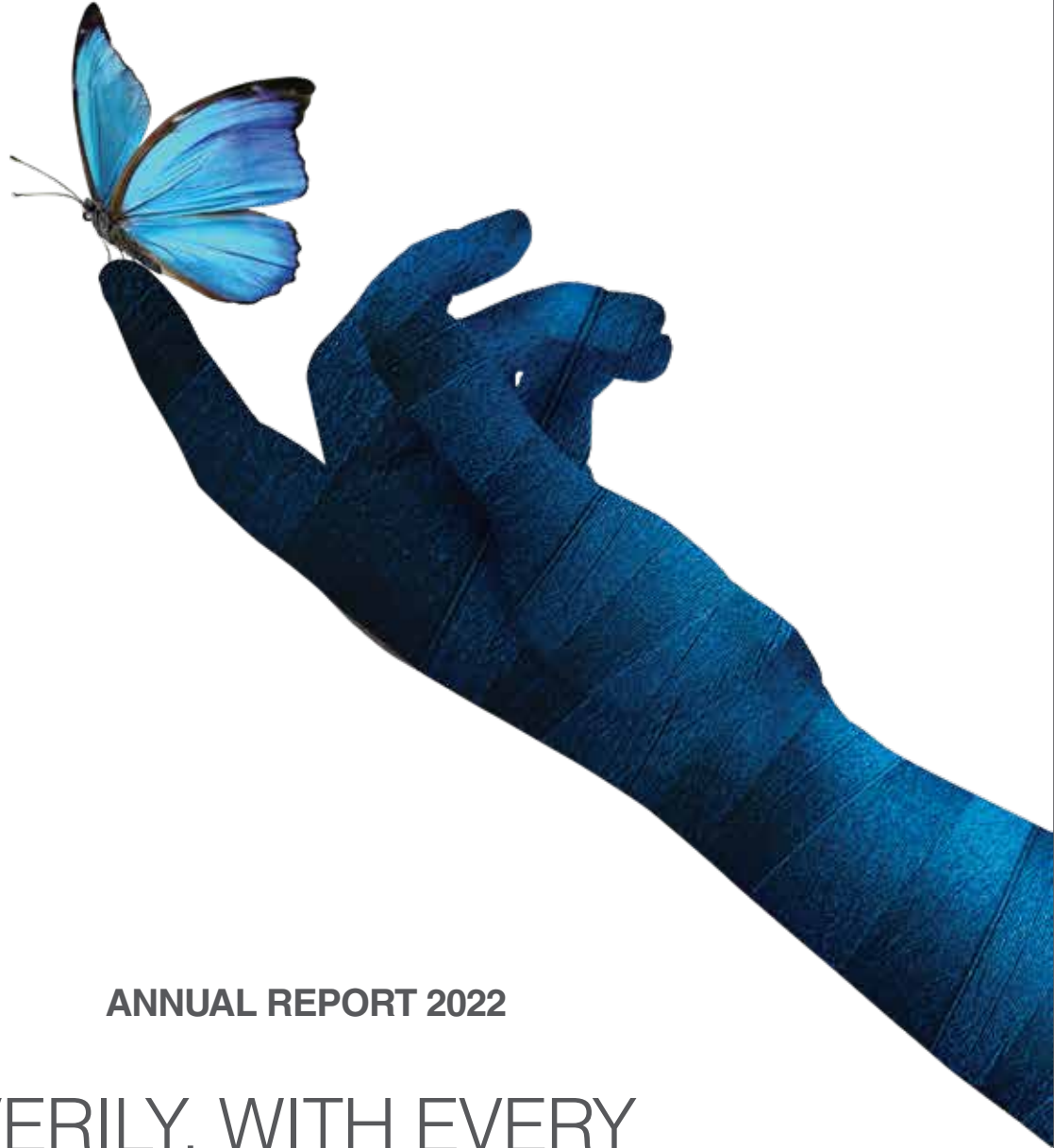




FEROZE1888 MILLS LTD

Manufacturers and Exporters of Specialized Yarn & Textile Products

Weaving a Better World®



ANNUAL REPORT 2022

VERILY, WITH EVERY
HARDSHIP
THERE IS
EASE

Al Quran 94:6

ABOUT COVER

Butterfly – From Hopeless End to Endless Hope

The lifecycle of a Butterfly symbolizes the importance of “surrender” and “trust” as part of the essential process of growth and renewal - growth demands a temporary surrender of security and trust on the magic of new beginnings.

