

# Annual Report 2022



ZAHIDJEE



**ZAHIDJEE TEXTILE MILLS LIMITED**

# Mission, Vision, Values

- ▶▶ To add value to shareholders and the economy by engaging profitably in textile products.
  
- ▶▶ To be and remain quality leader and competitive in the international market.
  
- ▶▶ To conduct business as a socially responsible corporate citizen.

## Company Information

### Board of Directors

Mr. Ahmad Zahid	Chairman
Mr. Muhammad Zahid	Chief Executive
Mrs. Mehreen Fahad	Director
Mr. Muhammad Ali	Director
Mr. Sajjad Hussain Shah	Independent Director
Mr. Faisal Masood Afzal	Independent Director
Mr. Shahbaz Haider Agha	Independent Director

### Audit Committee

Mr. Sajjad Hussain Shah	Chairman
Mr. Faisal Masood Afzal	Member
Mr. Muhammad Ali	Member

### HR & Remuneration Committee

Mr. Shahbaz Haider Agha	Chairman
Mr. Muhammad Ali	Member
Mr. Ahmad Zahid	Member
Mr. Muhammad Zahid	Member

### Chief Financial Officer

Mr. Muddessar Ramzan

### Company Secretary

Mr. Muhammad Ilyas

### Auditors

RSM Avais Hyder Liaquat Nauman  
Chartered Accountants

### Bankers of the Company

Allied Bank Limited  
Askari Bank Limited  
Bank Al Habib Ltd  
Bank Al-Falah Limited  
BankIslami Pakistan Limited  
Dubai Islamic Bank  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Ltd  
JS Bank Limited  
MCB Bank  
Meezan Bank Limited  
National Bank of Pakistan  
Samba Bank Limited  
Soneri Bank Limited  
Al baraka Bank Pakistan Limited  
The Bank of Khyber  
The Bank of Punjab  
United Bank Limited

### Registered Office

2-H, Gulberg-II, Jail Road, Lahore  
Tel: 042-35777291-5

### Plant site

- 28-KM, Sheikhpura Road, Faisalabad
- 32-KM, Tandlian wala Road, Faisalabad
- M-3 Industrial City, Sahianwala, Faisalabad

### Export Office

131-A, Scotch Corner, Upper Mall Scheme, Lahore.  
Tel: 042-35777291-5

### Share Registrar

Corptec Associates (Private) Limited  
503-E, Johar Town, Lahore  
Tel: 042-35170335-6 Fax 042-35170338  
E-mail: info@corptec.com.pk

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that 33rd Annual General Meeting (AGM) of the shareholders of Zahidjee Textile Mills Limited (the "Company") will be held at 04:00P. Mon Friday, the October 28, 2022, at office 131-A, Scotch Corner, Upper Mall Scheme, Lahore to transact the following business:

**ORDINARY BUSINESS:**

1. To confirm the minutes of the last Annual General Meeting held on October 28, 2021.
2. To consider, approve and adopt the annual audited financial statements of the Company for the year ended June 30, 2022, together with the Directors' and Auditors' reports thereon.
3. To appoint auditors for the year ending June 30, 2023, and to fix their remuneration. The present auditors RSM Avais Hyder Liaquat Nauman, Chartered Accountants, retire and being eligible, have offered themselves for re-appointment.
4. To approve and declare the final cash dividend @ Rs. 1.00 per share i.e. (10%) for the financial year ended June 30, 2022, as recommended by the Board of Directors.
5. To transact any other business with the permission of the chair.

Lahore: October 06, 2022.

By order of the Board  
Muhammad Ilyas  
Company Secretary

**NOTES:**

**CLOSURE OF SHARE TRANSFER BOOKS:** The share transfer books of the Company shall remain closed from October 22, 2022, to October 28, 2022 (both days inclusive). Transfers received in order at Company's registrar, M/S CorpTec Associates (Private) Limited, 503-E, Johar Town, Lahore up to close of business on October 21, 2022, will be considered in time for the purpose of determining above entitlement to the transferees for payment of final dividend and to attend the AGM.

**PARTICIPATION IN MEETING:** A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies to be effective duly signed, filled and witnessed must be deposited at the Registered Office of the Company, along with the attested copies of valid CNIC or Passport, not less than 48 hours before the time of the meeting during working hours. Attendance in the meeting shall be on production of original CNIC or passport. CDC account holders will further have to follow the guidelines as laid down in Circular No. 1 on dated: January 26, 2000, issued by the SECP. Form of Proxy may be downloaded from the Company's website: <https://www.zahidjee.com.pk>

**NOTIFY CHANGES IN ADDRESSES:** The shareholders of the Company are requested to promptly notify changes in their mailing addresses (if any), to our share registrar, M/S CorpTec Associates (Private) Limited, 503-E, Johar Town, Lahore.

**MANDATORY SUBMISSION OF CNIC COPIES:** Individual Shareholders are once again reminded to submit a copy of their valid CNIC, if not provided earlier to the Company's Share Registrar. In case of non-availability of a valid CNIC in the records of the Company, the Company shall withhold the Dividend under the provisions of Section 243 of the Companies Act, 2017 (the Act) which will be released by the Share Registrar only upon submission of a valid copy of the CNIC.

**PLACEMENT OF FINANCIAL STATEMENTS ON WEBSITE:** The audited financial statements of the Company for the year ended June 30, 2022, have been placed on the website of the Company.

**DEPOSIT OF PHYSICAL SHARES INTO CDC ACCOUNTS:** In accordance with the requirement of section 72 of the Act, every existing Company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the SECP, within a period not exceeding four years from the commencement of this Act. The shareholders having physical shares are encouraged to convert their physical shares into book entry form by depositing shares into Central Depository Company Pakistan Limited by opening CDC sub account with any broker or investor accounts directly with CDC.

**CONSENT FOR VIDEO CONFERENCE FACILITY:** Shareholders can also avail video conference facility. Video link details and login credentials will be shared with those who have shown their intent to attend the meeting at mail: [cszahidjee@gmail.com](mailto:cszahidjee@gmail.com)

Also Pursuant to Section 134(1)(b) of the Act, if Company receives consent from shareholders holding aggregate 10% or more shareholding residing at a geographical location to participate in the meeting through video conference at least seven days prior to the date of the meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility, please provide the following information and submit to the registered office of the Company:

I/We \_\_\_\_\_ of \_\_\_\_\_ being member of Zahidjee Textile Mills Ltd, holder of \_\_\_\_\_ Ordinary shares as per Register Folio # / CDC Account # / Participant ID #, hereby opt for Video conference facility at \_\_\_\_\_



## زاہلجی ٹیکسٹائل ملز لمیٹڈ (اطلاع سالانہ اجلاس عام)

بذریعہ ہذا مطلع کیا جاتا ہے کہ زاہلجی ٹیکسٹائل ملز لمیٹڈ (کمپنی) کا 33 واں سالانہ اجلاس عام درج ذیل امور کی انجام دہی کے لئے بروز جمعہ مورخہ 28 اکتوبر 2022ء بوقت سہ پہر 4:00 بجے کمپنی کے ہیڈ آفس واقعہ 131-A کالج کارز اپر مال سیکم لاہور میں منعقد ہوگا۔

عمومی امور:

- 1) 28 اکتوبر 2021ء کو ہونے والے سالانہ اجلاس عام کی کارروائی کی توثیق.
- 2) مورخہ 30 جون 2022ء کو ختم ہونے والے مالی سال کے لئے کمپنی کے مالیاتی گوشواروں کی بحہ ڈائریکٹرز اور آڈیٹرز کی رپورٹ کے ساتھ وصولی، ان پر غور و خوض اور منظوری۔
- 3) بورڈ آف ڈائریکٹرز کی سفارش پر 30 جون 2022ء کو ختم شدہ مالیاتی سال کے لئے حتمی نقد منافع منقسمہ بشرح 1.00 روپے فی شیئر %10 کی منظوری،
- 4) 30 جون 2022ء کو ختم ہونے والے سال کے لیے آڈیٹرز کی تقرری اور ان کے مشاہدوں کا تعین۔ سبکدوش ہونے والے آڈیٹرز آرمیس ایم او ایس حیدر ایل قنات نعمان چارٹرڈ اکاؤنٹنٹس نے اہل ہونے کی بنیاد پر خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔
- 5) صدر اجلاس کی اجازت سے دیگر کسی کاروباری امور کی انجام دہی۔

محکم پورڈ: محمد الیاس (کمپنی سیکریٹری)

لاہور: مورخہ 6 اکتوبر 2022ء،

گزارشات:-

شیئرز ٹرانسفرز بکس کی بندش:

کمپنی کے شیئرز ٹرانسفرز بکس مورخہ 22 اکتوبر 2022ء سے مورخہ 28 اکتوبر 2022ء (بشمول ہر دو ایام) بند رہیں گی۔ کمپنی رجسٹرار کارپوریشن آف پاکستان (پرائیویٹ) لمیٹڈ، E-503 جوہڑ ٹاؤن لاہور میں مورخہ 21 اکتوبر 2022ء کو کاروباری ایام کے اختتام تک موصول ہونے والی ٹرانسفرز، نقد منافع منقسمہ کے استحقاق اور اجلاس میں شرکت کے لئے بروقت تصور ہوگی۔

اجلاس میں شرکت:

اس اجلاس میں شرکت اور ووٹ ڈالنے کا اہل رکن کسی دوسرے رکن کو ووٹ دینے کے لئے اپنا پراکسی مقرر کر سکتا ہے۔ پراکسی کو اپنا باضابطہ دستخط، پُر شدہ فارم اور گواہ کمپنی کے رجسٹرڈ آفس میں درست سی این آئی سی یا سپورٹ کی تصدیق شدہ کاپیوں کے ساتھ کام کے اوقات کے دوران میٹنگ کے وقت سے کم از کم 48 گھنٹے پہلے جمع کرانا ضروری ہے۔ اجلاس میں حاضری اصل سی این آئی سی یا سپورٹ کی بنیاد پر ہوگی۔ سی ڈی سی اکاؤنٹ ہولڈرز کو اس سی این آئی سی کی جانب سے جاری کردہ 26 جنوری 2000ء کو سرکل نمبر 1 میں بیان کردہ رجسٹرڈ خطوط پر مزید عمل کرنا ہوگا۔ کمپنی کی ویب سائٹ سے پراکسی فارم ڈاؤن لوڈ کیا جاسکتا ہے۔  
<https://www.zahidjee.com.pk>

ممبران کے پیسہ میں کمی بھی تبدیلی:

ممبران کے پیسہ میں کمی بھی تبدیلی نو فوری طور پر کمپنی کے شیئرز رجسٹرار میں رجسٹرڈ کارپوریشن آف پاکستان (پرائیویٹ) لمیٹڈ، E-503 جوہڑ ٹاؤن لاہور کو مطلع کیا جائے۔

درست کیپیٹلائزڈ شناختی کارڈ کی کاپی چھپانی لازمی جمع کروانا:

شیئرز ہولڈرز کو گاہ کیا جاتا ہے کہ اپنے درست اور اصل کیپیٹلائزڈ شناختی کارڈ کی کاپی کمپنی کے ریکارڈز میں جمع کروائیں، شناختی کارڈ کی عدم دستیابی کی صورت میں کمپنی کیپیٹلائزڈ ایکٹ 2017ء کے سیکشن 243 کی دفعات کے تحت منافع کو روک دے گی جو درست شناختی کارڈ کی کاپی رجسٹرار کو جمع کرانے پر جاری کیا جائے گا۔

ویب سائٹ پر کمپنی کی فنانشل رپورٹ:

30 جون 2022ء کو ختم ہونے والے سال کی فنانشل اسٹیٹمنٹس کمپنی کی ویب سائٹ آویزاں کر دی ہے۔

سی ڈی سی اکاؤنٹ میں فزیکل شیئرز کا اندراج:

SECP کے کمپنی ایکٹ 2017ء کی دفعہ 72 کی روٹی میں ہر موجودہ کمپنی کے لئے لازم ہے کہ وہ اپنے فزیکل شیئرز کو بک انٹری فارم کے ساتھ مخصوص انداز میں اور کمیشن کی بتائی گئی تاریخ کے حساب سے رکھے، اور یہ دورانہ کیپیٹلائزڈ ایکٹ 2017ء کے نفاذ کی تاریخ سے لے کر 4 سال سے زائد نہیں ہونا چاہئے۔ مذکورہ بالا سٹیٹمنٹ کی تیسری کاپی بنانے اور بک انٹری فارم میں شیئرز رکھنے سے مستفید ہونے کے لئے فزیکل شیئرز ہولڈنگز کے حامل تمام شیئرز ہولڈرز اپنے فزیکل شیئرز رکھنے کے لیے سی ڈی سی میں براہ راست یا کسی بروکر یا انویسٹر اکاؤنٹ کے ساتھ ذیلی سی ڈی سی اکاؤنٹ کھول سکتے ہیں۔

ویڈیو کانفرنس کے ذریعے شرکت:

کمپنی کے ممبران جن کے پاس مجموعی طور پر %10 یا اس سے زیادہ شیئرز ہوں اگر کسی کی جغرافیائی حدود (کسی خاص جگہ / شہر) میں موجود ہوں اور وہ سالانہ اجلاس میں شرکت کرنا چاہتے ہیں تو کمپنی کو 7 روز قبل آگاہ کرے، کمپنی اس شہر میں ویڈیو کانفرنس کی سہولت مہیا کرنے کا انتظام کرے گی بشرطیکہ اس شہر میں سہولت میسر ہوں اگر آپ ٹیکنیکل میں ویڈیو کانفرنس کے ذریعے شرکت کرنا چاہتے ہیں تو 7 دن قبل ذیل میں دیا گیا فارم پر کر کے کمپنی کے رجسٹرڈ دفتر میں جمع کروائیں

میں / ہم \_\_\_\_\_ آف زاہلجی ٹیکسٹائل ملز لمیٹڈ کے ممبر جس کے شیئرز \_\_\_\_\_ رجسٹرڈ فوئیو نمبر، سی ڈی سی اکاؤنٹ نمبر \_\_\_\_\_ ویڈیو کانفرنس کی سہولت \_\_\_\_\_ میں چاہتا ہوں / چاہتے ہیں۔

### **Review Report by the Chairman**

The Board of Directors is performing their duties in accordance with law and in the best interest of company and its shareholders. As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of Zahidjee Textile 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.

Despite of unprecedented challenges, the Board's overall performance and effectiveness has been assessed as satisfactory for the financial year ended June 30, 2022. This 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.

Zahidjee Textile Mills Limited Complies with all the requirements set out in the Law with respect to the composition, procedures and meetings of the Board of Directors and its committees. Necessary Board agenda and related supporting documents were duly made available to the board in sufficient time prior to the board and its committee meetings. The Board has exercised all its powers in accordance with relevant laws and regulation and the non- executive and independent directors are equally involved in important decisions of the board.



Ahmad Zahid  
Chairman

Lahore:  
October 04, 2022

## چیرمین کی طرف سے جائزہ رپورٹ

بورڈ آف ڈائریکٹرز قانون کے مطابق اور کمپنی اور اس کے حصص یافتگان کے بہترین مفاد میں اپنے فرائض انجام دے رہا ہے۔ کارپوریٹ گورننس کے ضابطے کے تحت ضرورت کے مطابق زاہدجی ٹیکسٹائل ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی سلا نہ تشخیص کی گئی ہے۔ اس تشخیص کا مقصد یہ یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور نتائج کو کمپنی کے لئے طے کردہ مقاصد کے تناظر میں توقعات کے مقابلے میں ناپا اور بیچ مارک کیا جائے۔

چیلنجوں کے باوجود 30 جون 2022ء کو ختم ہونے والے مالی سال کے لئے بورڈ کی مجموعی کارکردگی اور نتائج کو اطمینان بخش قرار دیا گیا ہے۔ یہ نقطہ نظر، مشن اور اقدار سمیت لازمی اجزاء کی تشخیص پر مبنی ہے؛ اسٹریٹجک منصوبہ بندی میں مشغولیت؛ پالیسیوں کی تشکیل؛ تنظیم کی کاروباری سرگرمیوں کی نگرانی؛ مالیاتی وسائل کے انتظام کی نگرانی؛ مؤثر مالی نگرانی، تمام ملازمین کے ساتھ مساوی سلوک اور بورڈ کے کاروبار کو انجام دینے میں کارکردگی پر مبنی ہے۔

زاہدجی ٹیکسٹائل ملز لمیٹڈ بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی تشکیل، طریقہ کار اور اجلاسوں کے حوالے سے قانون میں طے شدہ تمام تقاضوں کی تعمیل کرتی ہے۔ بورڈ اور اس کی کمیٹی کے اجلاسوں سے قبل بورڈ کو ضروری بورڈ ایجنڈا اور متعلقہ معاون دستاویزات مناسب طور پر وقت میں دستیاب کرائی گئیں۔ بورڈ نے متعلقہ قوانین اور ضابطے کے مطابق اپنے تمام اختیارات استعمال کیے ہیں اور غیر ایگزیکٹو اور آزاد ڈائریکٹرز بورڈ کے اہم فیصلوں میں یکساں طور پر شامل ہیں۔

—————

احمد زاہد

چیرمین

لاہور:

04 اکتوبر 2022ء

**DIRECTORS' REPORT TO THE MEMBERS**

The Directors of your Company are pleased to present their Report along with the Audited Financial Statements for the year ended June 30, 2022.

