pakistan. Rates of mark-up was ranging from 10.05% to 15.20% (2021: 10.50% to 10.84%) per annum during the year on outstanding balance. This is secured against first charge of Rupees 275 million on present and future fixed assets (land and building) of the Company and hypothecation charge of same amount on present and future assets, token registered mortgage of Rupees 1 million on fixed assets with security margin along with personal guarantees of all directors of the Company. This facility will be expired on 31 December 2022.
- 8.2** This facility was obtained from The Bank of Punjab with sanctioned limit of Rupees 8 million which was expired on 31 December 2021. Rates of mark-up was ranging from 10.70% to 15.20% (2021: 10.50% to 10.84%) per annum during the year on outstanding balance.
- 8.3** The facility for import letters of credit is amounting to Rupees 130 million (2021: Rupees 160 million). This is secured against the securities mentioned in Note 8.1. Rates of mark-up range from 11.45% to 14.56% (2021: 11.42% to 11.51%) per annum during the year on outstanding balance. This facility will be expired on 31 December 2022.

8.4 From other related parties

Mr. Faisal Tauheed, Chief Executive Officer
 Mr. Kashif Tauheed, Director
 Mrs. Tahira Kashif, Director

2022 RUPEES	2021 RUPEES
46,920,000	23,370,000
29,857,054	29,857,054
29,123,652	22,123,652
105,900,706	75,350,706

- 8.4.1** These represent interest free and unsecured loans obtained from Chief Executive Officer and directors of the Company to meet the working capital requirements of the Company. These are repayable on demand.

9. CONTINGENCIES AND COMMITMENTS

a) Contingencies

- (i) Sui Northern Gas Pipelines Limited (SNGPL) raised a demand amounting to Rupees 39.805 million against recovery of gas pilferage from the Company, which was reduced to Rupees 26.618 million by Review Committee of SNGPL on 24 May 2012. The Company filed appeal before Oil and Gas Regulatory Authority (OGRA) on 08 October 2012 against the decision of Review Committee. Joint Executive Director, OGRA decided the case in favour of the Company on 21 January 2013. However, SNGPL filed appeal to OGRA for review against the decision of Joint Executive Director, OGRA. OGRA then decided the case against the Company on 28 May 2014. Thereafter the Company filed appeal before Lahore High Court, Lahore on 12 September 2014. Lahore High Court, Lahore set aside the order of OGRA and ordered that the case should be reviewed again. In the meantime, the Company deposited in parts, the full amount demanded by SNGPL. Afterwards, SNGPL filed an appeal before OGRA which was decided in favour of the Company. For implementation of decision of OGRA regarding recovery of aforesaid amount deposited under protest, the Company filed an appeal before Islamabad High Court, Islamabad. Islamabad High Court, Islamabad issued order for implementation of decision of OGRA. In response to this, the amount deposited under protest by the Company was adjusted through SNGPL's monthly bills of gas consumed by the Company. During the year, the Company received hearing notice from OGRA regarding the review petition filed by SNGPL against the decision of OGRA. The hearing was conducted on 17 February 2022 and decision of OGRA is awaited. In the view of management, the OGRA's decision will be in favour of the Company, and therefore no liability can be arisen.
- (ii) Guarantee of Rupees 6.550 million (30 June 2021: Rupees 6.550 million) is issued by the Bank of the Company to Faisalabad Electric Supply Company Limited (FESCO) against electricity connection.

b) Commitments

- (i) Contracts for capital expenditure are of Rupees Nil (2021: Rupees Nil).
- (ii) Commitments other than for capital expenditure are of Rupees 46.681 million (2021: Rupees 62.425 million).

10. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 10.1)	818,689,017	831,599,418
Capital work-in-progress (Note 10.2)	1,472,900	2,564,102
	820,161,917	834,163,520

10.1 Operating fixed assets

Operating fixed assets									
	Freehold land	Buildings on freehold land		Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Pipeline and electric fitting	Total
		Factory	Residential						
----- RUPEES -----									
At 30 June 2020									
Cost / revalued amount	561,750,000	22,948,864	104,888	453,011,927	762,740	3,510,289	24,507,519	11,241,931	1,077,838,158
Accumulated depreciation	-	(18,812,792)	(99,582)	(248,072,321)	(714,360)	(2,236,735)	(14,684,846)	(9,045,180)	(293,665,816)
Net book value	561,750,000	4,136,072	5,306	204,939,606	48,380	1,273,554	9,822,673	2,196,751	784,172,342
Year ended 30 June 2021									
Opening net book value	561,750,000	4,136,072	5,306	204,939,606	48,380	1,273,554	9,822,673	2,196,751	784,172,342
Additions	-	18,057,283	-	39,813,004	-	-	8,698,306	9,643,487	76,212,080
Disposals:									
Cost	-	-	-	-	-	-	(3,649,870)	-	(3,649,870)
Accumulated depreciation	-	-	-	-	-	-	2,429,731	-	2,429,731
Depreciation charge	-	(1,918,381)	(265)	(21,370,843)	(4,838)	(127,355)	(3,039,522)	(1,103,661)	(27,564,865)
Closing net book value	561,750,000	20,274,974	5,041	223,381,767	43,542	1,146,199	14,261,318	10,736,577	831,599,418
At 30 June 2021									
Cost / revalued amount	561,750,000	41,006,147	104,888	492,824,931	762,740	3,510,289	29,555,955	20,885,418	1,150,400,368
Accumulated depreciation	-	(20,731,173)	(99,847)	(269,443,164)	(719,198)	(2,364,090)	(15,294,637)	(10,148,841)	(318,800,950)
Net book value	561,750,000	20,274,974	5,041	223,381,767	43,542	1,146,199	14,261,318	10,736,577	831,599,418
Year ended 30 June 2022									
Opening net book value	561,750,000	20,274,974	5,041	223,381,767	43,542	1,146,199	14,261,318	10,736,577	831,599,418
Additions	-	-	-	9,743,985	-	-	11,566,082	-	21,310,067
Disposals:									
Cost	-	-	-	(5,024,783)	-	-	(3,220,842)	-	(8,245,625)
Accumulated depreciation	-	-	-	2,229,405	-	-	1,493,529	-	3,722,934
Depreciation charge	-	(2,027,497)	(252)	(2,795,378)	-	-	(1,727,313)	-	(4,522,691)
Closing net book value	561,750,000	18,247,477	4,789	207,530,744	39,188	1,031,579	20,422,321	9,662,919	818,689,017
At 30 June 2022									
Cost / revalued amount	561,750,000	41,006,147	104,888	497,544,133	762,740	3,510,289	37,901,195	20,885,418	1,163,464,810
Accumulated depreciation	-	(22,758,670)	(100,099)	(290,013,389)	(723,552)	(2,478,710)	(17,478,874)	(11,222,499)	(344,775,793)
Net book value	561,750,000	18,247,477	4,789	207,530,744	39,188	1,031,579	20,422,321	9,662,919	818,689,017
Annual rate of depreciation (%)	-	10	5	10	10	10	20	10	

10.1.1 Had the freehold land been recognized under the cost model, the carrying amount of freehold land would have been Rupees 0.221million (2021:Rupees 0.221 million).

10.1.2 Forced sale value of freehold land as per latest revaluation carried out on 01 April 2020 was Rupees 477.488 million.

