MAHBOOB SHEIKH & Co.
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the members of SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PVT) LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PVT) LTD** which comprise balance sheet as at June 30, 2021 and related profit and loss account, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including 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 our audit.

In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2021 and of the profit, its cash flows and changes in equity for the year then ended.

Basis of 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 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.

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 Financial Officer for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards issued by IAASB and the requirements of the 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 cease operations, or has no realistic alternative but to do so.

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

…'s Responsibilities for the Audit of the Financial Statements

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

…s part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional …epticism 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 those charged with governance 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 those charged with governance 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.

Report on Other Legal and Regulatory Requirements

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

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

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

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

d) No zakat was deductible under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

MAHBOOB SHEIKH AND COMPANY
CHARTERED ACCOUNTANTS
Engagement Partner: Mahboob Ahmad Sheikh

Dated: October 03, 2021
Location : Multan

SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
Assets			
Non current assets			
Property, plant and equipment	4	153,144,257	161,877,494
Intangible assets - software	5	92,470	102,745
Long term deposits	6	2,059,200	2,059,200
		155,295,927	164,039,439
Current assets			
Stores, spares and tools	7	453,600	532,900
Stock in trade	8	160,810,110	107,127,630
Trade debtors	9	1,918,696	4,560,500
Advance and deposits	10	92,500	92,500
Due from government	11	19,759,027	7,516,325
Cash and bank balances	12	16,355	1,056,457
		183,050,288	120,886,311
		338,346,215	284,925,751
Equity and Liabilities			
Authorized capital			
160,971 (2020: 160,971) ordinary shares of Rs. 1,000/- each		160,971,000	160,971,000
Share capital and reserves			
Issued, subscribed and paid up capital	13	159,756,000	159,756,000
Deposit for shares	14	84,982,275	84,982,275
Unappropriated loss		(83,282,192)	(84,071,235)
		161,456,083	160,667,040
Non current liabilities			
Long term finance (LTF)	15	2,500,000	-
Current liabilities			
Trade and other payables	16	166,534,576	122,014,707
Current portion of LTF	15	5,000,000	-
Taxation	17	2,855,556	2,244,004
		174,390,132	124,258,711
Contingencies and commitments	18	-	-
		338,346,215	284,925,751

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

Khawaja Muhammad Ali
Chief Executive

Khawaja Muhammad Hassan
Director

SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
Sales - Net	19	185,331,701	149,600,247
Cost of sales	20	182,290,406	143,049,722
Gross profit		3,041,295	6,550,525
Distribution cost	21	455,300	366,800
Administrative expenses	22	3,212,542	2,980,424
Other operating expenses	23	274,324	339,387
		3,942,166	3,686,611
Operating profit		(900,871)	2,863,914
Other income	24	5,038,700	9,007
Profit before finance cost		4,137,829	2,872,921
Finance cost	25	493,230	71,411
Profit before taxation		3,644,599	2,801,510
Taxation	26	2,855,556	2,244,004
Profit after taxation		789,043	557,506
Earning per share	27	4.94	3.49

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

Khawaja Muhammad Ali
Chief Executive

Khawaja Muhammad Hassan
Director

SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	2021 Rupees	2020 Rupees
Profit for the year	789,043	557,506
Other comprehensive income	-	-
Total comprehensive profit	789,043	557,506

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

Khawaja Muhammad Ali
Chief Executive

Khawaja Muhammad Hassan
Director

SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	2021 Rupees	2020 Rupees
Cash Flow From Operating Activities		
Profit before taxation	3,644,599	2,801,510
Adjustment for:		
Depreciation	12,129,888	13,034,607
Amortization	10,275	11,416
Finance cost	493,230	71,411
	12,633,393	13,117,434
Operating cash flows before changes in working capital	16,277,992	15,918,944
Changes in working capital		
(Increase)/Decrease in current assets		
Stores, spares and tools	79,300	(55,200)
Stock in trade	(53,682,480)	(45,687,315)
Trade debtors	2,641,804	6,607,244
Advance and deposits	-	-
Prepayments and other receivables	-	88,336
Due from government	(12,242,702)	(4,837,769)
Increase/(Decrease) in current liabilities		
Trade and other payables	44,519,869	35,635,804
	(18,684,209)	(8,248,900)
Cash flow from/(used in) operating activities	(2,406,217)	7,670,044
Tax paid	(2,244,004)	(1,194,932)
Finance cost	(493,230)	(71,411)
Net cash flow from/(used in) operating activities	(5,143,451)	6,403,701
Cash Flow From Investing Activities		
Purchase of operating fixed assets	(3,396,651)	(5,358,922)
Net cash flow from/(used in) investing activities	(3,396,651)	(5,358,922)
Cash Flow From Financing Activities		
Payament of liabilities against finance lease	7,500,000	-
Net cash flow from/(used in) financing activities	7,500,000	-
Net increase/(decrease) in cash and cash equivalents	(1,040,102)	1,044,779
Cash and cash equivalents at the begnning of the year	1,056,457	11,678
Cash and cash equivalents at the end of the year	16,355	1,056,457