**Principal Activities of the Company**

The Company is engaged in the business of manufacturing and sale of yarn and export of all kinds of value added fabrics and textile made-ups.

**Overview**

The current financial year to be a challenging one. These challenges emerged from multiple faces; various waves of the pandemic, surge in commodity prices, rising interest rates, weakening Pak Rupee, and persistent inflation posed a threat to already distressed economy. While global supply chain bottlenecks persist, your company was able to navigate well through challenges.

As a result, the company achieved all-time high-performance benchmarks, including record revenues, volumes and profitability. The company during FY22 delivered exceptional results by achieving the highest ever sales revenue of PKR 27,936 million compared to PKR 16,615 million during the corresponding year (FY21).

The gross margins increased to 20.2% in this Financial Year (FY) as compared to 14.3% Same Period Last Year SPLY. Cost savings initiatives across the value chain and better pricing management also contributed to the notable improvement in profitability. As a result your company earned profit after tax of PKR 3,977.7 million for the year under review as compared to PKR 1,557.1 million during the previous year, the net profits of the Company have increase by PKR 2420.6 million in this FY compared to SPLY, thereby increasing the value of company strengthening its profitability and covering Company's risk exposures.

The net profit translated into Earnings per Share (EPS) of PKR 20.78 in FY22 as against PKR 8.13 in FY21.

**The operating results of the company are summarized as follows:**

	2022	2021
	Rupees '000'	
Sales	27,935,802	16,614,520
Gross profit	5,631,999	2,381,227
Profit before taxation	4,272,277	1,718,983
Taxation	294,539	161,876
Profit after taxation	3,977,738	1,557,107
Unappropriated profit brought forward	4,167,631	2,729,377
Transfers from revaluation surplus	137,710	72,568
Profit available for Appropriations	8,283,079	4,359,052
Appropriations:		
Interim dividend for 2020-2021, @ Rs. 1 per share	-	(191,421)
Final cash dividend for 2020-2021, @ Rs. 1.30 per share	(248,847)	-
Unappropriated profit carried forward	8,034,231	4,167,631
Earnings per share – Basic and Diluted (Rs.)	20.78	8.13

**Dividend**

In view of the company's earnings, the Board of Directors has recommended a Final Cash Dividend in respect of the financial year ended June 30, 2022, at the rate of Rs 1.00 per share (i.e. 10%), is subject to approval of the members at the Annual General Meeting to be held on October 28, 2022. These financial statements do not include the effect of the proposed final dividend.

**Credit Rating of Company**

The Pakistan Credit Rating has assigned rating of long term 'A' and short term 'A2'. Outlook on the assigned rating is 'Stable'. Short Term Rating of 'A2' indicates satisfactory capacity for timely payment. Risk may vary slightly from time to time because of economic conditions and Long Term Rating of 'A' signified the high credit quality with strong capacity for timely payments.

**Composition of the Board**

The Board of Directors as at June 30, 2022, consist of:

Total number of directors:

- |           |    |
|-----------|----|
| a) Male   | 06 |
| b) Female | 01 |

**Composition**

- |                              |    |
|------------------------------|----|
| a) Independent Directors     | 03 |
| b) Non-Executive Directors   | 02 |
| c) Other Executive Director  | 01 |
| d) Female Executive Director | 01 |

**Attendance of Board Meetings and its Committees**

	Name of Directors	Board	Audit	HR and Remuneration Committee
1	Mr. Muhammad Zahid	5/5	N/M	1/1
2	Mr. Ahmad Zahid	3/5	N/M	1/1
3	Mrs. Mehreen Fahad	2/5	2/4	N/M
4	Mr Muhammad Ali	3/5	2/4	1/1
5	Mr. Sajjad Hussain Shah	5/5	4/4	N/M
6	Mr. Faisal Masood Afzal	4/5	4/4	N/M
7	Mr. Shahbaz Haider Agha**	4/5	N/M	1/1

N/M: Not a member

Leave of absence was granted to directors who could not attend the Board and its Committee's meetings.

**Board Committees**

Following are the details of the members of each committee:

**Audit committee**

Sr#	Name of Directors	
1	Mr. Sajjad Hussain Shah	Chairman
2	Mr. Faisal Masood Afzal	Member
3	Mr. Muhammad Ali	Member

**HR & Remuneration Committee**

Sr#	Name of Directors	
1	Mr. Shahbaz Haider Agha	Chairman
2	Mr. Muhammad Ali	Member
3	Mr. Ahmad Zahid	Member
4	Mr. Muhammad Zahid	Member

### **Board of Directors**

The composition of Board of Directors is as follows:

1	Mr. Ahmad Zahid	Chairman/ Non-executive Director
2	Mr. Muhammad Zahid	Chief Executive/ Executive Director
3	Mrs. Mehreen Fahad	Executive Director
4	Mr. Muhammad Ali	Non-executive Director
5	Mr. Sajjad Hussain Shah	Independent Director
6	Mr. Faisal Masood Afzal	Independent Director
7	Mr. Shahbaz Haider Agha	Independent Director

### **Board Evaluation**

During the year, the Board and its sub committees have undertaken a formal process of evaluation of their performance. The overall performance of the Board and its sub-committees measured on the defined parameters for the year was satisfactory.

### **Remuneration of Directors:**

The remuneration of the Board members is approved by the Board itself. However, in accordance with the Code of Corporate Governance, it is ensured that no director takes part in deciding his or her own remuneration. Remuneration package of Chief Executive and other executive directors is disclosed in Note No. 35 to the financial statements.

### **Related Party Transactions**

All transactions with related parties were approved by the Board, and details of all such transactions were placed before Audit committee. During the year, the company carried out transactions with its related parties. Details of these transactions are disclosed in note 36 to financial statements.

### **Material Changes During the Current Year**

The company had the following material events during the FY 2021-22:

Your Company has successfully completed an expansion of a new spinning unit comprising 40,320 spindles, at M-3 Industrial City Faisalabad having total production capacity of 16.3 Million Kgs Per Annum after conversion into 20/s count, at estimated cost outlay of 4.99 Billion.

### **Corporate and Financial Reporting Framework**

The Company's Management is fully cognizant of its responsibility as recognized by the Companies Act, 2017, the Listed Companies (Code of Corporate Governance) Regulations, 2019 issued by the Securities and Exchange Commission of Pakistan (SECP) and the Rule Book of Pakistan Stock Exchange (PSX). The following comments are acknowledgement of company's commitment to high standards of Corporate Governance and Continuous Improvement:

- 1 The financial statements prepared by the management of the company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- 2 Proper books of accounts of the company have been maintained.
- 3 Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- 4 International Accounting/Financial Reporting Standards, as applicable in Pakistan have been followed in preparation of financial statements and any departure from there have been adequately disclosed.
- 5 The system of internal control is sound and has been effectively implemented and monitored.
- 6 There is no significant doubt upon the company's ability to continue as a going concern.

- 7 There has been no material departure from the best practices of Code of Corporate Governance, as detailed in Listing Regulations.
- 8 Outstanding taxes and levies are given in the Notes to the Financial Statements.
- 9 Statement of compliance with Code of Corporate Governance and Financial Highlights for the last six years are annexed.

**Health, Safety, & Environment**

The Company maintains working conditions which are safe and without risk to the health of all employees and public at large. Our focus remains on improving all aspects of safety specially, with regards to the safety, production, delivery, storage and handling of materials. Your Company always ensures environment preservation and adopts all possible means for environment protection. The company strictly complies with the standards of the safety rules and regulations. It also follows environmental friendly policies.

**Corporate Social Responsibility**

Your company understands its corporate responsibility towards the society and fulfils its obligations by providing support to under privileged members of the society.

**Pattern of share holding**

Pattern of Shareholding as at June 30, 2022, which are required to be disclosed under the reporting framework, is annexed to this report.

**Appointment of Statutory Auditors**

The present auditors M/s RSM Avais Hyder Liaquat Nauman, Chartered Accountants have completed their tenure for the year (FY 2021-22) and will be retiring at the conclusion of the forthcoming Annual General Meeting (AGM). Being eligible, they have offered themselves for re-appointment. The Audit Committee has recommended their re-appointment as auditors of the company for the year (FY 2022-23).

**Adequacy of Internal Financial Control**

The Board of Directors is aware of its responsibility with respect to internal controls environment and accordingly has established an efficient system of internal controls for ensuring effective and efficient conduct of operations, safeguarding company assets, compliance with applicable laws and regulations and reliable financial reporting. Such systems are monitored effectively by the Management while the Board Audit Committee reviews the internal control systems based on assessment of risks and reports to the Board of Directors.

**Principal Risks & Uncertainty**

Risk management process undertaken by Board of Directors and management at strategic and multiple levels across the company. This is designed to identify potential events that may affect the company and manage the risks within risk appetite, to provide reasonable assurance regarding the achievement of Company's objectives.

Key areas that can impact the Company are: Declining export sales due to international wars, Currency volatility, abrupt Rupee devaluation, resulting in an increased cost of imported raw material. Increased energy cost due to rising fuel and power prices. Overall inflationary increase in operating expenses and increasing discount rate resulting in increased financing costs.

The Company is closely monitoring the impact of these risks and will endeavor to take measures to mitigate these risks.

**Future Outlook**

The cotton growing areas has been destroyed to a large extent due to recent unusual heavy monsoon rains and flash floods, and this situation may force the government to make additional cotton imports, negatively influencing the already high trade deficit. On the other hand, the unavailability of imported raw cotton or other unprocessed textiles will adversely affect the country's textile exports. Pakistan's economic will remain highly vulnerable in the aftermath of the floods.

**11 ZAHIDJEE TEXTILE MILLS LIMITED**  
**Annual Report 2022**

**Acknowledgments**

The Directors are grateful to the Company's members, financial institutions and customers for their co-operation and support. They also appreciate hard work and dedication of all the employees working at the various divisions.

For and on behalf of the Board



**FAISAL MASOOD AFZAL**

Director



**MUHAMMAD ZAHID**

Chief Executive Officer

Dated: October 04, 2022

Lahore



## ڈائریکٹرز رپورٹ برائے ممبران

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2022ء کو ختم ہونے والے سال کے آڈٹ شدہ مالیاتی بیانات کے ساتھ اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہی ہے۔  
**کمپنی کی اہم سرگرمیاں:**

کمپنی دھاگے کی تیاری اور فروخت اور ہر قسم کے ویلیو ایڈڈ فیبرکس اور ٹیکسٹائل میڈیا آپ کی برآمد کے کاروبار میں مصروف ہے۔

**جائزہ:**

موجودہ مالی سال ایک چیلنجنگ سال رہا ہے۔ یہ چیلنج متعدد چروں سے اُبھر کر سامنے آئے: وبائی امراض کی مختلف لہریں، اجناس کی قیمتوں میں اضافہ، شرح سود میں اضافہ، پاکستانی روپیہ کی کمزوری اور مسلسل افراط زر نے پہلے سے ہی پریشان حال معیشت کے لئے خطرہ پیدا کر دیا۔ اگرچہ عالمی سپلائی چین کی رکاوٹیں برقرار رہی ہیں، لیکن آپ کی کمپنی ان مشکلات پر بخوبی قابو پانے میں کامیاب رہی ہے۔  
 رواں مالی سال (مالی سال) میں مجموعی مارجن بڑھ کر 20.2 فیصد ہو گیا جبکہ گذشتہ سال اسی مدت میں یہ شرح 14.3 فیصد تھی۔ ویلیو چین میں لاگت کی بچت کے اقدامات اور قیمتوں کا تعین کرنے کے بہتر انتظام نے بھی منافع میں قابل ذکر بہتری میں حصہ لیا۔ اس کے نتیجے میں آپ کی کمپنی نے گذشتہ سال کے دوران 1,557.1 ملین روپے کے مقابلے میں زیر جائزہ سال کے لئے 3,977.7 ملین روپے کا بعد از ٹیکس منافع کمایا، کمپنی کے خالص منافع میں گذشتہ سال کے مقابلے میں اس مالی سال میں 2,420.6 ملین روپے کا اضافہ ہوا ہے، اس طرح کمپنی کی قدر میں اضافہ ہوا ہے جس سے اس کے منافع کو مضبوط بنانے اور کمپنی کے رسک ایکسپوزر کو کم کر لیا گیا ہے۔

فی حصص آمدنی (ای پی ایس) 20.78 روپے ہوگی جبکہ گذشتہ سال یہ 8.13 روپے تھی۔

کمپنی کے آپریٹنگ نتائج کا خلاصہ درج ذیل ہے۔

2022	2021	
روپے '000'		
27,935,802	16,614,520	فروخت
5,631,999	2,381,277	مجموعی منافع
4,272,277	1,718,983	ٹیکس سے پہلے منافع
294,539	161,876	ٹیکسیشن
3,977,738	1,557,107	ٹیکسیشن کے بعد منافع
4,167,631	2,729,377	غیر مختص منافع
137,710	72,568	ری ویلیو ایڈڈ سروسز سے منتقلی
8,283,079	4,359,052	تخصیص کے لئے دستیاب منافع
		تخصیص:
-	(191,421)	2020-2021 کے لئے عبوری منافع، @ 1 روپے فی حصص
(248,847)	-	2020-2021 کے لئے حتمی منافع، @ 1.30 روپے فی حصص
-	-	فی حصص آمدنی۔ بنیادی اور ڈائریکٹرز (روپے)
8,034,231	4,167,631	غیر مختص منافع
20.78	8.13	فی حصص آمدنی (بنیادی اور ڈائریکٹرز)

**منافع منقسمہ:**

کمپنی کی آمدنی کے پیش نظر بورڈ آف ڈائریکٹرز نے 30 جون 2022ء کو ختم ہونے والے مالی سال کے حوالے سے فائنل کیشن ڈیویڈنڈ 1.00 روپے فی حصص (یعنی 10 فیصد)، کی سفارش کی ہے جو کہ 28 اکتوبر 2022ء کو منعقد ہونے والی سالانہ جنرل میٹنگ میں اراکین کی منظوری سے مشروط ہے۔ ان مالیاتی بیانات میں مجوزہ حتمی منافع کا اثر شامل نہیں ہے۔

**کمپنی کی کریڈٹ ریٹنگ:**

پاکستان کریڈٹ ریٹنگ نے طویل مدتی 'اے' اور قلیل مدتی 'اے 2' کی ریٹنگ تفویض کی ہے۔ تفویض کردہ درجہ بندی پر آؤٹ لک مستحکم ہے۔ 'اے 2' کی قلیل مدتی درجہ بندی بروقت ادائیگی کی صلاحیت کرتی ہے۔ معاشی حالات کی وجہ سے خطرہ وقتاً فوقتاً تھوڑا سا مختلف ہو سکتا ہے اور 'اے' کی طویل مدتی درجہ بندی بروقت ادائیگیوں کی مضبوط صلاحیت کے ساتھ اعلیٰ کریڈٹ معیار کی علامت ہے۔

بورڈ کی تشکیل:  
 بورڈ کی تشکیل ان پر مشتمل ہے۔  
 ڈائریکٹرز کی کل تعداد

- (a) مرد 06  
 (b) خواتین 01  
 تشکیل درج ذیل:

- (a) آزاد ڈائریکٹرز 03  
 (b) نان ایگزیکٹو ڈائریکٹرز 02  
 (c) دیگر ایگزیکٹو ڈائریکٹر 01  
 (d) خاتون ایگزیکٹو ڈائریکٹر 01

بورڈ اجلاسوں اور اس کی کمیٹیوں کی حاضری:

نمبر شمار	ڈائریکٹر کا نام	بورڈ آف ڈائریکٹرز	آڈٹ کمیٹی	ایچ آر اور معاوضہ کمیٹی
1	جناب محمد زاہد	5/5	رکن نہیں ہے	1/1
2	جناب احمد زاہد	3/5	رکن نہیں ہے	1/1
3	محترمہ مہرین فہد	2/5	2/4	رکن نہیں ہے
4	جناب محمد علی	3/5	2/4	1/1
5	جناب سجاد حسین شاہ	5/5	4/4	رکن نہیں ہے
6	جناب فیصل مسعود افضل	4/5	4/4	رکن نہیں ہے
7	جناب شہباز حیدر آغا	4/5	رکن نہیں ہے	1/1