10.1.3 Depreciation charged for the year has been allocated as follows:

	2022 RUPEES	2021 RUPEES
Cost against services provided (Note 19)	26,727,999	24,808,378
Administrative expenses (Note 21)	2,969,778	2,756,487
	<u>29,697,777</u>	<u>27,564,865</u>

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

Particulars	Location	Area of land	Covered area of buildings
		Kanals	Sq. ft.
Manufacturing facility and head office	Dhuddiwala, Jaranwala Road, Faisalabad.	80.25	312 996

10.2 Capital work-in-progress

At 30 June 2020

Add: Additions during the year	39,813,004	11,262,408	51,075,412
Less: Transferred to operating fixed assets during the year	(39,813,004)	(8,698,306)	(48,511,310)

At 30 June 2021

Add: Additions during the year	11,216,885	9,001,980	20,218,865
Less: Transferred to operating fixed assets during the year	(9,743,985)	(11,566,082)	(21,310,067)

At 30 June 2022

Plant and machinery	Vehicles	Total
-	-	-
-	2,564,102	2,564,102
1,472,900	-	1,472,900

11. INTANGIBLE ASSET

Computer software

Net carrying value basis

Opening net book value	6,927,615	-
Addition during the year	-	7,045,032
Less: Amortization (Note 21)	(1,409,006)	(117,417)
Closing net book value	<u>5,518,609</u>	<u>6,927,615</u>
Gross carrying amount		
Cost	7,045,032	7,045,032
Accumulated amortization	(1,526,423)	(117,417)
Closing net book value	<u>5,518,609</u>	<u>6,927,615</u>
Amortization rate (per annum)	20%	20%

12. STORES AND SPARE PARTS

Dyes and chemicals (Note 12.1)	50,221,168	61,842,487
Thread, textured / filament yarn (Note 12.2)	21,083,871	8,656,768
Coal (Note 12.3)	90,153,744	72,854,580
Spare parts	838,094	934,220
Packing material	237,666	501,449
Other stores	290,854	252,744
	<u>162,825,397</u>	<u>145,042,248</u>

12.1 These include dyes and chemicals in transit amounting to Rupees 16.625 million (2021: Rupees Nil).

12.2 This includes thread, textured / filament yarn in transit amounting to Rupees 20.000 million (2021: Rupees 4.484 million).

12.3 This includes coal in transit amounting to Rupees Nil (2021: Rupees 35.637 million).

13. TRADE DEBTS

Considered good:

Unsecured - local	305,471,139	230,422,949
Less: Allowance for expected credit loss	(2,232,507)	(4,974,998)
	<u>303,238,632</u>	<u>225,447,951</u>

13.1 Revenue is recognized at the time of delivery of goods after providing services, while payment is generally due within 15 to 30 days from issuing invoice.

13.2 As at 30 June 2022, trade debts amounting to Rupees 199.803million (2021: Rupees 225.448million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

	2022 RUPEES	2021 RUPEES
Upto 1 month	70,181,135	128,144,157
1 to 6 months	104,255,372	97,303,794
More than 6 months	25,366,710	-
	<u>199,803,217</u>	<u>225,447,951</u>

13.3 **Allowance for expected credit loss**

Balance as on 01 July	4,974,998	3,113,722
Add: Recognized during the year (Note 22)	701,239	2,205,791
	<u>5,676,237</u>	<u>5,319,513</u>

Less:

Reversal of allowance for expected credit loss (Note 23)	(3,443,730)	(225,543)
Balances written off during the year	-	(118,972)
	<u>(3,443,730)</u>	<u>(344,515)</u>

Balance as at 30 June	<u>2,232,507</u>	<u>4,974,998</u>
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14. **LOANS AND ADVANCES**

Considered good:

Employees against expenses	1,008,685	632,554
Advance to suppliers / service providers	4,145,583	284,446
Letters of credit	213,038	365,496
Others	-	6,370,774
	<u>5,367,306</u>	<u>7,653,270</u>

Less: Provision for doubtful loans and advances (Note 22)	(99,078)	-
	<u>5,268,228</u>	<u>7,653,270</u>

15. **PREPAYMENTS AND OTHER RECEIVABLES**

Considered good:

Profit receivable on term deposit receipt / saving account	13,149	217
Prepayments	449,569	415,784
	<u>462,718</u>	<u>416,001</u>

16. **SHORT TERM INVESTMENT**

This represents term deposit receipt issued by National Bank of Pakistan having maturity period of 6 months with roll over facility. This investment is carried at amortized cost. Rate of profit ranged from 6.53 percent to 9.69 percent (2021: 5.07 percent) per annum.

17. **CASH AND BANK BALANCES**

Cash with banks:

on current accounts	10,007,234	5,766,169
on saving account (Note 17.1)	836,459	907,913

	<u>10,843,693</u>	<u>6,674,082</u>
Cash in hand	129,600	2,286,288

	<u>10,973,293</u>	<u>8,960,370</u>
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17.1 Rate of profit on saving account was ranging from 2.75% to 6.50% (2021: 5.63%) per annum.

		2022 RUPEES	2021 RUPEES
18. REVENUE FROM CONTRACTS WITH CUSTOMERS			
Processing income		1,294,207,053	1,088,904,769
Embroidery income		230,372,387	185,814,905
		<u>1,524,579,440</u>	<u>1,274,719,674</u>
Less: Sales tax		(221,636,061)	(187,675,007)
		<u>1,302,943,379</u>	<u>1,087,044,667</u>
18.1	The Company has recognized revenue of Rupees 7.434million(2021:Rupees 8.206million)from amounts included in contract liabilities at the year end.		
19. COST AGAINST SERVICES PROVIDED			
Salaries, wages and other benefits (Note 19.1)		112,367,732	91,538,133
Dyes and chemicals consumed		516,869,845	369,463,882
Thread, textured / filament yarn consumed		84,910,491	95,865,210
Fuel and power		423,195,909	349,257,711
Stores and spare parts consumed		6,900,387	27,546,535
Oil and greases consumed		2,920,374	5,756,494
Packing materials consumed		16,805,549	17,993,529
Repair and maintenance		561,165	594,053
Depreciation (Note 10.1.3)		26,727,999	24,808,378
		<u>1,191,259,451</u>	<u>982,823,925</u>
19.1	Salaries, wages and other benefits include provident fund contribution of Rupees 2.808 million (2021: Rupees 2.919 million) by the Company.		
20. DISTRIBUTION COST			
Salaries and other benefits (Note 20.1)		<u>2,328,020</u>	<u>1,342,729</u>
20.1	Salaries and other benefits include provident fund contribution of Rupees 0.179 million (2021: Rupees 0.120 million) by the Company.		
21. ADMINISTRATIVE EXPENSES			
Salaries and other benefits (Note 21.1)		14,118,785	13,056,707
Directors' remuneration		12,000,000	12,000,000
Rent, rates and taxes		967,847	291,918
Traveling and conveyance		521,600	463,526
Electricity, gas and water		3,879,570	5,137,036
Communication expenses		791,349	711,986
Printing and stationery		533,252	336,685
Software's maintenance		1,381,384	-
Vehicles' running		1,477,590	1,731,451
Fees and subscriptions		512,240	480,215
Legal and professional		172,038	239,940
Auditor's remuneration (Note 21.2)		865,000	865,000
Newspapers and periodicals		8,406	8,265
Entertainment		388,208	437,197
Insurance		1,326,600	1,056,915
Amortization (Note 11)		1,409,006	117,417
Depreciation (Note 10.1.3)		2,969,778	2,756,487
Others		39,825	4,135,599
		<u>43,362,478</u>	<u>43,826,344</u>
21.1	Salaries and other benefits include provident fund contribution of Rupees 1.110 million (2021: Rupees 0.916 million) by the Company.		

	2022 RUPEES	2021 RUPEES
21.2 Auditor's remuneration		
Audit fee	770,000	770,000
Half yearly review	95,000	95,000
	<u>865,000</u>	<u>865,000</u>
22. OTHER EXPENSES		
Workers' profit participation fund (Note 7.1)	2,525,750	3,032,721
Workers' welfare fund (Note 7.2)	1,146,063	1,129,837
Allowance for expected credit losses (Note 13.3)	701,239	2,205,791
Provision for doubtful loans and advances (Note 14)	99,078	-
Net exchange loss	903,407	-
	<u>5,375,537</u>	<u>6,368,349</u>
23. OTHER INCOME		
Income from financial assets		
Profit on saving account / term deposit receipt	114,305	57,822
Exchange gain	-	2,310,975
Reversal of allowance for expected credit loss (Note 13.3)	3,443,730	225,543
	<u>3,558,035</u>	<u>2,594,340</u>
Income from non - financial assets		
Sale of scrap	402,400	1,663,500
Gain on disposal of property, plant and equipment	102,309	3,099,862
Credit balances added back	4,914	-
Gain on remeasurement of GIDC	-	3,945,939
Others	956,334	-
	<u>1,465,957</u>	<u>8,709,301</u>
	<u>5,023,992</u>	<u>11,303,641</u>
24. FINANCE COST		
Mark-up on short term borrowings	11,233,903	6,713,373
Interest on workers' profit participation fund (Note 7.1)	216,279	-
Bank charges and commission	262,374	781,728
Unwinding of discount on GIDC payable (Note 6)	1,061,845	-
	<u>12,774,401</u>	<u>7,495,101</u>
25. TAXATION		
Current (Note 25.1)	16,291,822	12,149,493
Prior year adjustment	-	404,625
	<u>16,291,822</u>	<u>12,554,118</u>
Deferred tax expense / (income) (Note 5.1)	22,324,192	(1,149,631)
	<u>38,616,014</u>	<u>11,404,487</u>
25.1 No numeric tax rate reconciliation is given in the financial statements, as provision made primarily represents minimum tax due under section 113 of the Income Tax Ordinance, 2001.		

26. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2022	2021
Profit attributable to ordinary shareholders	(Rupees)	14,251,470	45,087,373
Weighted average number of ordinary	(Numbers)	15 553 174	15 553 174
Earnings per share	(Rupees)	0.92	2.90

27. CASH GENERATED FROM OPERATIONS

Profit before taxation

Adjustments for non-cash charges and other items:

	2022 RUPEES	2021 RUPEES
Profit before taxation	52,867,484	56,491,860
Depreciation	29,697,777	27,564,865
Amortization	1,409,006	117,417
Gain on disposal of property, plant and equipment	(102,309)	(3,099,862)
Reversal of allowance for expected credit loss	(2,742,491)	(2,205,791)
Provision for doubtful loans and advances	99,078	-
Gain on remeasurement of GIDC	-	(3,945,939)
Credit balances added back	(4,914)	-
Provision for workers' profit participation fund	2,525,750	3,032,721
Profit on saving account / term deposit receipt	(114,305)	(57,822)
Finance cost	12,774,401	6,713,373
Working capital changes (Note 27.1)	(28,983,849)	(76,639,770)
	67,425,628	7,971,052

27.1 Working capital changes

(Increase) / decrease in current assets:

Stores and spare parts	(17,783,149)	(30,698,876)
Trade debts	(75,048,190)	(92,933,021)
Loans and advances	2,285,964	(6,572,846)
Prepayments and other receivables	(33,785)	(3,189,861)
Sales tax refundable	(1,645,601)	14,193,821
	(92,224,761)	(119,200,783)
Increase in trade and other payables	63,240,912	42,561,013
	(28,983,849)	(76,639,770)

27.2 Reconciliation of movement of liability to cash flows from financing activities:

	Short term borrowings	
	2022 RUPEES	2021 RUPEES
Balance as at 01 July	194,769,004	160,126,749
Borrowings (repaid) / obtained - net	(3,363,820)	34,642,255
Balance as at 30 June	191,405,184	194,769,004

28. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

Aggregate amount charged in these financial statements for remuneration including certain benefits to the Chief Executive Officer, directors and executives of the Company are as follows:

DESCRIPTION	2022			2021		
	Chief Executive Officer	Director	Executive	Chief Executive Officer	Director	Executive
	RUPEES					
Managerial remuneration	6,000,000	6,000,000	1,530,000	6,000,000	6,000,000	1,455,000
Medical allowance	-	-	150,000	-	-	150,000
Contribution to provident fund	-	-	139,944	-	-	133,697
	6,000,000	6,000,000	1,819,944	6,000,000	6,000,000	1,738,697
Number of persons	1	1	1	1	1	1

28.1 The Chief Executive officer and one Director are provided with Company maintained vehicles and residential telephones.

28.2 No remuneration or meeting fee was paid to any other director of the Company.

29. PROVIDENT FUND

As at the reporting date, The National Silk and Rayon Mills Limited - Employees' Provident Fund Trust is in the process of regularizing its investments in accordance with section 218 of the Companies Act, 2017 and the regulations formulated for this purpose by Securities and Exchange Commission of Pakistan.

30. NUMBER OF EMPLOYEES

Number of employees as at 30 June	379	363
Average number of employees during the year	394	360

31. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of other related parties and key management personnel. Detail of transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Name	Basis of relationship	Nature of transactions	2022 RUPEES	2021 RUPEES
Other related parties				
Mr. Faisal Tauheed	Chief Executive Officer of the Company	Loans obtained	23,550,000	5,000,000
Mr. Kashif Tauheed	Director of the Company	Loans obtained - net	-	10,000,000
Mrs. Tahira Kashif	Director of the Company	Loans obtained	7,000,000	-
The National Silk and Rayon Mills Limited - Employees' Provident Fund Trust	Post employment contribution plan	Contribution made	4,097,082	3,955,333

31.1 Detail of compensation to key management personnel comprising of Chief Executive Officer, directors and executives is disclosed in Note 28.

32. PLANT CAPACITY AND ACTUAL PRODUCTION

Cloth processing

Rated capacity (meters)	62,504,000	60,000,000
Actual processing (meters)	30,307,784	29,979,259
Percentage of utilization of rated capacity	48.49%	49.97%

Embroidery processing

Rated capacity (meters)	8,607,500	8,361,571
Actual processing (meters)	3,394,077	3,237,620
Percentage of utilization of rated capacity	39.43%	38.72%
Number of working days	318	313

32.1 REASONS FOR LOW PRODUCTION

Under utilization of available capacity is due to different mélange of cloth and stitches per meter of embroidery cloth available for processing and unsustained supply of electricity and sui gas.

33. SEGMENT INFORMATION

	Dyeing		Embroidery		Total - Company	
	2022	2021	2022	2021	2022	2021
	RUPEES					
Revenue from contracts with customers	1,106,127,580	929,637,715	196,815,799	157,406,952	1,302,943,379	1,087,044,667
Cost against services provided	(1,005,679,463)	(841,333,368)	(185,579,988)	(141,490,557)	(1,191,259,451)	(982,823,925)
Gross profit	100,448,117	88,304,347	11,235,811	15,916,395	111,683,928	104,220,742
Distribution cost	(1,976,361)	(1,159,354)	(351,659)	(183,375)	(2,328,020)	(1,342,729)
Administrative expenses	(36,812,369)	(37,772,219)	(6,550,109)	(6,054,125)	(43,362,478)	(43,826,344)
	(38,788,730)	(38,931,573)	(6,901,768)	(6,237,500)	(45,690,498)	(45,169,073)
Profit before taxation and unallocated income and expenses	61,659,387	49,372,774	4,334,043	9,678,895	65,993,430	59,051,669
Unallocated income and expenses:						
Other expenses					(5,375,537)	(6,368,349)
Other income					5,023,992	11,303,641
Finance cost					(12,774,401)	(7,495,101)
Taxation					(38,616,014)	(11,404,487)
Profit after taxation					14,251,470	45,087,373

33.1 Reconciliation of reportable segment assets and liabilities:

	Dyeing		Embroidery		Total - Company	
	2022	2021	2022	2021	2022	2021
	RUPEES					
Total assets for reportable segments	752,103,992	677,497,257	208,761,679	185,817,873	960,865,671	863,315,130
Unallocated assets					423,627,030	425,774,212
Total assets as per statement of financial position					1,384,492,701	1,289,089,342
Unallocated assets represent major portion of property, plant and equipment excluding plant and machinery, intangible asset, long term deposits, loans and advances, prepayments and other receivables, corporate and tax assets and cash and bank balances.						
Total liabilities for reportable segments	254,140,977	147,514,630	9,862,309	2,955,063	264,003,286	150,469,693
Unallocated liabilities					254,748,900	287,130,604
Total liabilities as per statement of financial position					518,752,186	437,600,297
Unallocated liabilities represent some portion of trade and other payables, unclaimed dividend, deferred liability, accrued mark-up, short term borrowings and deferred income tax liability.						