“What the caterpillar calls the end of the world, the Master calls a Butterfly.”

Al Quran – The Holy Book

It's a complete code of life – giving mankind amongst numerous other, the message of steadfastness, discipline, patience, generosity and Accountability.

“... If you disclose what is in your hearts or conceal it, HE shall hold you accountable for it...”
Al Quran 2:284

VERILY, WITH EVERY
HARDSHIP
THERE IS
EASE

Al Quran 94:6



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OUR VISION

Our aim is to be a market leader in textile manufacturing with our strong commitment to 3Ps (People-Planet-Prosperity). We will prosper by creating unmatched value for our global customers & stakeholders through our exceptional quality products & services.



OUR MISSION

We are a leading vertically integrated industry known for its state of the art machinery, infrastructure, standardized systems, production processes and adopting the ideology of 3Ps (People-Planet-Prosperity). We are committed to the ongoing learning, development & growth of our valued employees. Our focus is on building an environment of prosperity & gratification for all our customers & stakeholders through our operational excellence & solution based innovations.

CODE OF CONDUCT

Business Ethics

Feroze1888 is committed to conduct its business in an honest, ethical and legal manner. The management condemns corrupt and fraudulent practices and ensures transparency, integrity and honesty in all aspects of work.

Compliance with Laws & Regulations

The Company is committed to comply and take all required actions for compliance with all applicable laws, rules and regulations of state or local jurisdiction in which the Company conducts business. Every director and employee, no matter what position he or she holds, is responsible for ensuring compliance with applicable laws.

Commitment & Accountability - Safeguarding Organization's Interest

It is expected from every employee that he/she remains honest & committed with his/her work at all times. Employee is not only expected to own the entire process of his/her job but also uphold the true spirit of accountability; in that, protecting the Company's assets, safeguarding the Company's interest, avoiding conflict of interest & ensuring that we do not involve in any unlawful activity even after office hours that may ruin the organization's reputation is emphasized.

Spreading grapevine/rumors, exchanging or sharing any information within the organization or outside either by word of mouth, email, text message or social media; which may create chaos and portray the organization in a bad light, are all deemed as breach of commitment.

Zero Tolerance for Harassment

Harassment in any form including verbal / emotional (e.g. making or using derogatory comments, name calling, racial jokes etc.), physical (e.g. assault, impeding, blocking movements etc.), sexual (e.g. touching, leering, making inappropriate gestures, suggestive objects or pictures, cartoons or posters etc.) is strictly prohibited.

Gift & Entertainment Policy

Gifts / entertainment / gratitude of any kind, that are offered by vendors, suppliers, current & potential employees, potential vendors and suppliers, or any other individual or organization, no matter the value will not be accepted by any employee, at any time, on or off the work premises as a result of providing / receiving any favor (whether justified or unjustified).

Confidentiality of Information

It is the responsibility of every employee to maintain confidentiality of information (during and after the employment term) related to Feroze1888 Mills that he/she may come across in any form as a result of his position or interactions. He / she should refrain from discussing any confidential business matters to outsiders or even insiders to whom the matter does not relate.

Intellectual Property

All employees are responsible and accountable for the corporate information and resources entrusted to them. Due diligence & care must be exercised to ensure the security & integrity of these corporate resources included but not limited to corporate data & corporate information system.

Non-Discrimination

The Company believes in creating an encouraging working environment which is free from discrimination. The Company also ensures that employees remain motivated and productive through the provision of equal growth opportunity.

Equal Employment Opportunity


The Company believes in providing equal opportunity for employment. The Company policies in this regard have to be complied with and no discrimination upon race, religion, age, national origin, gender, or disability is acceptable.

Corporate Social Responsibility


The Company is committed to carry its business in a sustainable manner and promote preservation and sustainability of the environment.