ان ڈائریکٹروں کو غیر حاضری کی چھٹی دی گئی جو بورڈ اور اس کی کمیٹی کے اجلاسوں میں شرکت نہیں کر سکتے تھے۔

بورڈ کی کمیٹیاں:

ہر کمیٹی کے ارکان کی تفصیلات درج ذیل ہے۔

آڈٹ کمیٹی:

ایچ آر اور معاوضہ کمیٹی:

نمبر شمار	ڈائریکٹر کا نام	چیرمین
1	جناب شہباز حیدر آغا	چیرمین
2	جناب محمد علی	رکن
3	جناب احمد زاہد	رکن
4	جناب محمد زاہد	رکن

بورڈ آف ڈائریکٹرز

نمبر شمار	ڈائریکٹر کا نام	چیرمین
1	جناب سجاد حسین شاہ	چیرمین
2	جناب فیصل مسعود افضل	رکن
3	جناب محمد علی	رکن

بورڈ آف ڈائریکٹرز کی تشکیل درج ذیل ہے۔

نمبر شمار	ڈائریکٹر کا نام	چیرمین
1	جناب محمد زاہد	چیف ایگزیکٹو/ ایگزیکٹو ڈائریکٹر
2	جناب احمد زاہد	چیرمین/ نان ایگزیکٹو ڈائریکٹر
3	محترمہ مہرین فہد	ایگزیکٹو ڈائریکٹر
4	جناب محمد علی	نان ایگزیکٹو ڈائریکٹر
5	جناب سجاد حسین شاہ	آزاد ڈائریکٹر
6	جناب فیصل مسعود افضل	آزاد ڈائریکٹر
7	جناب شہباز حیدر آغا	آزاد ڈائریکٹر

### بورڈ کی تہنیں:

سال کے دوران بورڈ اور اس کی ذیلی کمیٹیوں نے اپنے کارکردگی کی تہنیں کا باضابطہ عمل شروع کیا ہے۔ بورڈ اور اس کی ذیلی کمیٹیوں کے سال کے لئے متعین ہیرا میٹرز پر پیمائش کی گئی مجموعی کارکردگی اطمینان بخش تھی۔

### ڈائریکٹرز کا معاوضہ:

بورڈ کے اراکین کا معاوضہ بورڈ خود منظور کرتا ہے۔ تاہم کارپوریٹ گورننس کے ضابطہ کے مطابق اس بات کو یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے معاوضے کا فیصلہ کرنے میں حصہ نہ لے۔ چیف ایگزیکٹو اور دیگر ایگزیکٹو ڈائریکٹرز کے معاوضہ بینکنگ کوڈ نمبر 35 میں مالیاتی گوشواروں میں ظاہر کیا گیا ہے۔

### متعلقہ پارٹی لین دین:

متعلقہ فریقوں کے ساتھ تمام لین دین کو بورڈ نے منظوری دے دی اور اس طرح کے تمام تر ٹرانسیکشنز کی تفصیلات آڈٹ کمیٹی کے سامنے رکھی گئیں۔ سال کے دوران کمپنی نے اپنے متعلقہ فریقوں کے ساتھ لین دین کی تفصیلات نوٹ 36 میں مالی گوشواروں میں ظاہر کی جاتی ہیں۔

### موجودہ سال کے دوران مادی تبدیلیاں:

مالی سال 2021 - 2022 کے دوران کمپنی کے مندرجہ ذیل مادی واقعات تھے۔  
 آپ کی کمپنی نے ایم تھی انڈسٹریل سٹی فیصل آباد میں 40,320 اسپنڈلز پر مشتمل ایک نئے اسپنڈنگ یونٹ کی توسیع کا میانی کے ساتھ مکمل کر لی ہے جس کی کل پیداواری صلاحیت 16.3 ملین کلوگرام سالانہ ہے۔

### کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک:

کمپنی کی انتظامیہ کیپیٹل ایکٹ 2017ء سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) اور پاکستان اسٹاک ایکسچینج (پی ایس ایکس) کی جانب سے جاری کردہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے ذریعے تسلیم شدہ اپنی ذمہ داری سے پوری طرح واقف ہے۔ مندرجہ ذیل تہرے کارپوریٹ گورننس اور مسلسل بہتری کے اعلیٰ معیارات کے لئے کمپنی کے عزم کا اعتراف ہے۔

1. کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے کافی حد تک اس کی صورتحال، اس کے کاموں کے نتائج، نقد بہاؤ اور ایکویٹی میں تبدیلیوں کو پیش کرتے ہیں۔
2. کمپنی کے اکاؤنٹس کی مناسب کتابیں برقرار رکھی گئی ہیں۔
3. مالی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مستقل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
4. بین الاقوامی اکاؤنٹنگ / فنانشل رپورٹنگ اسٹینڈرڈز، جیسا کہ پاکستان میں لاگو ہوتا ہے، مالیاتی گوشواروں کی تیاری میں عمل کیا گیا ہے اور اسے انحراف کو مناسب طور پر ظاہر کیا گیا ہے۔
5. اندرونی کنٹرول کا نظام درست ہے اور اس پر مؤثر عمل درآمد اور نگرانی کی گئی ہے۔
6. کمپنی کے جاری رکھنے کی صلاحیت پر کوئی خاص شک نہیں ہے۔
7. کارپوریٹ گورننس کے ضابطہ اخلاق کے بہترین طریقوں سے قطعی انحراف نہیں کیا گیا ہے، جیسا کہ لسٹنگ ریگولیشنز میں تفصیل سے بیان کیا گیا ہے۔
8. بقایا ٹیکس اور لیویز کی تفصیل مالیاتی گوشواروں کو نوٹس میں دی گئی ہے۔
9. کارپوریٹ گورننس کے حوالے سے بیان اور پچھلے چھ سالوں کی مالیاتی جھلمکیوں کو شامل کیا گیا ہے۔

### صحت، تحفظ اور ماحولیات:

کمپنی کام کے حالات کو برقرار رکھتی ہے جو محفوظ ہیں اور بڑے پیمانے پر تمام ملازمین اور عوام کی صحت کے لئے خطرے کے بغیر ہیں۔ ہماری توجہ حفاظت کے تمام پہلوؤں کو بہتر بنانے پر مرکوز ہے، خاص طور پر مواد کی حفاظت، پیداوار، ترسیل، ذخیرہ اندوزی اور ہینڈلنگ کے حوالے سے آپ کی کمپنی ہمیشہ ماحولیات کے تحفظ کو یقینی بناتی ہے اور ماحولیات کے تحفظ کے لئے ہر ممکن ذرائع اپناتی ہے۔ کمپنی حفاظتی قواعد و ضوابط کے معیارات کی سختی سے تعمیل کرتی ہے۔ یہ ماحول دوست پالیسیوں پر بھی عمل پیرا ہے۔

### سماجی ذمہ دار:

آپ کی کمپنی معاشرے کے تئیں اپنی کارپوریٹ ذمہ داری کو سمجھتی ہے اور معاشرے کے پسماندہ افراد کو مدد فراہم کر کے اپنی ذمہ داریاں پوری کرتی ہے۔ تاہم کمپنی نے سال کے دوران کوئی سی ایس آر سرگرمی نہیں کی۔

شیر ہولڈنگ کا نمونہ:

30 جون 2022ء تک شیر ہولڈنگ کا پیٹرن، جسے رپورٹنگ فریم ورک کے تحت ظاہر کرنا ضروری ہے، اس رپورٹ کے ساتھ منسلک ہے۔

قانونی آڈیٹرز کی تقرری:

موجودہ آڈیٹرز میسرز آر ایس ایم اولیس حیدر لیاقت نعمان، چارٹرڈ اکاؤنٹنٹس نے سال (مالی سال 2021 - 2022) کے لئے اپنی مدت ملازمت مکمل کر لی ہے اور وہ آئندہ سالانہ جنرل میٹنگ (اے جی ایم) کے اختتام پر ریٹائر ہو جائیں گے۔ اہل ہونے کی وجہ سے انہوں نے دوبارہ تقرری کے لیے خود کو پیش کش کی ہے۔ آڈٹ کمیٹی نے سال (مالی سال 2022-2023) کے لئے کمپنی کے آڈیٹرز کے طور پر ان کی دوبارہ تقرری کی سفارش کی ہے۔

اندرونی مالیاتی کنٹرول کی مناسبت:

بورڈ آف ڈائریکٹرز اندرونی کنٹرول ماحول کے حوالے سے اپنی ذمہ داری سے آگاہ ہے اور اس کے مطابق آپریشنز کے موثر انعقاد، کمپنی کے اثاثوں کی حفاظت، قابل اطلاق قوانین اور ضوابط کی تعمیل اور قابل اعتماد مالی رپورٹنگ کو یقینی بنانے کے لئے اندرونی کنٹرول کا ایک موثر نظام قائم کیا ہے۔ اس طرح کے نظام کی انتظامیہ مؤثر نگرانی کرتی ہے جبکہ بورڈ آڈٹ کمیٹی خطرات کی تشخیص اور بورڈ آف ڈائریکٹرز کو رپورٹوں کی بنیاد پر اندرونی کنٹرول سسٹم کا جائزہ لے رہی ہے۔

بنیادی خطرات اور غیر یقینی صورتحال

بورڈ آف ڈائریکٹرز اور انتظامیہ کی طرف سے کمپنی بھر میں اسٹریٹجک اور متعدد سطحوں پر رسک مینجمنٹ کا عمل شروع کیا گیا ہے۔ یہ ممکنہ واقعات کی شناخت کرنے کے لئے ڈیزائن کیا گیا جو کمپنی کو متاثر کر سکتے ہیں اور ظہور پذیر ہونے سے پہلے ہی خطرات کا انتظام کر سکتے ہیں، جس سے کمپنی مقاصد کا حصول یقینی ہو جاتا ہے۔

اہم شعبے جو کمپنی کو متاثر کر سکتے ہیں وہ یہ ہیں: بین الاقوامی جنگوں کی وجہ سے برآمدی فروخت میں کمی، کرنسی میں اتار چڑھاؤ، روپے کی اچانک قدر میں کمی، جس کے نتیجے میں درآمد شدہ خام مال کی لاگت میں اضافہ ہوا ہے۔ ایندھن اور بجلی کی بڑھتی ہوئی قیمتوں کی وجہ سے توانائی کی لاگت میں اضافہ ہوا۔ آپریٹنگ اخراجات میں مجموعی طور پر افراط زر میں اضافہ اور ڈسکاؤنٹ کی شرح میں اضافے کے نتیجے میں فنڈنگ کے اخراجات میں اضافہ ہوا۔

کمپنی ان خطرات کے اثرات کی کڑی نگرانی کر رہی ہے اور ان خطرات کو کم کرنے کے لئے اقدامات کرنے کی کوشش کرے گی۔


مستقبل کا نقطہ نظر:


حالیہ غیر معمولی مونسوں اور سیلاب کی وجہ سے کپاس اگانے والا علاقے کافی حد تک متاثر ہوئے ہیں اور یہ صورتحال حکومت کو کپاس کی اضافی درآمدات کرنے پر مجبور کر سکتی ہے جس سے پہلے سے ہی بلند تجارتی خسارے پر منفی اثر پڑ سکتا ہے۔ دوسری جانب درآمد شدہ خام کپاس یا دیگر غیر پروسیسڈ ٹیکسٹائل کی عدم دستیابی سے ملک کی ٹیکسٹائل برآمدات پر منفی اثرات مرتب ہوں گے۔ سیلاب کے بعد پاکستان کی معیشت انتہائی غیر محفوظ رہے گی۔

اظہار تشکر:

ڈائریکٹرز کمپنی کے ممبران، مالیاتی اداروں اور صارفین کے تعاون اور معاونت پر ان کے شکر گزار ہیں۔ وہ مختلف ڈویژنوں میں کام کرنے والے تمام ملازمین کی محنت اور لگن کو بھی سراہتے ہیں۔

برائے و مخانب بورڈ

  
 جناب فیصل مسعود افضل  
 ڈائریکٹر

  
 جناب محمد زاہد  
 چیف ایگزیکٹو  
 لاہور:

مورخہ 04 اکتوبر 2022ء

# 16 ZAHIDJEE TEXTILE MILLS LIMITED

## Annual Report 2022

### FINANCIAL HIGHLIGHTS

Particulars	2022	2021	2020	2019	2018	2017
(Rupees in '000')						
<b>Net Assets Employed</b>						
Fixed assets	14,362,509	8,115,970	6,613,186	6,083,842	6,204,294	5,525,529
Intangible assets	-	-	330	1,123	1,969	3,181
Investment in subsidiary	-	-	359,200	359,200	359,200	359,200
Long term deposits	27,976	35,976	4,476	4,476	4,450	4,450
Current assets	12,381,238	6,298,233	5,443,587	4,696,860	4,810,746	3,256,897
Non current assets- held for sale	-	359,200	-	-	-	-
Current liabilities	(6,289,933)	(3,981,464)	(4,335,041)	(4,045,774)	(4,729,949)	(3,564,381)
	6,091,305	2,675,969	1,108,546	651,085	80,797	(307,484)
Long term liabilities	(5,790,442)	(2,983,193)	(1,618,623)	(1,185,062)	(1,479,684)	(743,227)
<b>Net Assets</b>	<b>14,691,348</b>	<b>7,844,722</b>	<b>6,467,116</b>	<b>5,914,664</b>	<b>5,171,025</b>	<b>4,841,649</b>
<b>Represented By</b>						
Paid up capital	1,914,211	1,914,211	1,914,211	1,914,211	1,914,211	1,823,058
Reserves	8,700,490	4,833,889	3,395,636	2,771,705	1,935,360	1,646,077
Revaluation surplus	4,076,647	1,096,622	1,157,269	1,228,748	1,321,454	1,372,514
	14,691,348	7,844,722	6,467,116	5,914,664	5,171,025	4,841,649
<b>Operating Results</b>						
Sales	27,935,802	16,614,520	13,902,387	13,444,689	10,329,177	7,968,112
Gross profit	5,631,999	2,381,227	1,676,825	1,461,704	1,034,163	808,574
Operating profit	5,769,563	2,434,054	1,690,596	1,466,586	1,075,465	834,489
Profit before taxation	4,272,277	1,718,983	993,637	744,404	574,964	414,417
<b>Financial Ratios</b>						
Gross profit	%	20.16	14.33	12.06	10.87	10.01
Operating profit	%	20.65	14.65	12.16	10.91	10.47
Profit/(loss) before taxation	Rs.	15.29	10.35	7.15	5.54	5.57
Earning / (Loss) per share	Times	20.78	8.13	3.75	4.08	1.70
Current ratio	Times	1.97	1.58	1.26	1.16	1.02
Fixed assets turnover	%	1.95	2.05	2.10	2.21	1.66
Total Debt to Capital	Rs.	82	89	92	88	120
Book value per share		55.45	35.25	27.74	24.48	19.03
<b>Plant capacity and production</b>						
<b>Spinning</b>	Nos.					
Spindles installed/worked		133,344	93,024	93,024	93,024	75,552
Actual production converted into	Kgs					
20/s count		57,347,935	41,050,604	38,376,019	34,290,567	33,847,535
<b>Weaving</b>	Nos.					
Number of looms installed/worked		280	280	280	280	280
Actual production converted into	Sq. mtr.					
60 picks		35,679,338	35,252,938	34,500,950	34,031,554	36,352,135

**Independent Auditor's Review Report  
to the members of Zahidjee Textile 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 Zahidjee Textile Mills Limited (the Company) for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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

Further, we highlight below instance of non compliance with the requirement of Regulations as reflected in the paragraph referred below where it is stated in the Statement of compliance:

Paragraph	Section 19 of Regulation state that it is encouraged that by June 30, 2022 atleast 75% of the 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 commision and approved by it.
18	

However, during the course of review it was observed that no director has attended the training program due to Covid-19 Pandemic .