33.2 All non-current assets of the Company as at reporting dates are located in Pakistan.

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

33.4 The Company earns revenue from dyeing and embroidery services and all customers are situated in Pakistan.

33.5 Revenue from major customers of the Company's Dyeing segment includes one customer (2021: one) representing Rupees 256.728 million (2021: Rupees 185.270 million). Revenue from Embroidery segment of the Company does not include any major customer.

34. FINANCIAL RISK MANAGEMENT

34.1 Financial risk factors

The Company's activities expose it to certain financial risks: market risk (currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost effective funding as well as to manage financial risks to minimize earnings volatility and provide maximum return to shareholders.

The Company's Board of Directors (the Board) has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

(a) Market risk

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

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises mainly from future commercial transaction of receivables and payables that exist due to transactions in foreign currencies. The Company has no receivable / payable balance in foreign currency as at 30 June 2022 (2021: Nil)

(ii) **Other price risk**

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

(iii) **Interest rate risk**

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

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

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

	2022 RUPEES	2021 RUPEES
Fixed rate instruments		
Term deposit receipt	305,000	305,000
Floating rate instruments		
Financial assets		
Bank balances - saving account	836,459	907,913
Financial liabilities		
Short term borrowings	85,504,478	119,418,298

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 0.788 million (2021: Rupees 1.103 million) lower / higher, mainly as a result of higher / lower interest expense / income on floating rate financial instruments.

(b) **Credit risk**

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

Long term deposits	26,217,046	22,956,046
Trade debts	303,238,632	225,447,951
Other receivables	13,149	217
Bank balances	10,843,693	6,674,082
Short term investment	305,000	305,000
	<u>340,617,520</u>	<u>255,383,296</u>

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

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

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

Banks	Rating			2022	2021
	Short Term	Long term	Agency	RUPEES	RUPEES
Conventional accounts / term deposit receipt					
Habib Bank Limited	A-1+	AAA	VIS	237,577	219,003
National Bank of Pakistan	A1+	AAA	PACRA	3,418,667	1,595,682
MCB Bank Limited	A1+	AAA	PACRA	62,554	14,536
Bank Al-Habib Limited	A1+	AAA	PACRA	46,014	285,884
Askari Bank Limited	A1+	AA+	PACRA	8,449	17,708
The Bank of Punjab	A1+	AA+	PACRA	55,197	1,010,139
Bank Alfalah Limited	A1+	AA+	PACRA	2,063,355	781,946
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	56,182	279,418
Allied Bank Limited	A1+	AAA	PACRA	950,075	163,392
Summit Bank Limited *	Suspended		VIS	2,838,099	254
				9,736,169	4,367,962
Shariah compliant accounts					
Bank Islami Pakistan Limited	A1	A+	PACRA	7,023	7,023
United Bank Limited	A-1+	AAA	VIS	238,566	806,196
Meezan Bank Limited	A-1+	AAA	VIS	978,050	1,033,357
Bank Alfalah Limited	A1+	AA+	PACRA	188,885	764,544
				1,412,524	2,611,120
				11,148,693	6,979,082

* VIS has suspended the credit ratings of the bank due to non-availability of updated financial information, as no financial statements have been made available by Bank after the period ended 31 March 2018.

The Company's exposure to credit risk and allowance for expected credit losses related to trade debts is disclosed in Note 13.

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

(c) Liquidity risk

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

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2022, the Company had Rupees 84.496 million (2021: Rupees 98.582 million) available borrowing limits from financial institutions and Rupees 10.973 million (2021: Rupees 8.960 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2022:

	Carrying amount	Contractual cash flows	6 months or less
RUPEES			
Non-derivative financial liabilities:			
Trade and other payables	245,365,194	245,365,194	245,365,194
Unclaimed dividend	594,836	594,836	594,836
Accrued mark-up	1,921,464	1,921,464	1,921,464
Short term borrowings	191,405,184	197,789,808	197,789,808
	439,286,678	445,671,302	445,671,302

Contractual maturities of financial liabilities as at 30 June 2021:

	Carrying amount	Contractual cash flows	6 months or less
RUPEES			
Non-derivative financial liabilities:			
Trade and other payables	192,972,954	192,972,954	192,972,954
Unclaimed dividend	594,836	594,836	594,836
Accrued mark-up	3,520,819	3,520,819	3,520,819
Short term borrowings	194,769,004	201,448,607	201,448,607
	391,857,613	398,537,216	398,537,216

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at 30 June.

34.2 Financial instruments by categories

	2022 RUPEES	2021 RUPEES
At amortized cost		
Assets as per statement of financial position		
Long term deposits	26,217,046	22,956,046
Trade debts	303,238,632	225,447,951
Other receivables	13,149	217
Cash and bank balances	10,973,293	8,960,370
Short term investment	305,000	305,000
	<u>340,747,120</u>	<u>257,669,584</u>
Financial liabilities as per statement of financial position		
Trade and other payables	245,365,194	192,972,954
Unclaimed dividend	594,836	594,836
Accrued mark-up	1,921,464	3,520,819
Short term borrowings	191,405,184	194,769,004
	<u>439,286,678</u>	<u>391,857,613</u>

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

2022			2021		
Financial assets	Other than financial assets	Total as per statement of financial position	Financial assets	Other than financial assets	Total as per statement of financial position

RUPEES

Assets as per statement of financial position

Long term deposits	26,217,046	-	26,217,046	22,956,046	-	22,956,046
Trade debts	303,238,632	-	303,238,632	225,447,951	-	225,447,951
Prepayments and other receivables	13,149	449,569	462,718	217	415,784	416,001
Cash and bank balances	10,973,293	-	10,973,293	8,960,370	-	8,960,370
Short term investment	305,000	-	305,000	305,000	-	305,000
	<u>340,747,120</u>	<u>449,569</u>	<u>341,196,689</u>	<u>257,669,584</u>	<u>415,784</u>	<u>258,085,368</u>

2022			2021		
Financial liabilities	Other than financial liabilities	Total as per statement of financial position	Financial liabilities	Other than financial liabilities	Total as per statement of financial position

RUPEES

Liabilities as per statement of financial position

Trade and other payables	245,365,194	28,646,054	274,011,248	192,972,954	18,309,267	211,282,221
Unclaimed dividend	594,836	-	594,836	594,836	-	594,836
Accrued mark-up	1,921,464	-	1,921,464	3,520,819	-	3,520,819
Short term borrowings	191,405,184	-	191,405,184	194,769,004	-	194,769,004
	<u>439,286,678</u>	<u>28,646,054</u>	<u>467,932,732</u>	<u>391,857,613</u>	<u>18,309,267</u>	<u>410,166,880</u>

34.4 Offsetting financial assets and financial liabilities

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

34.5 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may issue new shares. There was no change to the Company's approach to capital management during the year. The Company monitors capital on the basis of gearing ratio calculated as follows:

		2022	2021
Borrowings		191,405,184	194,769,004
Total equity		865,740,515	851,489,045
Total capital employed		1,057,145,699	1,046,258,049
Gearing ratio	(Percentage)	18.11	18.62

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

35. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. Judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies its financial instruments into following three levels. However, as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

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

Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

36. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

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

	Level 1	Level 2	Level 3	Total
	----- RUPEES -----			
At 30 June 2022				
Freehold land	-	561,750,000	-	561,750,000
Total non-financial assets	-	561,750,000	-	561,750,000
At 30 June 2021				
Freehold land	-	561,750,000	-	561,750,000
Total non-financial assets	-	561,750,000	-	561,750,000

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

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

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

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

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's freehold land at least after every three years. The latest valuation of freehold land was performed by Messrs Material and Design Services (Private) Limited as at 01 April 2020.