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

Khawaja Muhammad Ali
Chief Executive

Khawaja Muhammad Hassan
Director

SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	Issued, subscribed and paid up capital	Deposit for shares	Unappropriared loss	Total
	-------------	-------------	*Rupees*	-------------
Balance as at June 30, 2019	159,756,000	84,982,275	(84,628,741)	160,109,534
Profit for the year			557,506	557,506
Balance as at June 30, 2020	159,756,000	84,982,275	(84,071,235)	160,667,040
Profit for the year			789,043	789,043
Balance as at June 30, 2021	159,756,000	84,982,275	(83,282,192)	161,456,083

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

Khawaja Muhammad Ali
Chief Executive

Hassan

Khawaja Muhammad Hassan
Director

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SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1- *Legal Status and Operations*

Spun Yarn Research and Development Company (Private) Limited (the Company) is limited by shares was incorporated in Pakistan on June 27, 2011 as a Private Limited Company under the Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is principally engaged in manufacturing and sale of yarn.

Geographical location and addresses of business:

Registered office/Head office

House No. 1, Green Homes, Nawab Pur Road, Multan.

Mill

22-KM, Khanewal Road, Qadirpur Rawan, Multan.

2- *Basis of Preparation*

2.1- *Statement of compliance*

The 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:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2- *Basis of measurement*

These financial statements have been prepared under the historical cost convention except disclosed otherwise in the accounting policy notes.

2.3- *Functional and presentation currency*

These financial statements are presented in Pak Rupees, which is the company's functional and presentation currency. All financial information presented in Pak Rupees has been rounded to the nearest Rupee unless otherwise stated.

2.4- *Critical accounting estimates and judgments*

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed as follows;

2.4.1- *Property, plant and equipment*

The company reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicators of impairment are identifies.

2.4.2- *Stores & spares and stock-in-trade*

The company estimates the net realizable value of stores & spares and stock in trade to assess any diminution in the respective carrying values. Net realizable value is determined with reference to estimated selling price less estimated expenditure to make sale.

2.4.3- *Income Taxes*

In making the estimates for income taxes the Company takes into account the current income tax law and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a katerial nature is in accordance with the law. The difference between the potential ans actual tax charge, if any, is disclosed as a contingent liability.

3- *Significant Accounting Policies*

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

3.1- *Property, plant and equipment*

Company's owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss except freehold land, and capital work-in-progress. Which are stated at cost. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to the erection construction period and attributable expenses in bringing the assets to their working condition.

Depreciation on all assets except freehold land and capital work-in-progress is taken to profit and loss account applying reducing balance method at the rates stated in fixed assets schedule. Depreciation is charged when asset is put into the use as intended by the management till asset is derecognized.

Gains / Losses on disposal of fixed asset are taken to profit and loss account. Normal repairs and maintenance are taken to profit and loss account as and when incurred. Major improvements and modifications are capitalized and the assets replaced, if any, other than those kept as stand-by, are retired.

The management assesses at each balance sheet date whether there is any indication that an asset is impaired. If any such indication exists, the management estimates the recoverable amount of the assets. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount by charging the impairment loss against income for the period / year.

Capital work in progress

Capital work in progress is stated at cost. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these assets are available for use.

Intangible assets

Intangible fixed assets are stated at cost less accumulated amortization and identified impairment losses, if any. Amortization is charged to income on straight line basis during the estimated useful life. The useful life is reviewed periodically to ensure that it is consistent with the expected pattern of economic benefits.

Amortization is charged from the month of acquisition and up to the month preceding the disposal respectively. Gain/loss on disposal of intangible assets is taken to profit and loss account.

Major improvements and modifications are capitalized. Minor repairs and replacements are taken to profit and loss account.

Leased assets

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligation of leases is accounted for as liability. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of finance cost on the remaining balance of principal liability for each period.

Amortization is charged from the month of acquisition and up to the month preceding the disposal respectively. Gain/loss on disposal of intangible assets is taken to profit and loss account.

3.2- ***Stores, Spares and loose tools***

These are valued at moving average cost less allowance for obsolete and slow moving items except items-in-transit which are stated at cost accumulated to the balance sheet date.