  
**RSM AVAIS HYDER LIAQUAT NAUMAN**  
**CHARTERED ACCOUNTANTS**

**Place:** Faisalabad

**Date:** October 04, 2022

**UDIN:** CR202210194w9L6dCISa

**Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019****Name of Company** Zahidjee Textile Mills Limited**Year ending:** June 30, 2022

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

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

<b>Gender</b>	<b>Number</b>
Male	6
Female	1

2. The composition of the Board of Directors is as follows:

<b>Category</b>	<b>Names</b>
Independent Director	Mr. Sajjad Hussain Shah Mr. Faisal Masood Afzal Mr. Shahbaz Haider Agha
Executive Director	Mr. Muhammad Zahid Mrs Mehreen Fahad
Non-Executive Directors	Mr. Muhammad Ali Mr. Ahmad Zahid

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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
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 Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
10. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

11. The board has formed committees comprising of members given below:

**a. Audit Committee**

- Mr. Sajjad Hussain Shah	Chairman	(Independent Director)
- Mr. Faisal Masood Afzal	Member	(Independent Director)
- Mr. Muhammad Ali	Member	(Non-executive Director)

**b. Human Resource & Remuneration Committee**

- Mr. Shahbaz Haider Agha	Chairman	(Independent Director)
- Mr. Muhammad Ali	Member	(Non-executive Director)
- Mr. Ahmad Zahid	Member	(Non-executive Director)
- Mr. Muhammad Zahid	Member	(Chief Executive)

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

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

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

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

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

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

16. 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.

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

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

As per regulation-19, Directors' Training: It is encouraged that: by June 30, 2022, all the directors on the Board have acquired the prescribed certification under any director training program. Presently, One of directors of the Company meet the exemption of requirement of the Director's Training Program, and two of Directors has obtained DTP certification. The remaining directors will obtain directors' training in due course of time.

Dated: October 04, 2022  
Lahore

FAISAL MASOODAFZAL  
Director

For and on behalf of the Board

MUHAMMAD ZAHID  
Chief Executive Officer



**INDEPENDENT AUDITOR'S REPORT****To the members of Zahidjee Textile Mills Limited****Report on the Audit of the Financial Statements****Opinion**

We have audited the annexed financial statements of Zahidjee Textile Mills Limited (the Company), which comprise the statement of financial position as at June 30, 2022 and the statement of profit or loss, the 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 June 30, 2022 and of the profit, comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

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

**Key Audit Matters**

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

Following are the Key audit matter:

Key Audit Matters	How our audit addresses the key audit matters
<p><b>Capitalization of Property Plant and Equipment</b></p>	
<p>Refer notes 3 to the annexed financial Statements</p> <p>During the year, the Company has incurred significant capital expenditure as part of expansion activities.</p> <p>There are number of areas where significant management judgement is involved in connection with the above activities.</p> <p>These include:</p> <ul style="list-style-type: none"> <li>● Determining which costs meet the criteria for capitalisation as per International Accounting Standard - 16, 'Property, Plant and Equipment';</li> <li>● Determining the date on which assets under construction are transferred to operating fixed assets and the respective dates from which their depreciation should commence; and</li> </ul> <p>We consider the above as a key audit matter being significant transactions and events for the Company during the year having significant impact on the financial position of the Company.</p>	<p>In response to this matter, our audit procedures included:</p> <p>Examination on a sample basis, costs capitalised during the year by comparing the costs capitalised with the relevant underlying documentation, which included purchase agreements and invoices.</p> <ul style="list-style-type: none"> <li>● Assessment whether the costs capitalised met the relevant criteria for capitalization as per the applicable accounting and reporting framework.</li> <li>● Verification of the copies of contracts of construction and letters of credit for determining amount of further commitment by the company for expansion project.</li> <li>● Verification of the date of transferring capital work in progress to operating fixed assets by examining the completion certificates.</li> <li>● Checked whether the disclosures are made in accordance with the financial reporting framework.</li> </ul>

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

Management is responsible for other information. The other information comprises the information 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:

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

## **24 ZAHIDJEE TEXTILE MILLS LIMITED**

**Annual Report 2022**

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

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



**RSM AVAIS HYDER LIAQUAT NAUMAN**  
CHARTERED ACCOUNTANTS

**Place:** Faisalabad

**Date:** 04 October, 2022

**UDIN:** AR202210194faTxKGiFN

**ZAHIDJEE TEXTILE MILLS LIMITED  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2022**

	Note	2022 Rupees	2021 Rupees
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	3	14,362,509,332	8,115,970,208
Investment in subsidiary	4	-	-
Long term security deposits	5	27,975,784	35,976,224
		<b>14,390,485,116</b>	<b>8,151,946,432</b>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	6	254,557,964	267,746,714
Stock in trade	7	4,093,773,310	2,949,653,106
Trade debts	8	4,313,378,831	2,000,829,869
Loans, advances and deposit	9	616,478,964	344,840,005
Prepayments	10	1,461,673	1,697,341
Other receivables	11	42,316,724	104,383,189
Short term investment	12	125,076,301	123,135,481
Tax refunds due from Government	13	161,271,930	120,956,103
Cash and bank balances	14	2,772,922,754	384,991,004
		<b>12,381,238,451</b>	<b>6,298,232,812</b>
<b>Non-current assets</b> held for sale	15	-	359,200,000
		<b>12,381,238,451</b>	<b>6,657,432,812</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	1,484,590,413	1,194,787,575
Interest / mark up payable	17	117,871,419	73,144,504
Short term borrowings	18	3,973,559,386	2,288,112,041
Unclaimed dividend		8,039,833	1,204,621
Current portion of long term finance	19	383,126,413	203,142,898
Provision for taxation - income tax	33	322,745,926	221,072,310
		<b>6,289,933,390</b>	<b>3,981,463,949</b>
		<b>20,481,790,177</b>	<b>10,827,915,295</b>
<b>NON - CURRENT LIABILITIES</b>			
Long term finance	19	4,404,524,331	2,561,843,960
Deferred liability			
Deferred taxation	20	1,385,918,367	421,348,664
		<b>5,790,442,698</b>	<b>2,983,192,624</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
Net worth	21	-	-
		<b>14,691,347,479</b>	<b>7,844,722,671</b>
<b>Represented by :</b>			
Share capital	22	1,914,210,990	1,914,210,990
Capital reserves			
Merger reserve		366,258,513	366,258,513
Surplus on revaluation of property, plant and equipment	23	4,076,646,922	1,096,622,306
Revenue reserves	24	8,334,231,054	4,467,630,862
		<b>14,691,347,479</b>	<b>7,844,722,671</b>
		<b>14,691,347,479</b>	<b>7,844,722,671</b>

The annexed notes from 1 to 42 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**ZAHIDJEE TEXTILE MILLS LIMITED  
STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022 Rupees	2021 Rupees
Sales	25	27,935,802,398	16,614,519,972
Cost of sales	26	22,303,803,332	14,233,292,658
Gross profit		<u>5,631,999,066</u>	<u>2,381,227,314</u>
Trading profit	27	2,115,382	8,194,545
Other income	28	135,448,853	44,632,535
		<u>5,769,563,301</u>	<u>2,434,054,394</u>
Distribution cost	29	413,981,830	156,576,188
Administrative expenses	30	187,015,122	123,509,463
Other operating expenses	31	260,589,945	152,314,266
Finance cost	32	635,699,531	282,671,387
		<u>1,497,286,428</u>	<u>715,071,304</u>
Profit before taxation		<u>4,272,276,873</u>	<u>1,718,983,090</u>
Provision for taxation	33	294,539,407	161,876,445
Profit for the year		<u>3,977,737,466</u>	<u>1,557,106,645</u>
Earnings per share - Basic and diluted	34	<u>20.78</u>	<u>8.13</u>

The annexed notes from 1 to 42 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**ZAHIDJEE TEXTILE MILLS LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2022**

	2022 Rupees	2021 Rupees
Profit for the year	3,977,737,466	1,557,106,645
Other comprehensive income		
Items that will not be subsequently reclassified to profit or loss :		
Surplus on revaluation of property, plant and equipment arisen during the year	4,068,631,098	-
Related deferred tax	(916,199,254)	-
	3,152,431,844	-
Total comprehensive income for the year	<u>7,130,169,310</u>	<u>1,557,106,645</u>

The annexed notes from 1 to 42 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



**ZAHIDJEE TEXTILE MILLS LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2022**

	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	CAPITAL RESERVES			REVENUE RESERVES			Total
		Merger reserve	Surplus on revaluation of property, plant and equipment	Sub total	General reserve	Unappropriated profit	Sub total	
<b>R u p e e s</b>								
Balance as at July 01, 2020	1,914,210,990	366,258,513	1,157,269,154	1,523,527,667	300,000,000	2,729,377,107	3,029,377,107	6,467,115,764
<b>Transaction with owners</b>								
Dividend paid (Rs. 1 per share of Rs. 10 each)	-	-	-	-	-	(191,421,098)	(191,421,098)	(191,421,098)
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	1,557,106,645	1,557,106,645	1,557,106,645
Other comprehensive income	-	-	-	-	-	-	-	-
Incremental depreciation on revalued assets for the year-net of deferred tax	-	-	(64,618,072)	(64,618,072)	-	64,618,072	64,618,072	-
Surplus realised on disposal of property, plant and equipment - net of deferred tax	-	-	(7,950,136)	(7,950,136)	-	7,950,136	7,950,136	-
Adjustment of deferred tax for the year	-	-	11,921,360	11,921,360	-	-	-	11,921,360
Balance as at June 30, 2021	1,914,210,990	366,258,513	1,096,622,306	1,462,880,819	300,000,000	4,167,630,862	4,467,630,862	7,844,722,671
<b>Transaction with owners</b>								
Dividend paid (Rs. 1.3 per share of Rs. 10 each)	-	-	-	-	-	(248,847,497)	(248,847,497)	(248,847,497)
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	3,977,737,466	3,977,737,466	3,977,737,466
Other comprehensive income								
Surplus on revaluation of property, plant and equipment arisen during the year	-	-	4,068,631,098	4,068,631,098	-	-	-	4,068,631,098
Related deferred tax	-	-	(916,199,254)	(916,199,254)	-	-	-	(916,199,254)
Incremental depreciation on revalued assets for the year - net of deferred tax	-	-	3,152,431,844	3,152,431,844	-	3,977,737,466	3,977,737,466	7,130,169,310
Surplus realised on disposal of property, plant and equipment - net of deferred tax	-	-	(134,321,386)	(134,321,386)	-	134,321,386	134,321,386	-
Adjustment of deferred tax for the year	-	-	(3,388,837)	(3,388,837)	-	3,388,837	3,388,837	-
Adjustment of deferred tax for the year	-	-	(34,697,005)	(34,697,005)	-	-	-	(34,697,005)
Balance as at June 30, 2022	1,914,210,990	366,258,513	4,076,646,923	4,442,905,435	300,000,000	8,034,231,054	8,334,231,054	14,691,347,480

Note - 23

The annexed notes from 1 to 42 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**ZAHIDJEE TEXTILE MILLS LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2022**

	2022 Rupees	2021 Rupees
<b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	4,272,276,873	1,718,983,090
Adjustment for:		
Depreciation of property, plant and equipment	861,632,484	538,756,490
Amortisation of intangible assets	-	330,203
Profit on deposits	(120,843,830)	(1,819,103)
Dividend income	(11,995,585)	(15,750,471)
Loss on disposal of operating assets - net	4,092,786	3,467,950
Balances written (back) / off - net	(872,638)	19,510,334
Fair value Loss / (gain) on short term investments	17,473,904	(27,062,961)
(Gain) on disposal of non current asset held for sale	(1,436,800)	-
Finance cost	635,699,531	282,671,387
Operating cash flows before working capital changes	5,656,026,725	2,519,086,919
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	13,188,750	(112,390,328)
Stock in trade	(1,144,120,204)	(22,779,581)
Trade debts	(2,312,548,962)	(271,794,400)
Loans, advances and deposit	(106,797,545)	(58,552,340)
Prepayments	235,668	(1,509,374)
Other receivables	62,066,465	(19,765,639)
Tax refunds due from Government	(70,076,131)	268,304
Increase in current liabilities		
Trade and other payables	447,225,476	131,399,532
	(3,110,826,483)	(355,123,826)
Cash generated from operating activities	2,545,200,242	2,163,963,093
Finance cost paid	(590,972,617)	(268,725,420)
Income tax paid	(314,273,456)	(165,190,356)
Net cash generated from operating activities	1,639,954,169	1,730,047,317

	2022 Rupees	2021 Rupees
<b>(b) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions in:		
Property, plant and equipment	<b>(3,053,370,059)</b>	(2,116,254,407)
Proceeds from disposal of operating assets	<b>9,736,764</b>	71,245,921
Proceeds from sale of non current asset held for sale	<b>204,086,800</b>	-
Addition in short term investment	<b>(19,414,724)</b>	(39,281,951)
Advance against sale of shares in subsidiary	-	156,550,000
Profit on deposits	<b>120,843,830</b>	1,819,103
Dividend received	<b>11,995,585</b>	15,750,471
Long term security deposits	<b>8,000,440</b>	(31,500,000)
Net cash (used in) investing activities	<b><u>(2,718,121,364)</u></b>	<b><u>(1,941,670,863)</u></b>
<b>(c) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finance obtained	<b>2,225,806,771</b>	1,609,778,868
Repayment of long term finance	<b>(203,142,886)</b>	(192,777,634)
Increase/(Decrease) in short term borrowings - net	<b>1,685,447,345</b>	(692,805,774)
Dividend paid	<b>(242,012,285)</b>	(191,421,098)
Net cash generated from financing activities	<b><u>3,466,098,945</u></b>	<b><u>532,774,362</u></b>
Net increase in cash and cash equivalents (a+b+c)	<b>2,387,931,750</b>	321,150,816
Cash and cash equivalents at the beginning of the year	<b>384,991,004</b>	63,840,188
Cash and cash equivalents at the end of the year	<b><u>2,772,922,754</u></b>	<b><u>384,991,004</u></b>

The annexed notes from 1 to 42 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**ZAHIDJEE TEXTILE MILLS LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022****1. GENERAL INFORMATION**

- 1.1 Zahidjee Textile Mills Limited (the Company) is incorporated in Pakistan on July 17, 1990 as a public limited company under the repealed Companies Ordinance, 1984 (Repealed with the enactment of Companies Act 2017 on May 30, 2017). The registered office of the Company is situated at 2-H Jail Road, Gulberg II, Lahore in the province of Punjab. The Company is listed on Pakistan Stock Exchange Limited. The principal business of the Company is export of all kinds of value added fabrics and textile made-ups. The Company is also engaged in the business of manufacturing and sale of yarn. The weaving unit is located at 32-KM, Tandlianwala Road, Satyana, District Faisalabad and spinning units are located at 32-KM, Sheikhpura Road, Faisalabad, M-3 Industrial Estate, Faisalabad, in the province of Punjab.
- 1.2 The Company's spinning projects comprising 50,400 spindles are under implementation.
- 1.3 Pursuant to scheme of arrangement approved by the Honorable Lahore High Court, Lahore, assets, liabilities and reserves of Zahidjee Fabrics Limited were merged with the assets, liabilities and reserves of Zahidjee Textile Mills Limited with effect from July 01, 2006.
- 1.4 The financial statements are presented in Pakistani Rupee, which is the Company's functional and presentation currency.

**2. SIGNIFICANT ACCOUNTING POLICIES****2.1 Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (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.

**2.2 Application of new and revised International Financial Reporting Standards (IFRSs)****2.2.1 Standards, amendments to standards and interpretations becoming effective in current year**

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Company for the periods beginning on or after July 01, 2021 and therefore, have been applied in preparing these financial statements.

**- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform**

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate is replaced with an alternative nearly risk-free interest rate.

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.

Any other changes made at the same time, such as a change in the credit spread or maturity date, are assessed. If they are substantial, the instrument is derecognized. If they are not substantial, the updated effective interest rate is used to recalculate the carrying amount of the financial instrument, with any modification gain or loss recognized in profit or loss.

The amendments have no material impact on company's financial statements.

**- Amendments to IFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021**

The relief of covid related rent concessions was originally limited to reduction in lease payments that were due on or before 30 June 2021. However, the IASB subsequently extended this date to 30 June 2022 in another amendment to IFRS 16 (the 2021 amendment). If a lessee already applied the original practical expedient, it is required to continue to apply it consistently, to all lease contracts with similar characteristics and in similar circumstances, using the subsequent amendment. If a lessee did not apply the original practical expedient to

eligible lease concessions, it is prohibited from applying the expedient in the 2021 amendment.

The amendments has no material impact on the company's financial statements.

### **2.2.2 Standards, amendments to standards and interpretations becoming effective in current year but not relevant**

There are certain amendments to standards that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2021 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

### **2.2.3 Standards, amendments to standards and interpretations becoming effective in future periods**

There are certain standards, amendments to the IFRS and interpretations that are mandatory for companies having accounting periods beginning on or after July 1, 2022 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

#### **- Amendments to IAS 16 - Property, Plant and Equipment**

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendments are effective for the annual periods beginning on or after January 01, 2022.

The amendments are not expected to have any material impact on company's financial statements.

#### **- Amendments to IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract**

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities - General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments.

The amendments are effective for the annual periods beginning on or after January 01, 2022.

The application of amendments is not expected to have any material impact on the company's financial statements.