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

37. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

Description	NOTE	2022 RUPEES	2021
Revenue earned from shariah compliant business	18	1,302,943,379	1,087,044,667
Exchange gain		-	2,310,975
Shariah compliant bank deposits and bank balances			
Bank balances	34.1 (b)	1,412,524	2,611,120
Profit earned from shariah compliant bank deposits / bank balances			
Profit on deposit with bank	23	91,750	42,337
Profit earned or interest paid on any conventional loan / advance			
Mark-up on short term borrowings	24	11,233,903	6,713,373
Profit earned on term deposit receipt	23	22,555	15,485
Loans / advances obtained as per Islamic mode			
Contract liabilities	7	22,017,528	12,074,098
Short term borrowings	8	105,900,706	75,350,706

There was no dividend or gain / loss on any investment. Moreover there was no mark-up on Islamic mode of financing. The relationship with shariah compliant banks is related to bank accounts as given in Note 34.1(b).

38. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 06, 2022 by the Board of Directors of the Company.

39. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and reclassified for better presentation, wherever considered necessary for the purpose of comparison. Following re-arrangements have been made in these financial statements:

PARTICULARS	RECLASSIFICATION		AMOUNT
	FROM	TO	RUPEES
Payable to Employees' Provident Fund Trust	Face of statement of financial position	Trade and other payables	713,876
Accrued liabilities and contract liabilities	Face of statement of financial position	Trade and other payables	60,098,652
Loans from related parties	Face of statement of financial position	Short term borrowings	75,350,706
Letter of credit payable	Trade and other payables	Short term borrowings	61,829,934
Mark-up on letter of credit payable	Trade and other payables	Accrued mark-up	2,106,681
Current portion of deferred liability	Deposits, accrued liabilities and advances	Face of statement of financial position	24,730,408
Capital work-in-progress	Face of statement of financial position	Property, plant and equipment	2,564,102
Accrued interest	Prepayments and other receivables	Prepayments and other receivables	217
Coal in transit	Prepayments and other receivables	Stores and spare parts	1,092,673
Raw material in transit	Prepayments and other receivables	Stores and spare parts	4,483,552
Raw material	Stock-in-trade	Stores and spare parts	66,015,703
Income tax refundable - net	Prepayments and other receivables	Face of statement of financial position	21,691,445
Term deposit receipt	Cash and bank balances	Short term investment	305,000
Letters of credit	Prepayments and other receivables	Loans and advances	365,496
Salaries and other benefits	Administrative expenses	Distribution cost	120,229
Depreciation	Cost against services provided	Administrative expenses	2,137,085

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

Pattern of Shareholding

as at June 30, 2022

1.1 Name of the Company	THE NATIONAL SILK & RAYON MILLS LIMITED	
2.1. Pattern of holding of the shares held by the shareholders as at		30-06-2022

-----Shareholdings-----			
2.2 No. of Shareholders	From	To	Total Shares Held
359	1	100	11,762
137	101	500	38,956
44	501	1,000	34,840
41	1,001	5,000	86,260
2	5,001	10,000	16,680
1	10,001	15,000	10,900
1	25,001	30,000	28,549
1	30,001	35,000	30,265
2	40,001	45,000	81,776
1	100,001	105,000	104,198
1	105,001	110,000	107,500
1	230,001	235,000	233,055
3	345,001	350,000	1,050,000
1	1,475,001	1,480,000	1,479,144
1	2,060,001	2,065,000	2,061,639
1	2,300,001	2,305,000	2,304,588
2	2,495,001	2,500,000	5,000,000
1	2,870,001	2,875,000	2,873,062
600			15,553,174

2.3 Categories of Shareholders	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	15,308,362	98.4260%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000%
2.3.3 NIT and ICP	900	0.0058%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	0	0.0000%
2.3.5 Insurance Companies	20	0.0001%
2.3.6 Modarabas and Mutual Funds	0	0.0000%
2.3.7 Shareholders holding 10% or more	13,759,433	88.4670%
2.3.8 General Public		
a. Local	242,142	1.5569%
b. Foreign	0	0.0000%
2.3.9 Others (to be specified)		
Joint Stock Companies	1,750	0.0113%

Categories of Shareholding

required under Code of Corporate Governance (CCG)
as at June 30, 2022

Sr. No.	Name	No. of Shares Held	Percentage
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Associated Companies, Undertakings and Related Parties (Name Wise Detail): - -

Mutual Funds (Name Wise Detail) - -

Directors and their Spouse and Minor Children (Name Wise Detail):

1	SH. FAISAL TAUHEED	5,373,062	34.5464%
2	SH. KAHSIF TAUHEED	4,020,144	25.8477%
3	MS. AMNA TAUHEED	350,000	2.2503%
4	MS. SAADIA TAUHEED	350,000	2.2503%
5	MST. SAMIRA FAISAL	2,304,588	14.8175%
6	MST. TAHIRA KASHIF	2,061,639	13.2554%
7	MR. SHEHZAD IHSAN	2,500	0.0161%
8	SH. TAUHEED ELAHI PURI	107,500	0.6912%
9	MRS. SHAHIDA TAUHEED	115,098	0.7400%
10	MST. SAIMA TAUHEED	350,000	2.2503%
11	MR. MUSTAFA TAUHEED	40,776	0.2622%
12	MR. MAHAD KASHIF	233,055	1.4984%

Executives: - -

Public Sector Companies & Corporations: - -

Banks, Development Finance Institutions, Non Banking Finance 20 0.0001%

Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:

Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)

1	SH. FAISAL TAUHEED	5,373,062	34.5464%
2	SH. KAHSIF TAUHEED	4,020,144	25.8477%
3	MST. SAMIRA FAISAL	2,304,588	14.8175%
4	MST. TAHIRA KASHIF	2,061,639	13.2554%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

<u>S. No.</u>	<u>NAME</u>	<u>SALE</u>	<u>PURCHASE</u>
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Dear Sir, Please check the same at your end.

Summary of Last Six Years Financial Results

Description	2022	2021	2020	2019	2018	2017
Turnover	1,302,943,379	1,087,044,667	802,728,536	930,936,979	857,472,765	821,570,202
Gross Profit	111,683,928	104,220,742	32,884,758	71,055,219	77,754,057	67,252,322
Operating Profit (Loss)	65,641,885	63,986,961	(36,408,642)	34,116,137	40,095,681	38,312,400
Profit/(Loss) before taxation	52,867,484	56,491,860	(43,080,022)	30,645,589	36,256,902	33,857,415
Profit/(Loss) after taxation	14,251,470	45,087,373	(46,907,121)	17,414,011	40,942,925	16,372,696
Balance Sheet						
Shareholders equity	155,531,740	155,531,740	155,531,740	15,553,174	155,531,740	155,531,740
Unappropriated profit/(loss)	148,679,684	134,428,214	89,340,841	136,247,962	118,833,951	89,555,907
Surplus on revaluation of fixed assets	561,529,091	561,529,091	561,529,091	481,279,091	481,279,091	481,279,091
Tangible fixed assets	820,161,917	834,163,520	811,341,382	728,696,962	698,302,348	715,761,336
Net Current Assets	532,595,129	425,042,161	329,124,647	375,090,948	244,700,792	262,947,912
Earning per share before tax	3.40	3.63	(2.76)	1.97	2.34	2.18
Earning per share after tax Share break-up value	0.92	2.90	(3.02)	1.12	2.63	1.05
Significant Ratios:						
Gross Profit %	8.57	9.59	4.10	7.63	9.07	8.19
Operating profit to sales	5.04	5.89	(4.53)	3.66	4.68	4.66
Profit before tax to sales	4.06	5.20	(5.37)	3.29	4.23	4.12
Profit after tax to sales	1.09	4.15	(5.84)	1.87	4.77	1.99
Return on equity	9.16	28.99	(30.15)	11.20	26.32	10.53
Current Ratio	1.03	0.98	0.96	1.09	1.20	1.03

بورڈ آف ڈائریکٹریں

کوڈ آف کارپوریٹ گورننس کے نفاذ کے بعد سے بورڈ کی ایک آڈٹ کمیٹی موجود ہے۔ آڈٹ کمیٹی کے پاس حوالہ جات کی شرائط ہیں جن کا تعین بورڈ آف ڈائریکٹرز نے فہرست سازی کے ضوابط اور کارپوریٹ گورننس کے ضوابط میں فراہم کردہ رہنما خطوط کے مطابق کیا ہے۔