3.3- ***Stock in trade***

Basis of valuation are as follows:

Particulars	***Mode of Valuation***
Raw materials	
- At mill	- Weighted Average Cost
- In transit	- At cost accumulated to the balance sheet date.
Work in process	- At manufacturing cost.
Finished goods	- At lower of cost and net realizable value.
Waste	- At net realizable value.

Cost in relation to work in process and finished goods consists of prime cost and appropriate production overheads. Prime cost is allocated on the basis of annual average cost.

Provision for obsolete and slow moving stock-in-trade is determined based on the management's assessment regarding their future usability.

Net realizable value signifies the selling price in the ordinary course of business less Cost of completion ans Cost necessary to be incurred to effect such sale.

3.4- *Trade debts & other receiveables*

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

3.5- ***Advances, deposits, prepayments and other receivables***

Advances, deposits, prepayments and other receivables are included in current assets, except for having maturities greater than twelve months after the balance sheet date, which are classified as non-current assets.

3.6- *Cash and cash equivalents*

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand and balances with banks.

3.7- *Borrowings & borrowing cost*

Borrowings are recognized initially at fair value, net of transaction costs incurred and are subsequently measured at amortized cost using the effective interest method.

Borrowing costs are recognized as an expense in the period in which these are incuured except to the extent of borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, sre capitalized as part of the cost that asset.

3.8- *Trade and other payables*

Trade and other payables are initially measured at cost, which is the fair value the consideration to be paid in future for goods and services, whether or not billed to the Company.

3.9- *Provisions*

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

3.10- *Taxation*

3.10.1 *Current*

Charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and taxes rebate available, if any , or provisions of minimum tax However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

3.10.2 *Deffered*

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the tax base (the amount used for taxation purposes). In this regard, the effects on deferred taxation of the portion of income subject to final tax regime are also considered in accordance with the requirement of Technical release-27 of Institute of Chartered Accounts of Pakistan.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax credits can be utilized. Deferred tax liabilities are generally recognized for the taxable temporary differences, Deferred, tax assets and liabilities are based on the expected tax rates applicable at the time of reversal.

3.11- *Offsetting*

Financial assets and liabilities are off-set the net amount is reported in the financial statements only when there is legally enforceable right to set off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.12- *Revenue Recognition*

Sales are recorded on dispatch of goods to customers.
Return on investments and deposit is accounted for on time proportion basis.
Dividend incomes are accounted for when the right to receive is established.
Gain on sale and lease-back transactions is deferred and is credited to Profit and Loss Account over the term.

		4.1	153,144,257	161,877,494

4- **Property, plant and equipment**

Operating fixed assets

4.1- *Operating fixed assets*

	Freehold land	Building on freehold land	Plant & machinery	Electric installations	Furniture & fixture	Office equipments	Vehicles	Mechanical/ Electric appliances	Total
					Rupees				
Cost									
Balance as at June 30, 2019	13,046,960	79,307,304	92,362,504	33,878,595	487,956	722,108	3,646,502	1,563,507	225,015,436
Addition during the year		1,097,235	3,537,092	590,828	108,067	25,700			5,358,922
Balance as at June 30, 2020	13,046,960	80,404,539	95,899,596	34,469,423	596,023	747,808	3,646,502	1,563,507	230,374,358
Depreciation									
Balance as at June 30, 2019		14,239,201	28,056,073	10,295,702	154,411	195,306	2,082,899	438,665	55,462,257
Charge for the year		3,308,267	6,784,352	2,417,372	44,161	55,250	312,721	112,484	13,034,607
Balance as at June 30, 2020	-	17,547,468	34,840,425	12,713,074	198,572	250,556	2,395,620	551,149	68,496,864
Written down value as at June 30, 2020	13,046,960	62,857,071	61,059,171	21,756,349	397,451	497,252	1,250,882	1,012,358	161,877,494
Cost									
Balance as at June 1, 2020	13,046,960	80,404,539	95,899,596	34,469,423	596,023	747,808	3,646,502	1,563,507	230,374,358
Addition during the year		1,501,291	1,888,360		7,000				3,396,651
Balance as at June 30, 2021	13,046,960	81,905,830	97,787,956	34,469,423	603,023	747,808	3,646,502	1,563,507	233,771,009
Depreciation									
Balance as at June 30, 2020		17,547,468	34,840,425	12,713,074	198,572	250,556	2,395,620	551,149	68,496,864
Charge for the year		3,217,918	6,294,753	2,175,635	40,445	49,725	250,176	101,236	12,129,888
Balance as at June 30, 2021	-	20,765,386	41,135,178	14,888,709	239,017	300,281	2,645,796	652,385	80,626,752
Written down value as at June 30, 2021	13,046,960	61,140,444	56,652,778	19,580,714	364,006	447,527	1,000,706	911,122	153,144,257
Rate of depreciation	-	5%	10%	10%	10%	10%	20%	10%	