#### **- Annual improvements to IFRS – 2018 – 2020**

##### **- IFRS 1 First-time Adoption of International Financial Reporting Standards**

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

##### **- IFRS 9 Financial Instruments**

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The amendments are effective for the annual periods beginning on or after January 01, 2022.

The amendments are not expected to have any material impact on the company's financial statements.

- **IFRS 17 Insurance Contracts**

IFRS 17 Insurance Contracts is a new accounting standard for insurance contracts. The standard covers recognition, measurement, presentation and disclosure of insurance contracts. Once effective, the standard will replace IFRS 4 Insurance Contracts.

The standard applies to all types of insurance contracts. Overall objective of the standard is to provide an accounting model for insurance contracts covering all relevant accounting aspects.

The standard is effective for reporting periods starting on or after January 01, 2023.

The application of the standard is not expected to have any material impact on the company's financial statements.

**Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments deal with situation where there is a sale or contribution of assets between investor and its associate or joint venture.

The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

The effective date of the amendments has yet to be set by the Board, however earlier application of the amendments is permitted. The amendments are not expected to have any material impact on the company's financial statements.

**Amendments to IAS 1 - Classification of Liabilities as Current or Noncurrent**

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are effective for the annual periods beginning on or after January 01, 2023.

The amendments are not expected to have any material impact on the company's financial statements.

**Amendments to IAS 1 - Disclosure of Accounting Policies**

In February 2021, the Board issued amendments to IAS 1 the amendments aim to help entities provide accounting policy disclosures that are more useful by:

The amendments are effective for the annual periods beginning on or after January 01, 2023.

The amendments are not expected to have any material impact on the company's financial statements.

**Amendments to IAS 8 - Definition of Accounting Estimates**

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for the annual periods beginning on or after January 01, 2023.

The amendments are not expected to have any material impact on the company's financial statements.

**Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgment (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgment is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

The amendments are effective for the annual periods beginning on or after January 01, 2023.

The amendments are not expected to have any material impact on the company's financial statements.

**2.2.4 Standards, amendments to standards and interpretations becoming effective in future period but not relevant**

There are certain new standards, amendments to standards and interpretations that are effective from different future periods but are considered not to be relevant to the Company's operations, therefore, not disclosed in these financial statements.

**2.3 Basis of preparation**

The financial statements have been prepared under the historical cost convention except: -

- Certain property, plant and equipment carried at valuation.
- Short term investments measured at fair value.

**2.4 Property, plant and equipment**

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

Depreciation is charged to income applying the reducing balance method at the rates specified in property, plant and equipment note 3.

Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date. In respect of additions and disposals during the year, depreciation is charged from the month of acquisition or capitalisation and upto the month preceding the disposal respectively.

When parts of an item of property, plant and equipment have different useful lives, they are recognised as a separate item of property, plant and equipment.

Normal repair and maintenance costs are charged to income during the period in which they are incurred. Major renewals and improvements are capitalised.

Gains or losses on disposal of assets, if any, are recognised as and when incurred.

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.

Any revaluation increase arising on freehold land, building on freehold land and plant and machinery is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of freehold land, building on freehold land and plant and machinery improvements is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revaluation of building on freehold land and plant and machinery improvements to the extent of incremental depreciation charged is transferred to unappropriated profit.

**2.5 Intangible assets**

These are stated at cost less accumulated amortisation and impairment in value, if any. Intangible assets are amortised over a period of five years using straight line method.

Amortisation on additions during the year is charged from the month in which an asset is acquired or capitalised.

All costs / expenditure connected with software implementation are collected in computer softwares under implementation. These are carried at cost less impairment in value, if any and are transferred to specific assets as and when assets are available for intended use.

**2.6 Investment in subsidiary**

Investment in subsidiary company is measured at cost. Provision for diminution in value is made if considered permanent.

**2.7 Investments**

Investments are initially recognised / derecognised on trade date at cost being the fair value of consideration given including cash transaction. Trade date is the date that the Company commits to purchase or sell the investment. After initial recognition these are recognised and accounted for as follows:

**Derecognition**

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Gain / loss on sale of investments is taken to income in the period in which it arises.

**Investments at fair value through profit or loss**

These are the investments which are classified as held for trading and are acquired principally for the purpose of generating profit from short term fluctuation in price. Investments designated at fair value through profit or loss upon initial recognition also include those group of investments which are managed and their performance evaluated on fair value basis in accordance with the Company's documented investment strategy.

After initial recognition, such investments are remeasured at fair value determined with reference to the year end quoted rates (equity shares and investments in units of closed end funds at respective stock exchange rates, while the units of open end funds at their declared net asset value per unit). Gains or losses on remeasurments of these investments are recognised in the statement of profit or loss.

**2.8 Impairment**

The Company assesses at each statement of financial position date whether there is any indication that assets except deferred tax assets may be impaired. If such indications exist, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in statement of profit or loss, unless the relevant assets are carried at revalued amounts, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognised for the assets in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant assets are carried at revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**2.9 Borrowing costs**

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.



**2.10 Stores, spares and loose tools**

These are valued at moving average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice value plus other charges incurred thereon.

**2.11 Stock in trade**

Stock in trade except wastes are valued at the lower of cost and net realisable value. Cost is determined as follows:

Raw material	Weighted average cost except items in transit which are valued at cost accumulated upto the statement of financial position date.
Work in process	Average manufacturing cost.
Finished goods	Average manufacturing cost.

Wastes are valued at net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sales. Average manufacturing cost represents cost of direct materials, labour and appropriate manufacturing overheads.

**2.12 Trade debts and other receivables**

Trade debts 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. Other receivables are carried at nominal amount which is the fair value of the consideration to be received in future.

**2.13 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks, highly liquid short-term investments that are convertible to known amounts of cash and are subject to insignificant risk of change in value.

**2.14 Trade and other payables**

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

**2.15 Staff retirement benefits****Defined contribution plan**

The Company operates a defined contribution plan i.e. recognized provident fund scheme for all its eligible employees in accordance with the trust deed and rules made there under. Equal monthly contributions are made by the Company and the employees to the fund at the rate of 8.33% of basic salary.

**2.16 Provisions**

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

**2.17 Provision for taxation****Current taxation**

Provision for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemption available under the law.

**Deferred taxation**

Deferred tax is provided using the liability method for all temporary differences at the statement of financial position date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime

is also considered in accordance with the requirement of Technical Release – 27 of the Institute of Chartered Accountants of Pakistan.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax is charged or credited in the income statement, except in case of items charged or credited to equity in which case it is included in equity.

### **2.18 Dividend and other appropriations**

Dividend is recognised as a liability in the period in which it is approved. Appropriations of profits are reflected in the statement of changes in equity in the period in which such appropriations are made.

### **2.19 Foreign currency translation**

Transactions in currencies other than Pakistani Rupee are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

Gains and losses arising on retranslation are included in net profit or loss for the period.

### **2.20 Financial Instruments**

#### **2.20.1 Financial assets**

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

- Financial assets at amortised cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

- Financial assets at fair value through other comprehensive income

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

- Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

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

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

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

#### **2.20.2 Financial liabilities**

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

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

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

#### **2.21 Offsetting of financial asset and financial liability**

A financial asset and a financial liability is offset and the net amount reported in the statement of financial position, if the Company has a legal enforceable right to offset the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **2.22 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Sale of goods is recognised at a point in time when control of goods is transferred to customers.

Revenue from conversion receipts is recognised when services are rendered.

Interest income is recognized on time proportionate basis.

Dividend income from investments is recognised when the Company's right to receive payment has been established except dividend from associate accounted for using equity method which is recognised as a reduction of the carrying value of investment when the Company's right to receive payment has been established.

#### **2.23 Non-current assets held for sale**

Non-current asset (or disposal group) is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current asset (or disposal group) classified as held for sale is measured at the lower of its previous carrying amount and fair value less costs to sell.

Non-current asset (or disposal group) classified as held for sale that no longer meet the criteria of classification as held for sale is transferred to non-current assets at the lower of :

- Its carrying amount before the assets were classified as held for sale, adjusted for any depreciation, amortisation or revaluation that would have been recognised had the assets not been classified as held for sale, and
- Its recoverable amount at the date of the subsequent decision not to sell.

Gains and losses on disposal of Non-current asset (or disposal group) held for sale are included in current income.

#### **2.24 Critical accounting estimates and judgments**

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, provision for doubtful receivables and slow moving inventory, staff retirement gratuity, revaluation and taxation. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.



# 41 ZAHIDJEE TEXTILE MILLS LIMITED

## Annual Report 2022

	Note	2022 Rupees	2021 Rupees
3.2 Depreciation for the year has been allocated as under:			
Cost of sales	26.1	853,497,713	531,528,841
Administrative expenses	30	8,134,771	7,227,649
		<u>861,632,484</u>	<u>538,756,490</u>

3.3 Had there been no revaluation, the carrying values of freehold land, building on freehold land and plant and machinery at June 30, 2022 and 2021 would have been as follows:

	Carrying value	
	2022 Rupees	2021 Rupees
Freehold land	184,046,126	112,433,615
Building on freehold land	1,150,669,252	1,019,913,902
Plant and machinery	5,825,021,709	3,022,974,783
	<u>7,159,737,087</u>	<u>4,155,322,300</u>

3.4 The forced sale value of revalued freehold land, building on freehold land and plant and machinery was Rs. 10,198,476,984/- as on December 20, 2021.

3.5 Detail of disposal of operating assets

-----2022-----							
Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain/(Loss)	Relationship	Particulars of buyers
----- Rupees -----							
Plant and Machinery (by negotiation)	360,537	210,479	150,058	65,764	(84,294)	None	Unitec Enterprises
	107,831	62,557	45,274	10,000	(35,274)		
	44,000	17,261	26,739	10,000	(16,739)	None	Unitec Enterprises
	10,056,238	5,038,702	5,017,536	351,000	(4,666,536)		
	3,250,000	1,628,420	1,621,580	2,100,000	478,420	None	Combine Spinning (Pvt.) limited, 148 Ahmed Block New Garden Town Lahore.
	3,849,700	1,679,891	2,169,809	2,100,000	(69,809)	None	Beacon Impex (Pvt.) limited jail Road Faisalabad.
	3,950,000	1,996,355	1,953,645	2,100,000	146,355		
	1,374,000	585,926	788,074	900,000	111,926	None	Pak United Mills P-53 1st Floor Fahad Plaza, Chenab Market Susan Road Madina Town Faisalabad.
4,158,633	2,101,799	2,056,834	2,100,000	43,166	None	Beacon Impex (Pvt.) limited jail Road Faisalabad.	
	<u>27,150,939</u>	<u>13,321,390</u>	<u>13,829,549</u>	<u>9,736,764</u>	<u>(4,092,786)</u>		

**42 ZAHIDJEE TEXTILE MILLS LIMITED**
**Annual Report 2022**
**2021**

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain/(Loss)	Relationship	Particulars of buyers
-----Rupees-----							
Freehold land (by negotiation)	41,860,000	-	41,860,000	47,424,000	5,564,000	Related Party	Muhammad Qasim Race course road, civil lines, Faisalabad.
	41,860,000	-	41,860,000	47,424,000	5,564,000		
Building on freehold land (by negotiation)	9,860,000	2,731,959	7,128,041	8,955,763	1,827,722	Related Party	Muhammad Qasim Race course road, civil lines, Faisalabad.
	9,860,000	2,731,959	7,128,041	8,955,763	1,827,722		
Office equipment (by negotiation)	4,000	1,278	2,722	1,200	(1,522)	None	Iqbal Mushtaq Raja Chowk GMA, Faisalabad.
	4,000	1,278	2,722	1,200	(1,522)		
Plant and Machinery (by negotiation)	269,577	145,188	124,389	17,500	(106,889)	None	Qaiser Naveed Jinnah Colony, Faisalabad.
	416,005	224,051	191,954	36,000	(155,954)		
	2,060,462	168,128	1,892,334	618,138	(1,274,196)	None	Salam & Company, Gulistan Colony 87-A, Faisalabad.
	5,311,044	560,610	4,750,434	4,590,000	(160,434)		
	10,563,856	5,139,152	5,424,704	1,600,000	(3,824,704)	None	AZ Apparel PVT LTD Chak 117, Dhanalao.
	5,350,868	2,255,574	3,095,294	256,410	(2,838,884)	None	Stameco Energy Solution, Chahal Chowk, Lahore.
	5,462,014	2,381,619	3,080,395	256,410	(2,823,985)		
	887,220	428,711	458,509	100,000	(358,509)	None	H.A.R Fibres Private Limited, P-235 Tikka Gali no 2, Montgomery bazar, Faisalabad.
	30,321,046	11,303,033	19,018,013	7,474,458	(11,543,555)		
Electric appliances (by negotiation)	46,994	29,243	17,751	1,500	(16,251)	None	MS Engineering, Muhalla Sharif pura, Maqbool Road, Faisalabad.
	46,994	29,243	17,751	1,500	(16,251)		

## 43 ZAHIDJEE TEXTILE MILLS LIMITED

### Annual Report 2022

-----2021-----

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain/(Loss)	Relationship	Particulars of buyers
----- Rupees -----							
Vehicles (by negotiation)	2,844,388	2,564,425	279,963	600,000	320,037	None	Mrs. Ayesha Shehryar, H#26-B Officer colony ghazi road Lahore.
	3,476,026	3,048,360	427,666	650,000	222,334	Director	Mrs. Fiza Zahid H# 196 Defence Officer Housing Gujranwala.
	8,836,244	2,896,324	5,939,920	5,500,000	(439,920)	Director	Mrs. Aleeza Zahid Tariq H# 202 St#15-B Phase 1, DHA, Lahore.
	1,233,900	1,194,104	39,796	639,000	599,204	None	Mr Abid Husain St#3 H#74, Hospital Road, Kotli.
	16,390,558	9,703,213	6,687,345	7,389,000	701,655		
	<u>98,482,598</u>	<u>23,768,726</u>	<u>74,713,871</u>	<u>71,245,921</u>	<u>(3,467,950)</u>		

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

Location	Usage of immovable	Total Area
a) 32-KM, Sheikhpura Road, Faisalabad.	Spinning unit and power	660,752
b) 32-KM, Tandlianwala Road, Faisalabad.	Weaving unit	628,899
c) Raja Bolay, Tehsil Cantt, District Lahore.	Godown	1,971,094
d) Plot # 6, M-3 Industrial Estate, Faisalabad.	Spinning unit and power	756,856
e) 20, Bilal Road, Civil Lines, Faisalabad.	Office	49,550
f) Small industrial Estate Road, Faisalabad.	Export house	11,707

### 3.7 Capital work in progress

	Civil work	Plant and machinery	Total
----- Rupees -----			
Balance as at July 1, 2020	352,628,863	36,098,550	388,727,413
Additions	415,710,860	1,517,508,584	1,933,219,444
Transfer to operating assets	(66,212,580)	(6,645,131)	(72,857,711)
Balance as at June 30, 2021	702,127,143	1,546,962,003	2,249,089,146
Additions	43,967,225	2,656,873,351	2,700,840,575
Transfer to operating assets	(247,164,680)	(2,974,395,664)	(3,221,560,344)
Balance as at June 30, 2022	<u>498,929,688</u>	<u>1,229,439,690</u>	<u>1,728,369,377</u>

3.8 It represents land held for future expansion.

3.9 Particulars of immovable property (i.e. non- operating land ) in the name of the Company are as follows:

Location	Usage of immovable property	Total Area
a) Raja Bolay, Tehsil Cantt, District Lahore.	Land held for future expansion	69,404
b) Deve Khurd Kalan, Tehsil Model Town, District Lahore.	Land held for future expansion	14,974

3.10 This represents the amount paid against the purchase of land for future expansion



**44 ZAHIDJEE TEXTILE MILLS LIMITED****Annual Report 2022**

	Note	2022 Rupees	2021 Rupees
<b>4. Investment in subsidiary</b>			
Zahidjee Towers (Private) Limited			
Opening Balance		-	359,200,000
Transferred to Non current asset held for sale		-	(359,200,000)
		<u>-</u>	<u>-</u>

**5. Long term security deposits**

Against Utilities		<b>4,975,784</b>	4,476,224
Security Deposit	5.1	<b>23,000,000</b>	31,500,000
		<u><b>27,975,784</b></u>	<u>35,976,224</u>

5.1 This represent Security deposits paid to Mehreen Fahad (director) against hiring of office premises.

	Note	2022 Rupees	2021 Rupees
<b>6. Stores, spares and loose tools</b>			
Stores			
in hand		<b>134,869,801</b>	146,480,939
in transit		-	14,946,080
Spares	6.1	<b>119,378,241</b>	105,739,238
Loose tools		<b>309,922</b>	580,457
		<u><b>254,557,964</b></u>	<u>267,746,714</u>

6.1 Stores and spares include items that may result in fixed capital expenditure but are not distinguishable.

	Note	2022 Rupees	2021 Rupees
<b>7. Stock in trade</b>			
Raw materials			
in hand	7.1	<b>2,952,252,684</b>	2,509,188,984
In Transit		<b>314,111,349</b>	-
		<b>3,266,364,033</b>	2,509,188,984
Work in process		<b>228,555,664</b>	124,530,924
Finished goods	7.1	<b>560,355,102</b>	302,306,394
Waste		<b>38,498,511</b>	13,626,804
		<u><b>4,093,773,310</b></u>	<u>2,949,653,106</u>

7.1 Stock in trade amounting to Rs.3,414.73 million (2021: Rs. 2,538.49 million) was pledged as security with the banking companies.