کمیٹی ہر سہ ماہی میں کم از کم ایک بار میٹنگ کرتی ہے اور بورڈ کو اپنی نگرانی کی ذمہ داریوں کو پورا کرنے میں مدد کرتی ہے، بنیادی طور پر شیئر ہولڈرز کو مالی اور غیر مالیاتی معلومات کا جائزہ لینے اور رپورٹ کرنے، اندرونی کنٹرول کے نظام اور رسک مینجمنٹ اور آڈٹ کے عمل میں۔ اسے انتظامیہ سے معلومات طلب کرنے اور بیرونی آڈیٹرز سے براہ راست مشورہ کرنے کا اختیار ہے جیسا کہ مناسب سمجھا جاتا ہے۔ چیف فنانشل آفیسر اکاؤنٹس پیش کرنے کی دعوت کے ذریعے بورڈ آڈٹ کمیٹی کے اجلاس میں باقاعدگی سے شرکت کرتا ہے۔ ہر میٹنگ کے بعد، کمیٹی کا چیئر مین بورڈ کو رپورٹ کرتا ہے۔

آڈٹ کمیٹی دو نان ایگزیکٹو ڈائریکٹرز اور ایک آزاد ڈائریکٹر پر مشتمل ہوتی ہے جو چیئر مین بھی ہوتا ہے۔ سال کے دوران آڈٹ کمیٹی کے چار (4) اجلاس ہوئے۔ ہر ممبر کی حاضری ذیل میں دی جاتی ہے:

نام	میٹنگز کی تعداد میں شرکت کی۔
محمد عارف	4
شیخ مصطفیٰ فیصل توحید	4
مسز طاہرہ کاشف	4

انسانی وسائل اور معاوضہ کمیٹی:

کوڈ آف کارپوریٹ گورننس کے تقاضوں کی تعمیل میں، بورڈ آف ڈائریکٹرز نے یہ کمیٹی قائم کی ہے جس میں تین ممبران (بشمول چیئر مین) شامل ہیں، جن میں سے دو نان ایگزیکٹو ڈائریکٹریں اور دو آزاد ڈائریکٹریں۔ کمیٹی کے حوالے سے تفصیلی شرائط بورڈ کی طرف سے ممبران کو باضابطہ طور پر مطلع کر دی گئیں۔

بورڈ کی تشکیل

بورڈ مندرجہ ذیل ساخت کے ساتھ 5 مرد اور 2 خواتین ڈائریکٹرز پر مشتمل ہے:

آزاد ڈائریکٹرز 2

دیگر نان ایگزیکٹو ڈائریکٹرز 3

ایگزیکٹو ڈائریکٹرز 2

ڈائریکٹرز کی کل تعداد 7

غیر ایگزیکٹو ڈائریکٹرز کے معاوضے کی پالیسی

کمیٹی کے بورڈ اور کمیٹی کے اجلاس میں شرکت کے لیے غیر ایگزیکٹو اور آزاد ڈائریکٹرز کی فیس کا تعین بورڈ وقتاً فوقتاً کرتا ہے۔

چیف ایگزیکٹو اور ڈائریکٹرز کے معاوضے کا پیکج

چیف ایگزیکٹو اور ڈائریکٹرز کے معاوضے کے پیکج کا انکشاف مالی بیان کے نوٹس میں کیا گیا ہے۔

مالیاتی گوشوارے

جیسا کہ اسٹاک ایکسچینجر کے لسٹنگ کے ضوابط کے تحت ضرورت ہے چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر اپنے متعلقہ دستخطوں کے تحت درست طور پر توثیق شدہ مالیاتی گوشواروں کو بورڈ آف ڈائریکٹرز اور بورڈ کے غور اور منظوری کے لیے پیش کرتے ہیں، غور و خوض اور منظوری کے بعد، دستخط کی اجازت دیتے ہیں۔ جاری کرنے اور گردش کرنے کے لئے مالی بیانات کی۔

کمیٹی کے مالیاتی گوشواروں کا کمیٹی کے آڈیٹرز کے ذریعے صحیح طریقے سے آڈٹ کیا گیا ہے۔ ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس۔ آڈیٹرز نے 30 جون 2022 کو ختم ہونے والے سال کے مالیاتی گوشواروں پر کلین آڈٹ رپورٹ اور کوڈ آف کارپوریٹ گورننس کے بیان پر صاف جائزہ رپورٹ جاری کی ہے اور ان کی رپورٹس مالی بیانات کے ساتھ منسلک ہیں۔ آپ کی کمیٹی کی مالی پوزیشن پر اثر انداز ہونے والے ہنگامی حالات اور وعدوں میں کوئی مادی تبدیلیاں مالی سال کے اختتام اور ڈائریکٹرز کی رپورٹ کی تاریخ کے درمیان واقع نہیں ہوئی ہیں۔

متعلقہ پارٹی ٹرانزیکشن اور ٹرانسفر پرائسنگ

یہ کمیٹی کی پالیسی ہے کہ اس بات کو یقینی بنائے کہ متعلقہ فریقوں کے ساتھ داخل ہونے والے تمام لین دین کی لمبائی میں ہونا چاہیے۔ کمیٹی نے پاکستان میں اسٹاک ایکسچینجر کے لسٹنگ ریگولیشن میں موجود ٹرانسفر پرائسنگ کے بہترین طریقوں کی مکمل تعمیل کی ہے۔

ڈائریکٹرز کے ترقیاتی پروگرام:

کمیٹی کے ڈائریکٹرز Sh فیصل توحید اور شیخ۔ کاشف توحید نے انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان سے ڈائریکٹر ٹریننگ پروگرام کے تحت سرٹیفیکیشن حاصل کیا اور جناب شہزاد احسان، مسز سمیرا فیصل اور مسز طاہرہ کاشف نے انسٹی ٹیوٹ آف کاسٹ اینڈ مینجمنٹ اکاؤنٹنٹس سے سرٹیفیکیشن حاصل کیا۔

شیئر ہولڈنگ کا پیٹرن:

مقررہ فارم میں شیئر ہولڈنگ کا پیٹرن منسلک ہے جس میں کوڈ آف کارپوریٹ گورننس کے تحت درکار معلومات بھی شامل ہیں۔

ڈائریکٹرز وغیرہ کے ذریعے تجارت:

سال کے دوران ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمیٹی سیکرٹری اور ان کی شریک حیات اور نابالغ بچوں کے ذریعہ کوئی شیئر ٹریڈ نہیں کیا گیا۔

تعریف

ہم اپنے تمام عملے کے ارکان کا شکریہ ادا کرنا چاہیں گے کہ انہوں نے سال کے چیلنجوں کا جس طرح جواب دیا ہے۔ ان کی محنت اور عزم کو بہت سراہا جاتا ہے اور ان نتائج سے ظاہر ہوتا ہے۔

ہم اس حوصلہ افزائی اور حمایت کے لیے بھی شکر گزار ہیں جو ہمیں اپنے سپلائرز، شیئر ہولڈرز، مینکڑ اور مالیاتی اداروں کے مالیاتی اداروں سے ملا۔

بورڈ کی جانب سے

شیخ کاشف توحید
ڈائریکٹر

شیخ فیصل توحید
چیف ایگزیکٹو

لاہور: 06 اکتوبر 2022

بورڈ کی طرف سے وژن، مشن اور کارپوریٹ حکمت عملی کی منظوری

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2017 کے مطابق، بورڈ آف ڈائریکٹرز نے کمپنی کے ویژن، مشن اور کارپوریٹ حکمت عملی کا بغور جائزہ لیا اور اسے منظوری دی ہے۔ یہ جامع طور پر اس نظر سے کو بیان کرتا ہے جس کے ساتھ کمپنی کو شل کیا گیا تھا۔ ہم اس بات کو یقینی بناتے ہیں کہ ہمارا وژن اور مشن ہماری مجموعی کارپوریٹ حکمت عملی کی سمت متعین کریں۔ پوری تنظیم اس مقصد سے منسلک اور کارفرما ہے اور یہ ہمارے روزمرہ کے کاروبار میں فیصلہ سازی کے معیار کو پورا کرتی ہے۔