	Note	2021 Rupees	2020 Rupees
Depreciation for the year has been apportioned as under:			
Cost of sales	20	11,887,290	12,773,915
Administrative expense	22	242,598	260,692
		12,129,888	13,034,607

	Note	2021 Rupees	2020 Rupees
5. *Intangible assets - software*			
Computer software license fee	5.1	92,470	102,745

5.1- *Computer software license fee*

	2021 Rupees	2020 Rupees
Cost		
Opening balance	156,600	156,600
Addition during the year	-	-
Closing balance	156,600	156,600
Amortization		
Opening balance	53,855	42,439
Charge for the year	10,275	11,416
Closing balance	64,130	53,855
Written down value	92,470	102,745
Rate of Amortization	10%	10%

	2021 Rupees	2020 Rupees
6- *Long term deposits*		
Security deposit - MEPCO	2,059,200	2,059,200

It represents bank guarantee provided to MEPCO issued by National Bank of Pakistan City Branch, Multan against 100% cash margin.

	2021 Rupees	2020 Rupees
7- Stores, spares and tools		
Stores	431,500	510,800
Tools	22,100	22,100
	453,600	532,900
8- *Stock in trade*		
Raw material	83,488,680	34,568,200
Work in process	2,580,030	4,285,430
Finished goods	73,456,400	60,253,300
Packing material	1,285,000	7,152,800
Waste	-	867,900
	160,810,110	107,127,630
9- *Trade debtors - Considered good*		
Local - unsecured	1,918,696	4,560,500
10- *Advance and deposits*		
Security deposit - office building	92,500	92,500

		Rupees	Rupees
Due from government			
Advance sales tax		15,705,127	5,455,927
Advance income tax		4,053,900	2,060,398
		19,759,027	7,516,325

12- *Cash and bank balances*

Cash in hand		11,697	1,530
Cash at bank			
Current account		4,086	5,489
Deposit account		572	1,049,438
		4,658	1,054,927
		16,355	1,056,457

13- *Issued, subscribed and paid up capital*

Number of shares				
2021	**2020**			
100,010	100,010	Ordinary shares of Rs. 1,000/- each issued to private sector fully paid in cash	100,010,000	100,010,000
59,746	59,746	Ordinary shares of Rs. 1,000/- each issued to Ministry of Industries, Govt. of Pakistan fully paid in cash	59,746,000	59,746,000
			159,756,000	159,756,000

14- *Deposit for shares*

It represents the deposit from shareholders for the issuance of ordinary shares by the company.

15- *Long term finance (LTF) - Secured*

	2021 **Rupees**	**2020** **Rupees**
Balance as at July 01	-	-
Obtained during the year	10,000,000	-
	10,000,000	-
Repaid during the year	(2,500,000)	-
	7,500,000	-
Payable within one year	(5,000,000)	-
	2,500,000	-

It represents secured loan obtained from Bank Al Habib Limited Gulgasht Colony Branch, Multan under SBP Refinance Scheme for payment of salaries and wages of workers at 3% markup per annum and is payable in eight equal quarterly installaments.

	Note	2021 Rupees	2020 Rupees
Trade and other payables			
Trade creditors		42,137,400	25,445,096
Accrued liabilities		5,745,496	1,844,170
Advances from customers		90,283,218	94,253,483
Tax payable - deducted at source		2,808,462	-
Others		25,560,000	170,463
Sales tax payable		-	301,495
		166,534,576	122,014,707

17- *Taxation*

		2021 Rupees	2020 Rupees
Opening balance		2,244,004	1,194,932
Add: Provision made during the year			
Current year		2,855,556	2,244,004
		5,099,560	3,438,936
Less: Payments/Adjustments against completed assessments		(2,244,004)	(1,194,932)
		2,855,556	2,244,004

The income tax assessment of the company has been completed upto the tax year 2020.

18- *Contingencies and commitments*

There are no contingencies and commitments at the balance sheet date.