# 45 ZAHIDJEE TEXTILE MILLS LIMITED

## Annual Report 2022

	Note	2022 Rupees	2021 Rupees
<b>8. Trade debts</b>			
Considered good			
Secured			
Foreign	8.1	12,226,852	7,406,530
Unsecured			
Foreign	8.1	1,223,907,745	462,669,983
Local		3,077,244,234	1,530,753,356
		4,301,151,979	1,993,423,339
Considered doubtful			
Unsecured			
Foreign	8.1	22,600,585	22,600,585
Less: Provision for doubtful debts		(22,600,585)	(22,600,585)
		-	-
Local		69,585,176	69,585,176
Less: Provision for doubtful debts		(69,585,176)	(69,585,176)
		-	-
		<u>4,313,378,831</u>	<u>2,000,829,869</u>

### 8.1 Following are the details of debtors in relation to export sales:

Jurisdiction	Category	2022 Rupees	2021 Rupees
Africa	Letter of credit	-	-
	Cash against documents	24,101,117	43,799,858
		24,101,117	43,799,858
Europe	Letter of credit	12,226,852	-
	Cash against documents	2,057,392	85,502,054
		14,284,244	85,502,054
North America	Letter of credit	-	7,406,529
	Cash against documents	1,003,687,150	306,296,202
		1,003,687,150	313,702,731
South America	Cash against documents	216,662,670	49,672,455
		<u>1,258,735,181</u>	<u>492,677,098</u>

### 9. Loans, advances and deposit

Considered good			
Advances			
Employees		3,145,061	1,012,152
Suppliers		132,918,930	104,535,034
Income tax		389,597,011	224,755,597
Letters of credit fee and expenses		90,817,962	14,537,222
		<u>616,478,964</u>	<u>344,840,005</u>

### 10. Prepayments

Prepaid Insurance	<u>1,461,673</u>	<u>1,697,341</u>
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**46 ZAHIDJEE TEXTILE MILLS LIMITED****Annual Report 2022**

	Note	2022 Rupees	2021 Rupees
<b>11. Other receivables</b>			
Considered good			
Export rebate / duty drawback		33,676,621	78,239,505
Receivable from Associated Undertaking	11.1	6,121,921	24,326,921
Other		2,518,182	1,816,763
		<u>42,316,724</u>	<u>104,383,189</u>

11.1 It represents receivable in respect of expenses incurred for Zahidjee Towers (Private) Limited, a related party. It is unsecured.

	Note	2022 Rupees	2021 Rupees
<b>12. Short term investment</b>			
Investment in ordinary shares	12.1	<u>125,076,301</u>	<u>123,135,481</u>
<b>12.1 Financial assets at fair value through profit or loss</b>			
Quoted securities			
Habib Metropolitan Bank Limited			
2,022,854 (2021: 2,022,854) Ordinary shares of Rs.10/- each		82,127,872	56,255,569
JS Bank Limited			
100,000 (2021: 100,000) Ordinary shares of Rs.10/- each		571,000	535,000
Askari Bank Limited			
1,680,000 (2021:1,557,000) Ordinary shares of Rs.10/- each		38,098,815	33,468,299
Bank of Punjab			
1,029,375 (2021: 600,000) Ordinary shares of Rs.10/- each		8,506,006	5,813,652
MCB			
88,000 (2021: Nil) Ordinary shares of Rs.10/- each		13,246,512	-
		<u>142,550,205</u>	<u>96,072,520</u>
Adjustment in fair value - net		(17,473,904)	27,062,961
		<u>125,076,301</u>	<u>123,135,481</u>

12.2 The fair value of short term investment is based on prices quoted in active markets which is level 1 of fair value hierarchy.

	2022 Rupees	2021 Rupees
<b>13. Tax refunds due from Government</b>		
Income tax	52,369,295	82,129,599
Sales tax	108,902,635	38,826,504
	<u>161,271,930</u>	<u>120,956,103</u>

**47 ZAHIDJEE TEXTILE MILLS LIMITED****Annual Report 2022**

	Note	2022 Rupees	2021 Rupees
<b>14. Cash and bank balances</b>			
Cash in hand		19,795,587	5,834,631
Cash at banks			
In current accounts		86,190,813	348,396,664
In PLS accounts	14.1	421,781	30,759,709
In Deposit accounts	14.2	2,666,514,573	-
		<u>2,772,922,754</u>	<u>384,991,004</u>

**14.1** Effective profit rate in respect of PLS accounts was 8.10% to 10.45% per annum (2021 : 5.55% to 7.05% per annum).

**14.2** It represents the investment in Term deposit receipts carrying profit at the rates ranging from 10.00% to 14.00% per annum.

		2022 Rupees	2021 Rupees
<b>15. Non-current assets held for sale</b>			
Opening balance		359,200,000	-
Transferred from			
Investment in subsidiary		-	359,200,000
Disposal during the year		(359,200,000)	-
		<u>-</u>	<u>359,200,000</u>

**15.1** Board of directors in their meeting held on February 25, 2021 and the shareholders of the company in their meeting held on March 31, 2021 approved the sale of shares of Zahidjee Towers (Pvt) Limited.

	Note	2022 Rupees	2021 Rupees
<b>16. Trade and other payables</b>			
Creditors		594,516,057	536,973,828
Accrued liabilities		440,753,825	216,576,231
Advance from customers		147,980,354	104,104,591
Payable to provident fund		8,355,824	6,115,750
Workers' profit participation fund	16.1	225,565,006	93,391,470
Workers' welfare fund		13,458,249	35,944,512
Withholding taxes		36,634,022	21,998,002
Sales tax payable		17,327,075	23,133,191
Advance against sale of shares in subsidiary		-	156,550,000
		<u>1,484,590,413</u>	<u>1,194,787,575</u>

	Note	2022 Rupees	2021 Rupees
<b>16.1 Workers' profit participation fund</b>			
Opening balance		93,391,470	53,363,971
Interest on funds utilised in the Company's business		<u>2,784,601</u>	<u>1,189,071</u>
		<b>96,176,071</b>	<b>54,553,042</b>
Paid to workers on behalf of the fund		<u>(96,176,071)</u>	<u>(54,553,042)</u>
		-	-
Allocation for the year		<u>225,565,006</u>	<u>93,391,470</u>
		<b><u>225,565,006</u></b>	<b><u>93,391,470</u></b>

**17. Interest / mark up payable**

Interest / mark up payable on:			
Short term borrowings		65,659,302	56,427,706
Long term finance		<u>52,212,117</u>	<u>16,716,798</u>
		<b><u>117,871,419</u></b>	<b><u>73,144,504</u></b>

**18. Short term borrowings**

Secured			
From banking companies			
Export finances	18.2	487,500,000	100,000,000
Running finances	18.2	175,339,348	7,822,956
Cash finances	18.3	3,305,220,038	2,174,789,085
Un-secured			
From directors and associates	18.4	<u>5,500,000</u>	<u>5,500,000</u>
		<b><u>3,973,559,386</u></b>	<b><u>2,288,112,041</u></b>

**18.1** The aggregate unavailed short term borrowing facilities available to the Company are Rs. 5,681.94 million (2021 : Rs. 4,840.91 million).

**18.2** These are secured against first joint parri passu charge and ranking charge over present and future current assets of the Company, lien on export documents and by personal guarantee of directors of the Company. These are subject to mark up at the rates of one month KIBOR plus 1% (2021: one month KIBOR plus 1% to 1.5% per annum, three months KIBOR plus 1% to 1.25% per annum) and SBP rate plus 2% per annum (2021: SBP rate plus 1% per annum).

The effective rate of mark up charged during the year ranges from 4% to 15.31% per annum (2021: 3.00% to 8.95% per annum).

**18.3** These are secured against pledge of cotton, polyester, manmade fibers, yarn and grey cloth. These are further secured by personal guarantee of directors of the Company. These are subject to mark up at the rates of one month KIBOR plus 0.75% to 1.5% per annum, three months KIBOR plus 1% to 1.5% per annum, six month KIBOR plus 1% and nine month KIBOR plus 1% (2021: one month KIBOR plus 1% to 1.50% per annum and three months KIBOR plus 1% per annum).

The effective rate of mark up charged during the year ranges from 8.36 to 16.38% per annum (2021: 7.37% to 9.37%).

**18.4** These are interest free and obtained for meeting working capital requirements of the company.

# 49 ZAHIDJEE TEXTILE MILLS LIMITED

## Annual Report 2022

	Note	2022 Rupees	2021 Rupees
<b>19. Long term finance</b>			
Secured			
From banking companies			
Under mark up arrangements			
Term finances	19.2	1,200,354,998	1,353,300,581
Demand finances	19.2	652,808,199	286,512,405
Temporary Economic Refinance Facility (TERF)	19.2	2,934,487,547	1,125,173,872
		<u>4,787,650,744</u>	<u>2,764,986,858</u>
Less : Current portion			
Payable within one year		<u>(383,126,413)</u>	<u>(203,142,898)</u>
		<u>4,404,524,331</u>	<u>2,561,843,960</u>

### 19.1 Reconciliation of long term financing:

Balance as at July 1, 2021	2,764,986,858	1,347,985,624
Obtained during the year	2,225,806,771	1,609,778,868
	<u>4,990,793,629</u>	<u>2,957,764,492</u>
Paid during the year	(203,142,886)	(192,777,634)
Balance as at June 30, 2022	<u>4,787,650,743</u>	<u>2,764,986,858</u>

### 19.2 The terms of repayment of finances are as under:

Nature of loans	Balance Rupees	Number of installments		Payment rests	Commencement date	Ending date	Markup rate
		Total Balance					
Term finances							
I	15,437,915	36	21	Quarterly	05-Dec-18	05-Sep-27	SBP Rate + 1% p.a
II	2,455,245	36	21	Quarterly	05-Dec-18	05-Sep-27	SBP Rate + 1% p.a
III	213,830,000	24	24	Quarterly	14-Jun-21	07-Jun-28	SBP Rate + 1.75% p.a
IV	159,108,000	24	24	Quarterly	30-Jun-21	07-Jun-28	SBP Rate + 1.75% p.a
V	3,705,340	36	21	Quarterly	05-Dec-18	05-Sep-27	SBP Rate + 1% p.a
VI	28,807,330	36	21	Quarterly	05-Dec-18	05-Sep-27	SBP Rate + 1% p.a
VII	13,439,420	36	21	Quarterly	27-Dec-18	27-Sep-27	SBP Rate + 1% p.a
VIII	2,337,410	36	21	Quarterly	27-Dec-18	27-Sep-27	SBP Rate + 1% p.a
IX	62,036,335	36	21	Quarterly	27-Dec-18	27-Sep-27	SBP Rate + 1% p.a
X	28,205,915	36	21	Quarterly	27-Dec-18	27-Sep-27	SBP Rate + 1% p.a
XI	34,737,392	36	22	Quarterly	06-Mar-19	06-Dec-27	SBP Rate + 1% p.a
XII	29,683,400	36	26	Quarterly	07-Aug-19	07-May-28	SBP Rate + 1% p.a
XIII	6,942,720	36	25	Quarterly	24-Jan-20	24-Oct-28	SBP Rate + 1% p.a
XIV	16,653,000	36	25	Quarterly	24-Jan-20	24-Oct-28	SBP Rate + 1% p.a
XV	26,335,110	36	25	Quarterly	14-Feb-20	14-Nov-28	SBP Rate + 1% p.a
XVI	7,295,830	36	30	Quarterly	02-Jan-20	30-Jul-29	SBP Rate + 1.5% p.a
XVII	19,324,166	36	30	Quarterly	02-Jan-20	30-Jul-29	SBP Rate + 1.5% p.a
XVIII	6,811,664	36	30	Quarterly	02-Jan-20	30-Oct-29	SBP Rate + 1.5% p.a
XIX	93,432,498	36	30	Quarterly	14-Jan-20	30-Oct-29	SBP Rate + 1.5% p.a
XX	11,513,332	36	30	Quarterly	02-Jan-20	30-Oct-29	SBP Rate + 1.5% p.a
XXI	81,138,085	36	30	Quarterly	14-Jan-20	26-Feb-30	SBP Rate + 1.5% p.a
XXII	99,261,188	36	33	Quarterly	29-Apr-20	29-Apr-30	SBP Rate + 1.5% p.a
XXIII	18,640,815	24	18	Quarterly	14-Nov-19	14-Nov-26	3 MK + 2% p.a
XXIV	206,322,188	24	18	Quarterly	22-Oct-19	22-Oct-26	SBP Rate + 2% p.a
XXV	12,900,700	20	20	Quarterly	21-Oct-21	16-Sep-27	SBP Rate + 2% p.a
	<u>1,200,354,998</u>						