سیٹی اڈانے کی پالیسی

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2017 کے مطابق، کمپنی، دیانتداری، اخلاقی قدر اور جوابدہی کے اعلیٰ معیارات حاصل کرنے کے لیے پرعزم ہے۔ اس کے مطابق، کمپنی کی سیٹی کم کرنے کی پالیسی بورڈ آف ڈائریکٹرز سے منظوری جاتی ہے اور کمپنی کی ویب سائٹ پر رکھی جاتی ہے۔

کارپوریٹ گورننس کے ضابطہ کی تعمیل

پاکستان اسٹاک ایکسچینج کی جانب سے 30 جون 2022 کو ختم ہونے والے سال کے لیے متعلقہ فہرست سازی کے ضوابط میں وضع کردہ ضابطہ کارپوریٹ گورننس کے تقاضوں کو کمپنی نے اپنایا ہے اور ان کی باقاعدہ تعمیل کی گئی ہے:

ضابطہ اخلاق

بورڈ نے ضابطہ اخلاق اپنایا ہے۔ تمام ملازمین کو اس ضابطہ کے بارے میں مطلع کیا جاتا ہے اور ان سے ضروری ہے کہ وہ صارفین، سپلائرز اور ریگولیٹرز کے سلسلے میں ان ضابطوں کی پابندی کریں۔

اسٹیک ہولڈرز کے ساتھ تعلقات

ہم اپنے سپلائرز، صارفین اور کاروباری شراکت داروں کے ساتھ باہمی طور پر فائدہ مند تعلقات قائم کرنے کے لیے پرعزم ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

کمپنیز ایکٹ 2017 اور کوڈ آف کارپوریٹ گورننس کی تعمیل میں، ہم کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک پر ذیل میں بیانات دیتے ہیں:

- یہ مالیاتی بیانات، جو کمپنی کی انتظامیہ کی طرف سے تیار کیے گئے ہیں، اس کی حالت، اس کے کاموں کے نتائج، کیش فلو اور ایکویٹی میں ہونے والی تبدیلیوں کو پیش کرتے ہیں۔
- کمپنی نے حساب کتاب کی مناسب دیکھ بھال کی ہے۔
- مالیاتی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
- بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے، مالیاتی بیانات کی تیاری میں پیروی کی گئی ہے اور وہاں سے کسی بھی رواں گئی کا مناسب طور پر انکشاف اور وضاحت کی گئی ہے۔
- اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے نافذ کیا گیا ہے۔ نظام بن رہا ہے۔
- اندرونی آڈٹ اور اس طرح کے دیگر نگرانی کے طریقہ کار کے ذریعے مسلسل نگرانی کی جاتی ہے۔ اندرونی کنٹرول کی نگرانی کا عمل ایک جاری عمل کے طور پر جاری رہے گا جس کا مقصد کنٹرولز کو مزید مضبوط کرنا اور نظام میں بہتری لانا ہے۔

• جاری تشویش کے طور پر جاری رکھنے کی کمپنی کی صلاحیت پر کوئی خاص شک نہیں ہے۔

• کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی، جیسا کہ فہرست سازی کے ضوابط میں درج ہے۔

• گزشتہ چھ سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا خلاصہ شکل میں منسلک ہے۔

• ٹیکس اور لیویز کے بارے میں معلومات مالیاتی گوشواروں کے نوٹوں میں دی گئی ہیں۔

• عملے کی ریٹائرمنٹ کے فوائد کے سلسلے میں سرمایہ کاری اور بینک بیلنس کی قدر: پراویڈنٹ فنڈ (-/Rs. 21,317,931) سرمایہ کاری کی قدر میں جمع شدہ منافع شامل ہے۔

• مالی سال کے اختتام اور سالانہ رپورٹ کی تاریخ کے درمیان ہونے والی مالی پوزیشن کو متاثر کرنے والی کوئی مادی تبدیلیاں اور وعدے نہیں ہوئے ہیں۔

• کمپنی کو درپیش بنیادی خطرات میں سخت مقابلہ، روپے کی قدر میں کمی، گیس کی قیمتوں میں اضافہ اور توانائی کے اخراجات وغیرہ شامل ہیں۔

• کمپنی کی پیداوار کا ماحول پر کوئی منفی اثر نہیں پڑتا ہے کیونکہ ہمارے پلانٹ اور آپریشنز بین الاقوامی اور قومی ماحولیاتی معیارات کی تعمیل کرتے ہیں۔

• مالی سال کے دوران کمپنی یا کسی دوسری کمپنی کے کاروبار کی نوعیت سے متعلق کوئی تبدیلی نہیں ہوئی ہے جس میں کمپنی کی دلچسپی ہے۔

• کمپنی کے پاس غیر ایگزیکٹو اور آزاد ڈائریکٹرز کے لیے معاوضے کے پیکج کو طے کرنے کی کوئی پالیسی نہیں ہے کیونکہ وہ کسی بھی معاوضے کے حقدار نہیں ہیں۔

• ٹیکسز، لیویز اور چارجز کی مد میں کوئی بقایا قانونی ادائیگیاں نہیں ہیں سوائے ان مالیاتی گوشواروں میں جن کا انکشاف کیا گیا ہے۔

بورڈ آف ڈائریکٹرز کے اجلاس:

بورڈ نے سال کے دوران 9 مرتبہ اجلاس منعقد کیا اور متعلقہ ڈائریکٹرز کی حاضری حسب ذیل تھی۔

ڈائریکٹرز	اجلاس میں حاضری
شیخ فیصل توحید	9
شیخ کاشف توحید	9
مسز سمیرا فیصل	9
مسز طاہرہ کاشف	9
شہزاد احسان	9
شیخ مصطفیٰ فیصل توحید	8
محمد عارف	8

بورڈ کے اجلاسوں میں شرکت نہ کرنے والے ڈائریکٹرز کو غیر حاضری کی چھٹی دے دی گئی۔

ڈائریکٹرز کی جائزہ رپورٹ

نیشنل سلک اینڈ رےون ملز لمیٹڈ کے بورڈ ڈائریکٹرز کو آپ کو 30 جون 2022 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی بیان کے ساتھ سالانہ رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔

کارکردگی کا اسکور کارڈ	آپریٹنگ نتائج	2022	2021
			روپے
کل منافع	111,683,928	104,220,742	
فروخت، ترسیل اور انتظامی اخراجات	51,066,035	51,537,422	
نقصان / منافع قبل از ٹیکس	52,867,484	56,491,860	
ٹیکس	(38,616,014)	(11,404,487)	
نقصان / منافع بعد از ٹیکس	14,251,470	45,087,373	
نقصان / منافع فی حصص	0.92	2.90	

کمپنی پائیدار ترقی اور قدر کی تخلیق کے اپنے طویل مدتی مقصد کو پورا کرنے کے لیے پرعزم ہے۔ یہ آپریٹنگ ایکٹوئٹیز، پروڈکٹ پورٹ فولیو میں تنوع، لاگت میں کمی اور مضبوط سرمائے کے ڈھانچے پر مسلسل توجہ کے ذریعے حاصل کیا جا رہا ہے۔

زیر جائزہ مدت کے دوران کمپنی کا خالص کاروبار 1,302,943,379/- روپے (2021: 1,087,044,667) رہا جو کہ 20 فیصد کا اضافہ ظاہر کرتا ہے، حالانکہ اس مدت کے دوران ان پٹ لاگت زیادہ رہی کیونکہ روپیہ امریکی ڈالر کے مقابلے میں مزید کمزور ہوا اور شرح سود میں اضافہ توانائی اور اجناس کی قیمتیں ڈیویڈنڈ:

بورڈ آف ڈائریکٹرز نے 30 جون 2022 کو ختم ہونے والے سال کے لیے منافع کی سفارش نہیں کی ہے۔ (کمپنی کی لیکویڈیٹی پوزیشن اور اعلیٰ شرح سود کے منظر نامے کو مد نظر رکھتے ہوئے)۔ قرض کی ذمہ داری:

اللہ تعالیٰ کے فضل سے، بہت سارے چیلنجوں کے باوجود، کمپنی اپنے مالی وعدوں اور قرض کی ذمہ داری کو وقت پر پورا کرنے پر مشتمل ہے۔ قومی خزانے میں شراکت:

ایک ذمہ داری شری ہونے کے ناطے، آپ کی کمپنی نے قومی خزانے میں انکم ٹیکس، سیلز ٹیکس، کسٹم ڈیوٹی اور ایکسائز کی مد میں 220.30 ملین روپے کا حصہ ڈالا جو کہ گزشتہ سال کے دوران 187.67 ملین روپے تھا۔ انسانی وسائل کے انتظام اور ملازم کے تعلقات:

ہمیں پختہ یقین ہے کہ ہمارے لوگ ہمارا سب سے قیمتی اور ضروری اثاثہ ہیں۔ کمپنی کی اپنے لوگوں کو برقرار رکھنے کی پالیسی بہترین اور بے مثال ہے۔ بے مثال لیڈر ہونے کی اپنی وراثت کو جاری رکھنے کے لیے، ہم ہر سطح پر اعلیٰ صلاحیتوں کو متاثر کرنے کی کوششیں کرتے ہیں اور انتخاب کی منزل بننے کی خواہش رکھتے ہیں۔ کمپنی اپنے موجودہ ملازمین کو متحرک اور مصروف رکھ کر ترقی دینے کی کوشش کرتی ہے۔ ہمارا حکمہ HR اعلیٰ صلاحیت والے ملازمین کی شناخت کے لیے مختلف ٹولز کا استعمال کرتا ہے اور انہیں مزید تیار کرنے کے لیے مختلف تربیتوں کا اہتمام کرتا ہے۔ اعلیٰ صلاحیت کے حامل پیشہ ور افراد کی پرجوش ٹیم کے ساتھ، انتظامیہ مقامی اور بین الاقوامی مارکیٹوں میں کاروبار کو مزید فروغ دینے کے لیے پراعتماد ہے۔ واضح طور پر متعین اتھارٹی میٹرکس، پالیسیوں کے طریقہ کار اور سسٹمز کے ذریعے اپنی کاروباری ضروریات کو پورا کرنے کے لیے ہم اپنے عمل کی ساختی ترقی پر مضبوط توجہ مرکوز کیے ہوئے ہیں۔ انعام اور شناخت شفاف کارکردگی کے انتظام کے نظام اور طریقہ کار سے منسلک رہے گی۔

ملازمین کی مصروفیت اور فلاحی سرگرمیوں کا مقصد ملازمین کو مصروف رکھنا اور حوصلہ افزائی کرنا ہے۔ یہ سرگرمیاں ہمارے لوگوں کی حوصلہ افزائی اور ترقی کا کام بھی کرتی ہیں۔ کمپنی کے پاس اپنے ملازمین کے لیے مستقل فلاحی حکمت عملی ہے۔ کارکنوں کے لیے طبی سہولیات اور ملازمین کو ابتدائی طبی امداد بھی فراہم کی جاتی ہے۔ پودے میں نماز پڑھنے اور دین کی تعلیم حاصل کرنے کے لیے ایک مسجد ہے۔ کمپنی تمام ملازمین کو کھیلوں اور مختلف غیر نصابی سرگرمیوں میں حصہ لینے کے لیے حوصلہ افزائی اور فروغ دیتی ہے۔

کارپوریٹ اور سماجی ذمہ داری:

کمپنی معاشرے اور فلاح و بہبود کے تین اپنی ذمہ داری سے پوری طرح باخبر ہے۔ کمپنی نے اپنی کارپوریٹ سماجی ذمہ داری کو پورا کرنے کے لیے کئی اقدامات کیے اور اپنے ملازمین، ان کے خاندانوں، مقامی کمیونٹی اور بڑے پیمانے پر معاشرے کی فلاح و بہبود کے لیے معقول مالی مدد جاری رکھی۔

داخلی مالیاتی کنٹرول:

اندرونی مالیاتی کنٹرول کے حوالے سے ڈائریکٹرز کو ان کی ذمہ داری سے نوازا جاتا ہے۔ انتظامیہ اور آڈیٹرز (اندرونی اور بیرونی دونوں) کے ساتھ بات چیت کے ذریعے، وہ اس بات کی تصدیق کرتے ہیں کہ کمپنی کی طرف سے مناسب کنٹرول نافذ کیے گئے ہیں۔

کمپنی کے قانونی آڈیٹرز:

موجودہ آڈیٹر M/s ریاض احمد اور کمپنی چارٹرڈ اکاؤنٹنٹس، ریٹائر ہونے اور اہل ہونے کے بعد، خود کو دوبارہ تقرری کے لیے پیش کر چکے ہیں۔ بورڈ کی آڈٹ کمیٹی نے 30 جون 2023 کو ختم ہونے والے سال کے لیے کمپنی کے آڈیٹرز کے طور پر ان کی دوبارہ تقرری کی بھی سفارش کی ہے۔

اسٹاف ریٹائرمنٹ کے فوائد:

کمپنی اپنے ملازمین کے لیے ایک فنڈ ڈسٹریبیوٹری پروویڈنٹ فنڈ اسکیم چلاتی ہے اور ملازمین کی تنخواہوں پر مبنی چندہ ماہانہ بنیادوں پر فنڈ میں دیا جاتا ہے۔

شیئر قیمت کا رجحان:

زیر نظر سال کے دوران 10/- روپے کے شیئر کی کم از کم قیمت 17.01 روپے تک گر گئی اور 30 جون 2022 تک 31.90 روپے تک بڑھ کر 24.77 روپے پر بند ہوئی۔

نمائندگی کا فارم (پراکسی فارم)

میں رہم۔

کے

دی نیشنل سلک اینڈ ریان ملز لمیٹڈ کے رکن اور عام شیئر کے حامل کی حیثیت کے

(شیئرز کی تعداد)

رجسٹر کا فولیو نمبر

اور ریسی ڈی سی فولیو کا آئی ڈی نمبر

اور ذیلی اکاؤنٹ نمبر،

یا کے

کو کمپنی کے 71 واں سالانہ عام اجلاس جو جمعہ، 28 اکتوبر 2022 کو سہ پہر 3 بجے ایوانِ نورا پونٹ کمپلیکس، 10 سوک سنٹر، جوہر ٹاؤن، ایل ڈی اے آفس، لاہور میں منعقد ہوگا، میں میرے/ہمارے لئے اور میری/ہماری طرف سے بحیثیت اپنا پراکسی، ووٹ دینے کے لئے نامزد کرتا ہوں/کرتے ہیں۔

گواہ: 2

گواہ: 1

دستخط

نام

پتہ

سی این آئی سی نمبر

نوٹ: پراکسی فارم/نمائندگی فارم کو موثر ہونے کے لیے سالانہ اجلاس سے کم از کم 48 گھنٹے پہلے موصول ہونا ضروری ہے۔ اور اس پر دستخط، ریونیوٹکٹ اور شہادت ہونا ضروری ہے۔

FORM OF PROXY

Folio No.

--

I/WE _____

Of _____

Being a member of The National Silk & Rayon Mills Limited hereby appoint

(Name)

Of _____

(Another member of the) failing him

(Name)

Of _____

(Another member of the Company) to attend, act and vote for me and on my/our behalf at the 72nd Annual General Meeting of the Shareholders of The National Silk & Rayon Mills Limited will be held at Ewan-e-Noor Event Complex, 10-Civic Centre, Johar Town, LDA Office, Lahore on Friday 28th day of October 2022 at 3.00 p.m. and at any adjournment thereof.

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

Signature on Revenue Stamp of Correct Value

(Signature should agree with the specimen
Signature registered with the Company)

Date: _____

NOTE:

Proxy form must be signed across a correct value Revenue Stamp and it should be deposited in the Registered Office of the company not later than 48 hours before time of holding the meeting.



The National Silk & Rayon Mills Ltd.

Manufacturer & Exporter of Quality Textile Products

Jaranwala Road, Faisalabad-Pakistan

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