19- *Sales - Net*

		2021 Rupees	2020 Rupees
Local			
Gross Sales		216,838,092	175,437,096
Sales Tax		(31,506,391)	(25,490,861)
Less: Commission on sales		-	(345,988)
		185,331,701	149,600,247

20- *Cost of sales*

	Note	2021 Rupees	2020 Rupees
Raw material consumed	20.1	102,435,049	65,976,702
Stores and spares consumed	20.2	535,354	249,123
Packing material consumed	20.3	7,470,604	1,949,835
Salaries, wages and benefits	20.4	15,703,086	16,651,770
Power and fuel		53,673,728	52,855,428
Communication		129,334	25,550
Rent expense		600,000	957,000
Repair and maintenance		467,041	386,119
Depreciation	4.1	11,887,290	12,773,915
Others		18,720	15,230
		192,920,206	151,840,672

	2021 Rupees	2020 Rupees
Adjustment of work in process		
Opening stock	4,285,430	465,380
Closing stock	(2,580,030)	(4,285,430)
	1,705,400	(3,820,050)
Cost of goods manufactured	194,625,606	148,020,622
Adjustment of finished goods		
Opening stock	60,253,300	55,099,000
Closing stock	(73,456,400)	(60,253,300)
	(13,203,100)	(5,154,300)
	181,422,506	142,866,322
Adjustment of waste		
Opening stock	867,900	1,051,300
Closing stock	-	(867,900)
	867,900	183,400
	182,290,406	143,049,722

20.1- ***Raw material consumed***		
Opening stock	34,568,200	3,949,500
Add: Purchase during the year	151,355,529	96,595,402
	185,923,729	100,544,902
Less: Closing stock	(83,488,680)	(34,568,200)
	102,435,049	65,976,702
20.2- *Stores and spares consumed*		
Opening stock	510,800	455,600
Add: Purchase during the year	456,054	304,323
	966,854	759,923
Less: Closing stock	(431,500)	(510,800)
	535,354	249,123
20.3- ***Packing material consumed***		
Opening stock	7,152,800	875,135
Add: Purchase during the year	1,602,804	8,227,500
	8,755,604	9,102,635
Less: Closing stock	(1,285,000)	(7,152,800)
	7,470,604	1,949,835

	Note	2021 Rupees	2020 Rupees
20.4- Salaries, wages and benefits			
Factory staff salaries		12,810,000	12,115,515
Staff welfare expenses		857,050	1,225,780
Travelling and conveyance		65,560	66,870
Overtime		169,736	1,052,000
Mixing, packing and bale pressing charges		530,000	910,200
Vehicle running and maintenance		41,500	30,780
Labour electricity bill		512,489	438,616
Staff house rent		716,751	812,009
		15,703,086	16,651,770
21- Distribution cost			
Freight expenses		455,300	366,800
22- Administrative expenses			
Salaries and wages		1,345,000	1,250,000
Directors meeting expenses		42,500	40,000
Travelling and conveyance		108,710	113,593
Vehicle running and maintenance		185,200	127,400
Rent expense		453,750	269,500
Sui gas/Electricity		-	49,500
Entertainment		69,513	60,540
Communication		190,761	175,848
Printing and stationery		178,076	105,780
Legal and professional charges		192,347	95,000
Auditors remuneration	22.1	100,000	100,000
Depreciation	4.1	242,598	260,692
Amortization	5.1	10,275	11,416
Repair and maintenance		22,566	18,470
Fee and subscriptions		12,000	10,500
Insurance		10,143	250,000
Market committee		23,673	24,344
Others		25,430	17,841
		3,212,542	2,980,424

	2021	2020
22.1- Auditors remuneration		
Audit fee	85,000	85,000
Out of pocket expenses	15,000	15,000
	100,000	100,000

	Note	2021 Rupees	2020 Rupees
23- *Other operating expenses*			
Workers profit participation fund		195,946	242,419
Workers welfare fund		78,378	96,968
		274,324	339,387
24- *Other income*			
Profit from bank		3,700	9,007
Sale of scrape		5,035,000	-
		5,038,700	9,007
25- *Finance cost*			
Markup/Interest on SBP salary refinance scheme		293,301	-
Bank charges and commission		199,929	71,411
		493,230	71,411
26- *Taxation*			
Current year	26.1	2,855,556	2,244,004

26.1- Provision for current year taxation represents tax payable U/S 113 of the Income Tax Ordinance, 2001.

		2021 Rupees	2020 Rupees
27- *Earning per share*			
Basic			
Profit for the year		789,043	557,506
Number of share		159,756	159,756
Earning per share		4.94	3.49
28- *Number of Employees*		150	141

29- *General*

Figures have been rounded off to the nearest rupee.

30- *Date of authorization*

These financial statements have been authorized for issue on 03-oct-2021 by the board of directors of the Company.

Khawaja Muhammad Ali
Chief Executive

Khawaja Muhammad Hassan
Director