# 50 ZAHIDJEE TEXTILE MILLS LIMITED

## Annual Report 2022

Nature of loans	Balance Rupees	Number of installments		Payment rests	Commencement date	Ending date	Markup rate
		Total	Balance				
<b>Demand Finances</b>							
I	10,918,703	36	23	Quarterly	06-May-19	06-Feb-28	SBP Rate + 2% p.a
II	2,331,307	36	24	Quarterly	23-Apr-19	23-Jan-28	SBP Rate + 2% p.a
III	34,100,828	36	24	Quarterly	06-May-19	06-Feb-28	SBP Rate + 2% p.a
IV	8,362,250	36	24	Quarterly	27-May-19	27-Feb-28	SBP Rate + 2% p.a
V	4,873,532	36	24	Quarterly	12-Jul-19	12-Apr-28	SBP Rate + 2% p.a
VI	66,748,557	36	24	Quarterly	07-Apr-19	07-Jan-28	SBP Rate + 2% p.a
VII	2,322,230	36	22	Quarterly	01-Mar-19	05-Dec-27	SBP Rate + 2% p.a
VIII	3,930,082	36	22	Quarterly	12-Feb-19	12-Nov-27	SBP Rate + 2% p.a
IX	44,857,279	36	23	Quarterly	01-Apr-19	01-Jan-28	SBP Rate + 2% p.a
X	39,409,992	36	24	Quarterly	01-Jul-19	06-Mar-28	SBP Rate + 2% p.a
XI	29,686,072	36	24	Quarterly	12-Jul-19	12-Apr-28	SBP Rate + 2% p.a
XII	400,000,000	20	20	Quarterly	30-Sep-21	30-Dec-27	1 MK + 0.5% p.a
XIII	2,282,249	36	24	Quarterly	01-Jul-19	18-Jun-28	3 MK + 1.5% p.a
XIV	2,985,118	36	22	Quarterly	04-Dec-19	25-Nov-27	SBP Rate + 2% p.a
	652,808,199						
<b>TERF</b>							
I	4,695,850	20	20	Quarterly	16-Dec-21	16-Sep-27	SBP + 2.00 %
II	50,664,000	20	20	Quarterly	16-Dec-21	16-Sep-27	SBP + 2.00 %
III	109,065,834	20	20	Quarterly	30-Apr-21	03-May-28	SBP + 2.75 %
IV	161,238,180	20	20	Quarterly	27-May-21	26-May-28	SBP + 2.75 %
V	11,964,000	20	20	Quarterly	31-May-21	31-May-27	SBP + 2.50 %
VI	27,249,000	20	20	Quarterly	07-Jun-21	07-Jun-28	SBP + 2.75 %
VII	34,651,000	20	20	Quarterly	07-Jun-21	07-Jun-28	SBP + 2.75 %
VIII	94,814,000	24	24	Quarterly	07-Jun-21	16-Jun-28	SBP + 2.50 %
IX	189,644,000	24	24	Quarterly	07-Jun-21	16-Jun-28	SBP + 2.50 %
X	45,150,000	20	20	Quarterly	09-Jun-21	07-Jun-28	SBP + 3.00 %
XI	65,466,000	20	20	Quarterly	15-Jun-21	15-Jun-27	SBP + 2.50 %
XII	208,229,000	20	20	Quarterly	15-Jun-21	15-Jun-27	SBP + 2.50 %
XIII	44,289,000	20	20	Quarterly	21-Jun-21	21-Jun-28	SBP + 3.50 %
XIV	30,307,000	20	20	Quarterly	22-Jun-21	07-Jun-28	SBP + 2.75 %
XV	25,845,000	20	20	Quarterly	28-Jun-21	28-Jun-28	SBP + 3.50 %
XVI	11,805,000	20	20	Quarterly	30-Jun-21	07-Jun-28	SBP + 2.75 %
XVII	10,451,150	20	20	Quarterly	16-Dec-21	16-Sep-27	SBP + 2.00 %
XVIII	454,850,000	20	20	Quarterly	30-Dec-21	30-SEP-28	SBP + 3.00%
XIX	7,661,358	20	20	Quarterly	16-Jul-21	03-May-28	SBP + 2.75 %
XX	172,902,500	20	20	Quarterly	13-Aug-21	13-May-28	SBP + 2.75 %
XXI	48,146,400	20	20	Quarterly	12-Aug-21	12-May-28	SBP + 2.75 %
XXII	13,133,000	20	20	Quarterly	07-Jul-21	07-Jun-28	SBP + 2.75 %
XXIII	21,589,000	20	20	Quarterly	19-Jul-21	07-Jun-28	SBP + 2.75 %
XXIV	16,160,000	20	20	Quarterly	19-Jul-21	07-Jun-28	SBP + 2.75 %
XXV	20,979,000	20	20	Quarterly	19-Jul-21	07-Jun-28	SBP + 2.75 %
XXVI	109,500,000	20	20	Quarterly	06-Aug-21	07-Jun-28	SBP + 2.75 %
XXVII	6,223,000	20	20	Quarterly	26-Aug-21	07-Jun-28	SBP + 2.75 %
XXVIII	848,000	20	20	Quarterly	26-Aug-21	07-Jun-28	SBP + 2.75 %
XXIX	4,435,000	20	20	Quarterly	13-Aug-21	07-Jun-28	SBP + 2.50 %
XXX	5,857,000	20	20	Quarterly	29-Sep-21	29-Sep-27	SBP + 2.50 %
XXXI	1,323,083	20	20	Quarterly	05-Jul-21	05-Jul-28	SBP + 3.50 %
XXXII	330,836,677	20	20	Quarterly	11-Mar-22	11-Mar-29	SBP + 3.50 %
XXXIII	5,661,424	20	20	Quarterly	14-Jul-21	14-Jul-28	SBP + 1.75 %
XXXIV	64,886,976	20	20	Quarterly	14-Jul-21	14-Jul-28	SBP + 1.75 %
XXXV	97,147,512	20	20	Quarterly	15-Jul-21	15-Jul-28	SBP + 1.75 %
XXXVI	97,928,107	20	20	Quarterly	19-Jul-21	19-Jul-28	SBP + 1.75 %
XXXVII	65,809,867	20	20	Quarterly	29-Jul-21	29-Jul-28	SBP + 1.75 %
XXXVIII	133,562,925	20	20	Quarterly	13-Aug-21	13-Aug-28	SBP + 1.75 %
XXXIX	79,312,500	20	20	Quarterly	12-Aug-21	12-May-28	SBP + 3.50 %
XL	34,499,964	20	20	Quarterly	20-Sep-21	20-Sep-28	SBP + 1.75 %
XLI	15,706,240	20	20	Quarterly	29-Jul-21	10-Jan-28	SPB + 3.5%
	2,934,487,547						

**51 ZAHIDJEE TEXTILE MILLS LIMITED****Annual Report 2022**

The loans are secured against first joint parri passu charge and ranking charge over present and future fixed assets of the Company. These are further secured by the personal guarantee of directors of the Company.

Effective markup rates charged during the year ranges from 3.00% to 16.49% per annum (2021: 3.00% to 10.55% %).

	2022 Rupees	2021 Rupees
<b>20. Deferred taxation</b>		
Opening balance	421,348,664	481,265,653
Provision/(Reversal) of deferred tax related to:		
Surplus arisen on revaluation	916,199,254	-
Incremental depreciation on revalued assets	(45,798,075)	(16,775,449)
Surplus realised on disposal of revalued assets	(1,155,856)	(813,715)
Provision / (Reversal) of deferred tax on surplus	34,697,005	(11,921,360)
Provided / (Reversed) during the year	60,627,375	(30,406,465)
	<u>1,385,918,367</u>	<u>421,348,664</u>

**20.1 It represents the following:**

Deferred tax liability:		
Difference between accounting and tax bases of assets	1,385,918,367	478,305,458
Deferred tax asset:		
Carry forward tax credits and losses	-	(56,956,794)
	<u>1,385,918,367</u>	<u>421,348,664</u>

**21. CONTINGENCIES AND COMMITMENTS****Contingencies**

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
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**Sales tax**

Commissioner Inland Revenue (Appeals)	The assessing officer of Inland Revenue passed orders in respect of tax period July-2011 to June-2016, November-2013 and July-2011 to April-2012 and created demand of Rs. 9,405,301/- (2021: Rs. 9,405,301/-), Rs. 439,654/- (2021: Rs. 439,654/-) and Rs. 232.667/- (2021: Rs. 232.667/-) respectively. Currently the cases are pending for adjudication before Commissioner Inland Revenue (Appeals). The management, based on opinion of its tax consultant believes that there is reasonable probability that the matter will be decided in favour of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.	Company vs. Federal Board of Revenue	June 10, 2015 June 30, 2017 November 10, 2017 June 14, 2018
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**52 ZAHIDJEE TEXTILE MILLS LIMITED****Annual Report 2022**

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
Appellate Tribunal Inland Revenue	<p>The assessing officer of Inland Revenue passed orders in original in respect of tax periods from August-2013 to July-2015 and July-2010 to June-2011 and created demand of Rs. 8,806,053/- (2021: Rs. 8,806,053/-). Being aggrieved by the orders the company filed appeals before the CIR(A) against the ONOs. The CIR(A) partially set aside the demand of Rs. 1,545,923/- (2021: Rs. 1,545,923/-) and disposed off the appeals. The company filed the appeals before ATIR for the remaining demand. Currently the case is pending for adjudication before ATIR. The management, based on opinion of its legal advisor believes that there is reasonable probability that the matter will be decided in favour of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.</p>	Company vs. Federal Board of Revenue	March 22, 2014 August 22, 2016
Commissioner Inland Revenue (Appeals)	<p>The assessing officer of Inland Revenue passed order in respect of tax period July-2021 to November-2021 and created a sales tax demand of 20,773,259/- and also impose penalty of Rs.1,038,663/- . The case is currently pending for adjudication before Honorable Commissioner Inland Revenue (Appeals). The management, based on opinion of its tax consultant believes that there is reasonable probability that the matter will be decided in favour of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.</p>	Company vs Federal Board of Revenue	22-Mar-22
<b>Other</b>	<p>The Director Social Security issued an order based on reassessment of number of employees and demanded Rs. 4,192,808/- (2021: Rs. 4,192,808/-) contribution regarding prior years. Currently the case is pending for adjudication before Appellate Tribunal Lahore. The management, based on opinion of its legal advisor believes that there is reasonable probability that the matter will be decided in favour of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.</p>	Company vs. Director Social Security	October 25, 2016

## 53 ZAHIDJEE TEXTILE MILLS LIMITED

### Annual Report 2022

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
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Custom Appellate Tribunal. Lahore	The custom officer of Excise and Customs department passed order in respect of year ended June 30, 2019 and created demand of Rs. 7,997,509 which includes penalty of Rs. 100,000/- and default surcharge of Rs. 25,000/- (2021: Rs.7,997,509/- which includes penalty of Rs. 100,000/- and default surcharge of Rs. 25,000/-). Currently the case is pending for adjudication before Custom Appellate Tribunal Lahore. The management, based on opinion of its tax consultant believes that there is reasonable probability that the matter will be decided in favour of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.	Company vs. Assistant collector (DTRE) MCC. Faisalabad	6/26/2018
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	2022 Rupees	2021 Rupees
Bank guarantees issued in favour of :		
Sui Northern Gas Pipelines Limited for supply of gas.	105,923,000	98,955,000
Faisalabad Electric Supply Company Limited for supply of electricity.	32,496,000	21,342,760
Excise and taxation department against imposition of infrastructure cess	100,000,000	70,000,000
Indemnity bonds issued in favour of collector of customs / sales tax, Faisalabad to avail exemption of sales tax and custom duty on imported raw material / machinery.	792,474,916	299,825,811

#### Commitments

Under letters of credit for:		
Plant and machinery	2,740,544,263	1,742,765,369
Raw material and spare parts	1,772,892,290	405,482,087
Under contracts for purchase of land	334,426,125	38,235,196
Under contracts for civil work	901,291,603	847,893,256

## 22. Share capital

### 22.1 Authorised capital

2022	2021		2022 Rupees	2021 Rupees
Number of shares				
220,000,000	220,000,000	Ordinary shares of Rs. 10/- each.	2,200,000,000	2,200,000,000

**22.2 Issued, subscribed and paid up capital**

2022	2021		2022	2021
Number of shares			Rupees	Rupees
89,462,580	89,462,580	Ordinary shares of Rs. 10/- each fully paid in cash.	894,625,800	894,625,800
23,041,604	23,041,604	Ordinary shares of Rs.10/- each issued as fully paid shares as per scheme of arrangement for amalgamation sanctioned by the Court.	230,416,040	230,416,040
78,916,915	78,916,915	Ordinary shares of Rs.10/- each issued as fully paid bonus shares.	789,169,150	789,169,150
<b>191,421,099</b>	<b>191,421,099</b>		<b>1,914,210,990</b>	<b>1,914,210,990</b>

**23. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**

Surplus on revaluation of property, plant and equipment at the beginning of the year	1,246,119,779	1,336,277,151
Surplus arisen on revaluation carried out during the year	4,068,631,098	-
Transferred to unappropriated profit in respect of :		
Incremental depreciation	(180,119,461)	(81,393,521)
Surplus realised on disposal	(4,544,693)	(8,763,851)
	(184,664,154)	(90,157,372)
Surplus on revaluation of property, plant and equipment as at June 30,	5,130,086,723	1,246,119,779
Related deferred tax liability on:		
Revaluation at the beginning of the year	149,497,473	179,007,997
Deferred tax relating to:		
Incremental depreciation	(45,798,075)	(16,775,449)
Surplus realised on disposal	(1,155,856)	(813,715)
Surplus arisen during the year	916,199,254	-
Deferred tax provided/ (reversed) during the year	34,697,005	(11,921,360)
	1,053,439,801	149,497,473
	4,076,646,922	1,096,622,306

**23.1** Latest revaluation of freehold land, building on freehold land and plant and machinery was carried out by independent valuers M/S Joseph Lobo (Pvt) Limited as at December 20, 2021. Freehold land, building on freehold land and plant and machinery were revalued on market value basis. The valuation is based on unobservable inputs which is Level 3 of fair value hierarchy.

	Note	2022 Rupees	2021 Rupees
<b>24. Revenue reserves</b>			
General reserves	24.1	300,000,000	300,000,000
Unappropriated profit		8,034,231,054	4,167,630,862
		<b>8,334,231,054</b>	<b>4,467,630,862</b>

**24.1** These reserves are available for distribution to shareholders.

# 55 ZAHIDJEE TEXTILE MILLS LIMITED

## Annual Report 2022

	Note	2022 Rupees	2021 Rupees
<b>25. Sales</b>			
Export			
Cloth / made ups	25.1	4,451,717,112	2,105,557,464
Indirect export - Yarn		-	4,157,931,500
		<u>4,451,717,112</u>	<u>6,263,488,964</u>
Local			
Yarn		22,515,946,873	9,524,391,468
Cloth		61,475,943	139,351,855
Waste and left over		1,102,511,796	656,905,042
Conversion receipts		82,851,732	131,014,387
		<u>23,762,786,344</u>	<u>10,451,662,752</u>
		<u>28,214,503,456</u>	<u>16,715,151,716</u>
Add: Export rebate / duty drawback		617,607	28,123,227
		<u>28,215,121,063</u>	<u>16,743,274,943</u>
Less: Commission and claims		279,318,665	128,754,971
		<u>27,935,802,398</u>	<u>16,614,519,972</u>

25.1 It includes exchange gain of Rs. 35,345,492/- (2021: Rs. 9,207,447/-).

	Note	2022 Rupees	2021 Rupees
<b>26. Cost of sales</b>			
Cost of goods manufactured	26.1	22,586,723,747	13,940,659,644
Finished goods			
Opening stock		315,933,198	608,566,212
Closing stock		(598,853,613)	(315,933,198)
		<u>(282,920,415)</u>	<u>292,633,014</u>
		<u>22,303,803,332</u>	<u>14,233,292,658</u>

	Note	2022 Rupees	2021 Rupees
<b>26.1 Cost of goods manufactured</b>			
Raw material consumed	26.1.1	18,661,608,672	11,148,358,170
Packing material consumed		162,712,541	139,497,868
Salaries, wages and benefits		930,247,447	719,258,087
Retirement benefits		31,698,886	25,515,428
Stores and spares consumed		464,661,057	362,480,694
Fuel and power		1,534,118,463	940,869,117
Repairs and maintenance		22,301,881	49,492,526
Insurance		22,846,021	15,773,408
Depreciation	4.2	853,497,713	531,528,841
Other		7,055,806	3,368,749
		<u>22,690,748,487</u>	<u>13,936,142,888</u>
Work in process			
Opening stock		124,530,924	129,047,680
Closing stock		(228,555,664)	(124,530,924)
		<u>(104,024,740)</u>	<u>4,516,756</u>
		<u>22,586,723,747</u>	<u>13,940,659,644</u>

	2022 Rupees	2021 Rupees
<b>26.1.1 Raw material consumed</b>		
Opening stock	2,509,188,984	2,189,259,633
Purchases including purchase expenses	19,104,672,372	11,468,287,521
	<u>21,613,861,356</u>	<u>13,657,547,154</u>
Closing stock	<u>(2,952,252,684)</u>	<u>(2,509,188,984)</u>
	<u><u>18,661,608,672</u></u>	<u><u>11,148,358,170</u></u>
<b>27. Trading profit</b>		
Sale of cotton / polyester	554,857,374	819,454,462
Cost of sales	<u>552,741,992</u>	<u>811,259,917</u>
	<u><u>2,115,382</u></u>	<u><u>8,194,545</u></u>
<b>28. Other income</b>		
Income from financial assets:		
Profit on deposits	120,843,830	1,819,103
Dividend	11,995,585	15,750,471
Fair value gain on short term investments	-	27,062,961
Scrap Sale	300,000	-
Income from Non financial assets:		
Balances written back-net	872,638	-
Gain on sale of non current asset held for sale	1,436,800	-
	<u><u>135,448,853</u></u>	<u><u>44,632,535</u></u>
<b>29. Distribution cost</b>		
Ocean freight	342,337,341	111,734,900
Local freight	42,261,966	24,837,018
Clearing and forwarding	23,756,524	16,126,689
Export development surcharge	3,227,543	3,084,653
Insurance	1,399,906	636,704
Other	998,550	156,224
	<u><u>413,981,830</u></u>	<u><u>156,576,188</u></u>
<b>30. Administrative expenses</b>		
Directors' remuneration	10,800,000	7,200,000
Staff salaries and benefits	94,001,328	60,122,917
Retirement benefits	4,631,618	3,612,951
Postage and telecommunication	3,677,200	2,835,114
Vehicles running and maintenance	22,825,621	14,056,296
Travelling and conveyance	2,717,983	2,027,606
Printing and stationery	1,827,768	1,382,736
Electricity and gas	3,847,899	2,926,640
Fees, subscriptions and periodicals	14,191,045	6,240,422
Advertisement	134,000	192,400
Insurance	1,583,766	1,112,630
Auditors' remuneration	30.1 1,777,325	1,615,750
Legal and professional	8,952,760	4,666,441
Rent, rates and taxes	207,170	662,472
Entertainment	5,560,154	1,232,323
Depreciation	4.2 8,134,771	7,227,649
Amortisation of intangible assets	4.1 -	330,203
Other	2,144,714	6,064,913
	<u><u>187,015,122</u></u>	<u><u>123,509,463</u></u>

**57 ZAHIDJEE TEXTILE MILLS LIMITED**  
**Annual Report 2022**

	2022 Rupees	2021 Rupees
<b>30.1 Auditors' remuneration</b>		
Audit fee	1,320,000	1,200,000
Fee for the review of half yearly financial information	330,000	300,000
Other Certifications	17,325	15,750
Out of pocket expenses	110,000	100,000
	<u>1,777,325</u>	<u>1,615,750</u>
<b>31. Other operating expenses</b>		
Workers' profit participation fund	225,565,006	93,391,470
Workers' welfare fund	13,458,249	35,944,512
Balances written off-net	-	19,510,334
Loss on disposal of operating assets-net	4,092,786	3,467,950
Adjustment in fair value of short term investment - net	17,473,904	-
	<u>260,589,945</u>	<u>152,314,266</u>
<b>32. Finance cost</b>		
Interest / mark up on:		
Long term finance	188,424,882	57,788,081
Short term borrowings	427,461,073	211,883,994
Workers' profit participation fund	2,784,601	1,189,071
Bank charges and commission	17,028,975	11,810,241
	<u>635,699,531</u>	<u>282,671,387</u>
<b>33. Provision for taxation</b>		
Current		
for the year	322,745,926	221,072,310
for prior year	(41,879,963)	(11,200,236)
Deferred	13,673,444	(47,995,629)
	<u>294,539,407</u>	<u>161,876,445</u>
<b>33.1 Relationship between tax expense and accounting profit</b>		
Reconciliation between accounting profit and tax expense has not been presented in these financial statements as income of the company is subject to minimum tax, final tax and Super tax under Section 113, 154 and 4C of the Income Tax Ordinance, 2001.		
	2022	2021
<b>34. Earnings per share - Basic and diluted</b>		
Profit for the year (Rupees)	<u>3,977,737,466</u>	<u>1,557,106,645</u>
Weighted average number of ordinary shares outstanding during the year	<u>191,421,099</u>	<u>191,421,099</u>
Earnings per share - Basic and diluted (Rupees)	<u>20.78</u>	<u>8.13</u>
<b>34.1</b> There is no dilutive effect on basic earnings per share of the Company.		

**35. REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVES**

	2022			2021		
	Chief Executive Officer	Director	Executives	Chief Executive Officer	Director	Executives
Remuneration	3,072,000	3,840,000	18,811,560	3,072,000	1,536,000	20,074,293
House rent allowance	1,382,400	1,728,000	8,465,202	1,382,400	691,200	9,033,432
Medical allowance	307,200	384,000	1,881,156	307,200	153,600	2,007,429
Utilities allowance	38,400	48,000	235,144	38,400	19,200	250,929
	<b>4,800,000</b>	<b>6,000,000</b>	<b>29,393,062</b>	<b>4,800,000</b>	<b>2,400,000</b>	<b>31,366,083</b>
Number of persons	1	1	13	1	1	16

**35.1** Chief Executive Officer is entitled to free use of the Company maintained vehicle. The monetary value of running and maintenance is Rs. 3,516,501/- (2021: Rs. 3,415,350/-). The Directors have waived off their meeting fee.

**36. AGGREGATE TRANSACTIONS WITH RELATED PARTIES**

The Company in the normal course of business carries out transactions with various related parties which comprise of , associated undertakings, key management personnel and provident fund. Amounts due to / from related parties are shown under the relevant notes to the financial statements. Remuneration to Chief Executive Officer, Director and Executives is disclosed in Note 35. Other significant transaction with related parties are as follows.

Name of the related party	Relationship and Percentage	Transactions during the year	2022 Rupees	2021 Rupees
Muhammad Zahid	Director	Loan obtained	-	783,000,000
		Loan repaid	-	921,688,515
Ayesha Shehryar	Related Party	Loan repaid	-	4,515,000
Aleeza Zahid Tariq	Related Party	Loan repaid	-	21,095,000
Ahmad Zahid	Director	Loan obtained	-	442,894,000
		Loan repaid	-	446,174,458
Zahidjee Textile Mills Limited Staff Provident Fund Trust	Other related party	Contribution for the year	36,330,504	29,128,379
Zahidjee Tower (PVT) LTD	Associated Undertaking	Payment of operational expenses	-	23,562,921
		Operational expenses received back	18,205,000	-
Ahmad Zahid	Director	Sale of Non current assets held for sale	204,086,800	-
		Advance against sale of subsidiary	-	156,550,000
Muhammad Qasim	Related Party	Sale of land and building	-	48,988,040





## 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company finances its operations through the mix of equity, debt and working capital management with a view to maintain an appropriate mix between various sources of finance to minimise risk. The overall risk management is carried out by the finance department under the oversight of Board of Directors in line with the policies approved by the Board.

	2022 Rupees	2021 Rupees
<b>40.1 FINANCIAL INSTRUMENTS BY CATEGORY</b>		
<b>Financial assets at amortised cost:</b>		
Long term deposits	27,975,784	35,976,224
Trade debts	4,313,378,831	2,000,829,869
Loans, advances and deposit	3,145,061	1,012,152
Other receivables	2,518,182	1,816,763
Cash and bank balances	<u>2,772,922,754</u>	<u>384,991,004</u>
	<u>7,119,940,612</u>	<u>2,424,626,012</u>
<b>Financial asset at fair value:</b>		
Short term investments	<u>125,076,301</u>	<u>123,135,481</u>
<b>Financial liabilities at amortised cost:</b>		
Trade and other payables	1,111,045,052	840,741,514
Interest / mark up payable	117,871,419	73,144,504
Short term borrowings	3,973,559,386	2,288,112,041
Unclaimed dividend	8,039,833	1,204,621
Long term finance	<u>4,787,650,744</u>	<u>2,764,986,858</u>
	<u>9,998,166,434</u>	<u>5,968,189,538</u>

## 40.2 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company's activities expose it to a variety of financial risks (credit risk, liquidity risk and market risk). Risks measured and managed by the Company are explained below:

## 40.2.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The maximum exposure to credit risk at the reporting date is as follows:

	2022 Rupees	2021 Rupees
Long term deposits	27,975,784	35,976,224
Trade debts	4,313,378,831	2,000,829,869
Loans, advances and deposit	3,145,061	1,012,152
Other receivables	8,640,103	26,143,684
Short term investment	125,076,301	123,135,481
Bank balances	<u>86,612,594</u>	<u>379,156,373</u>
	<u>4,564,828,674</u>	<u>2,566,253,783</u>

Due to Company's long standing relations with counterparties and after giving due consideration to their financial standing, the management does not expect non performance by these counter parties on their obligations to the Company except trade debts considered doubtful.

For trade debts credit quality of the customer is assessed, taking into consideration its financial position and previous dealings. Individual credit limits are set. The management regularly monitor and review customers credit exposure. The aging of trade debts as at statement of financial position date is as under:

	2022 Rupees	2021 Rupees
Not past due	4,277,567,280	1,950,567,820
Past due	127,997,312	142,447,810
Less: Provision for doubtful debts	(92,185,761)	(92,185,761)
	<u>35,811,551</u>	<u>50,262,049</u>
	<u>4,313,378,831</u>	<u>2,000,829,869</u>

Appropriate provision has been made in respect of past due trade debts considered doubtful. The credit risk exposure is limited in respect of bank balances and short term investment as these are placed with local banks having good credit rating from international and local credit rating agencies.

The short term investment and bank balances alongwith credit rating is as follows.

Credit Rating	2022 Rupees	2021 Rupees
Short term investment		
A-1+	125,076,301	123,135,481
Bank balances		
AAA	197,278,803	124,657,165
AA+	22,166,744	92,774,570
AA	233,560	1,000,430
Others	2,533,448,059	160,724,208
	<u>2,753,127,166</u>	<u>379,156,373</u>

#### 40.2.2 Market risk

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

##### i) Interest rate risk

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

Majority of interest rate risk arises from borrowings from banks. The interest rate profile of the Company's interest bearing financial instruments is presented in relevant notes to the financial statements.

##### Sensitivity analysis

Sensitivity to interest rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period.

##### Fair value sensitivity analysis for fixed rate instruments.

The Company has no fixed rate financial assets and liabilities at fair value through profit and loss, therefore a change in interest rates at the reporting date would not effect profit and loss account.

##### Cash flow sensitivity analysis for variable rate instruments

Had the interest rate been increased / decreased by 1% at the reporting date with all other variables held constant, profit for the year and equity would have been lower / higher by Rs.69.07 million (2021: Rs. 46.91 million).

**ii) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The Company is exposed to currency risk on foreign debtors. The total foreign currency risk exposure on reporting date amounted to Rs. 1,258.73 million (2021: Rs. 489.51 million).

At June 30, 2022, had the currency been weakened / strengthened by 5% against the U.S dollar and Euro, with all other variables held constant, profit for the year and equity would have been higher / lower by Rs.71.18 million (2021: Rs. 24.53 million).

**iii) Equity price risk**

Trading and investing in equity securities give rise to equity price risk. At the financial position date the Company is exposed to equity price risk in respect of investments. The total equity price risk exposure on reporting date amounted to Rs. 125.076 million (2021: Rs. 482.335 million).

At June 30, 2022, had the quoted securities prices been increased / decreased by 5%, with all other variables held constant, short term investments and equity would have been higher / lower by Rs. 5.14 (2021: Rs. 24.12 million).

**40.2.3 Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity risk is to maintain sufficient level of liquidity by holding highly liquid assets and maintaining adequate reserve borrowing facilities. This includes maintenance of financial position liquidity ratios through working capital management. Following are the contractual maturities of financial liabilities including interest payments as at June 30, 2022 and June 30, 2021:

	2022					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
----- Rupees in thousand -----						
<b>Financial liabilities:</b>						
Trade and other payables	1,111,045	1,111,045	1,111,045	-	-	-
Interest / mark up payable	117,871	117,871	117,871	-	-	-
Short term borrowings	3,973,559	4,184,362	4,184,362	-	-	-
Unclaimed dividend	8,039,833	1,204,621	1,204,621	-	-	-
Long term finance	4,787,651	3,149,258	154,603	151,845	2,019,880	822,930
	<b>18,029,960</b>	<b>9,767,157</b>	<b>6,772,502</b>	<b>151,845</b>	<b>2,019,880</b>	<b>822,930</b>

	2021					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
----- Rupees in thousand -----						
<b>Financial liabilities:</b>						
Trade and other payables	840,742	840,742	840,742	-	-	-
Interest / mark up payable	73,145	73,145	73,145	-	-	-
Short term borrowings	1,204,621	1,204,621	1,204,621	-	-	-
Unclaimed dividend	2,288,112	2,392,603	2,392,603	-	-	-
Long term finance	2,764,987	3,149,258	154,603	151,845	2,019,880	822,930
	<u>7,171,607</u>	<u>7,660,369</u>	<u>4,665,714</u>	<u>151,845</u>	<u>2,019,880</u>	<u>822,930</u>

The contractual cash flows relating to mark up have been determined on the basis of weighted average mark up rates on borrowings. The Company will manage the liquidity risk from its own source through working capital management. As at the year end, the Company has liquid assets of Rs.6,801.63 million (2021: Rs. 2,749.67 million) and unavailed borrowing facilities of Rs.5,681.94 million (2021: Rs.4,840.91 million).

#### ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The Company is exposed to currency risk on foreign debtors. The total foreign currency risk exposure on reporting date amounted to Rs. 1,258.73 million (2021: Rs. 489.51 million).

At June 30, 2022, had the currency been weakened / strengthened by 5% against the U.S dollar and Euro, with all other variables held constant, profit for the year and equity would have been higher / lower by Rs.71.18 million (2021: Rs. 24.53 million).

#### iii) Equity price risk

Trading and investing in equity securities give rise to equity price risk. At the financial position date the Company is exposed to equity price risk in respect of investments. The total equity price risk exposure on reporting date amounted to Rs. 125.076 million (2021: Rs. 482.335 million).

At June 30, 2022, had the quoted securities prices been increased / decreased by 5%, with all other variables held constant, short term investments and equity would have been higher / lower by Rs. 5.14 (2021: Rs. 24.12 million).

### 40.3 Fair values of financial instruments

The carrying values of all the financial assets and financial liabilities reported in the financial statements approximate their fair values.

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

**40.4 Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or obtain / repay financing from / to financial institutions.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders. Debt is calculated as total of long term finance and short term borrowings. Total capital comprises shareholders' equity as shown in the financial position under 'share capital and reserves' and net debt (net of cash and cash equivalent).

The salient information relating to capital risk management of the company as of June 30, 2022 and 2021 were as follows:

	Note	2022 Rupees	2021 Rupees
Total Debt	18 & 19	8,761,210,130	5,053,098,899
Less: Cash and bank balances	14	2,772,922,754	384,991,004
Net Debt		<u>5,988,287,376</u>	4,668,107,895
Total equity		14,691,347,479	7,844,722,671
Total capital		<u>20,679,634,855</u>	<u>12,512,830,566</u>
Gearing ratio		28.96%	37.31%

**41. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on October 04, 2022 by the Board of Directors of the Company.

**42. GENERAL**

42.1 Figures have been rounded off to the nearest Rupee except where mentioned rounding off in Rupees in thousands.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**Pattern of Shareholding**  
As on June 30, 2022

No. of Shareholders	Shareholding		Total Shares held
	From	To	
162	1	100	5,485
887	101	500	255,234
557	501	1,000	397,517
1,536	1,001	5,000	1,927,685
34	5,001	10,000	249,054
14	10,001	15,000	177,152
3	15,001	20,000	51,069
5	20,001	25,000	106,157
1	25,001	30,000	28,000
1	30,001	35,000	34,891
2	35,001	40,000	80,000
1	40,001	45,000	43,595
3	45,001	50,000	145,599
1	50,001	55,000	52,422
1	55,001	60,000	56,000
3	60,001	65,000	185,666
1	65,001	70,000	67,072
2	80,001	85,000	165,913
1	95,001	100,000	100,000
2	105,001	110,000	217,449
1	120,001	125,000	125,000
1	190,001	195,000	193,857
1	210,001	215,000	211,492
1	1,085,001	1,090,000	1,090,000
1	2,240,001	2,245,000	2,244,338
1	40,730,001	40,735,000	40,734,628
1	142,475,001	142,480,000	142,475,824
3,224			191,421,099

**Category of Shareholders  
As on June 30, 2022**

<b>Category of Shareholders</b>	<b>Number</b>	<b>Shares held</b>	<b>Percentage</b>
<b>Directors and Spouse(s)</b>			
Muhammad Zahid	1	40,734,628	21.28
Mehreen Fahad	1	500	0.00
Ahmad Zahid	2	143,565,824	75.00
Muhammad Ali	1	500	0.00
Sajjad Hussain Shah	1	49	0.00
Faisal Masood Afzal	1	1,060	0.00
Shahbaz Haider Agha	1	500	0.00
<b>Associated companied, undertakings and related parties</b>	-	-	-
<b>NIT and ICP</b>			
M/s. Industrial Development Bank of Pakistan	1	4,709	0.00
<b>Banks, Development Financial</b>			
<b>Institutions, Non Banking Financial</b>			
<b>Institutions</b>	-	-	-
<b>Insurance Companies</b>	-	-	-
<b>Modarabas and Mutual Funds</b>	-	-	-
<b>Joint Stock Companies</b>	7	2,290,425	1.20
<b>Ind. / General Public</b>			
<b>a. Local</b>	3,208	4,822,454	2.52
<b>b. Foregin</b>	-	-	-
<b>Total</b>	<b>3,224</b>	<b>191,421,099</b>	<b>100.00</b>
<b>Shareholders holding 5% (or more)</b>	2	184,300,452	96.28



## FORM OF PROXY

I/We, \_\_\_\_\_ of \_\_\_\_\_, holding Computerized National Identity Card (CNIC)/Passport No. \_\_\_\_\_ and being a member of Zahidjee Textile Mills Limited, hereby appoint \_\_\_\_\_ of \_\_\_\_\_, holding CNIC/Passport No. \_\_\_\_\_, or failing him/her hereby appoint \_\_\_\_\_ of \_\_\_\_\_, holding CNIC/Passport No. \_\_\_\_\_, as my/our proxy to vote for me/us and on my/our behalf at the (Annual, Extra-ordinary, as the case may be) general meeting of company to be held on the day of \_\_\_\_\_ and at any adjournment thereof.

As witness my/our hand/seal this \_\_\_\_\_ day of \_\_\_\_\_

### WITNESS:

1. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
CNIC No. \_\_\_\_\_
2. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
CNIC No. \_\_\_\_\_

CDC Account No.

Revenue Stamp of Rs. 5/-

To be signed by the above named shareholder

### Notes:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, not less than 48 hours before the time of holding the meeting. A proxy must be a member of the Company.
2. The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
3. Attested copies of CNIC of the appointer and the proxy-holder shall be furnished with the Proxy Form.
4. The proxy-holder shall produce his/her original CNIC at the time of the meeting.
5. In case of corporate entity, the Board of Directors' resolution / Power of Attorney with specimen signature shall be submitted along with Proxy Form.





# **ZAHIDJEE TEXTILE MILLS LIMITED**

Zahidjee House: 2-H, Gulberg II, Jail Road, Lahore.

Tel: 042-35777291-5 URL: [www.zahidjee.com.pk](http://www.zahidjee.com.pk)