CORE VALUES - PROSPER®




People Development
We are committed to invest in employees personal and professional development and creating an environment that instigate the ownership for self - learning.




Respect
We believe in crafting a culture of respect and dignity for all our customers, stakeholders, vendors, employees and community.




Ownership & Accountability
Our work is our pride: we take full ownership of it and hold ourselves accountable for all our actions, interactions within and between teams.




Success Will
We possess a strong will to succeed under all circumstances.



Proactive
We believe in being proactive while facing challenges, adopting technology, systems and procedures.



Excellence In Work
Our commitment is to enhance customer satisfaction by fostering an environment of self-reliance, efficiency and integrity in all that we do.



Reliability
We demonstrate reliability through our team work and consistent quality in products and services.

ETHICS

Integrity and upholding our commitments are at the heart of Feroze1888 Mills business values. Our standards for doing business are based on transparency, impartiality and exhibiting thorough professionalism in our dealings with internal and external stakeholders. The management of Feroze1888 condemns fraudulent practices and focuses on developing teams and systems to work as per the established business ethics. The organization is known for its reputation for doing business as per defined ethical boundaries and for not tolerating any kind of misconduct that can hamper the reput. These principles are embedded in organization's code of conduct and further reinforced by policies and standard operating procedures.

CULTURE

The cultural framework of any organization defines the Company's vision and the guidelines it has established to achieve that vision.

Our core values PROSPER® drive our energies and focus in building a value driven work culture. We believe in developing our valuable employees, enabling them to deliver their optimal best; helping them collaborate with each other for reliable results and instigating a never give up attitude with a consistent reinforcement of being proactive in dealing with all situations. We promote dynamic and creative lateral thinking and have complete trust in our employees' skills to achieve the goals. Diversity is our strength and we take pride in our culture of meeting high standards of professionalism and excellence and deliver nothing less but the best.



COMPANY INFORMATION

Board of Directors

Mr. Jonathan R. Simon	Director/Chairman
Mr. Nasim Hyder	Director/ Vice Chairman
Mr. Khaleequr Rahman	Director
Mr. Shabbir Ahmed	Director
Mr. Abdul Rehman Yaqub	Director
Mr. Perwez Ahmed	Director
Mr. Anas Rahman	Director
Mr. Zain Ashraf Mukaty	Director
Ms. Huma Pasha	Director
Ms. Aminah Zahid Zaheer	Director
Mr. Rehan Rahman	Chief Executive Officer

Board Audit Committee

Mr. Nasim Hyder	Chairman
Mr. Khaleequr Rahman	Member
Mr. Zain Ashraf Mukaty	Member
Ms. Aminah Zahid Zaheer	Member

Board HR & Remuneration Committee

Ms. Aminah Zahid Zaheer	Chairperson
Mr. Zain Ashraf Mukaty	Member
Mr. Nasim Hyder	Member

Chief Financial Officer

Ms. Javeria Siddiqui

Company Secretary

Mr. Mudassir Moten

Bankers

Allied Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
BankIslami Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Meezan Bank Limited
Standard Chartered Bank (Pakistan) Limited

External Auditors

EY Ford Rhodes,
Chartered Accountants
Progressive Plaza, Beaumont Road, Karachi.

Internal Auditors

A.F. Ferguson & Co. Chartered Accountants
State Life Building No. 1-C, I.I Chundrigar Road,
City Railway Colony Karachi.

Registered Office

Plot # H-23/4-A, Scheme # 3, Landhi
Industrial Area, Landhi, Karachi.

Corporate Office

K&N Centre, 2nd and 3rd Floors, 160
Banglore Town, Shahrah -e-Faisal, Karachi.

Factory Addresses

Sindh:

Plot # H-23/4-A, H-23-/4-B & H- 23/3-II, Scheme
3, Landhi Industrial Area, Landhi, Karachi.

Plot # A-5, B-4/A, C-3, C-31, F-125, F-342 &
F-89, SITE, Karachi.

Plot # 342/A, Haroonabad, SITE, Karachi.

Plot # PL-15 & ST-03 North Karachi Industrial
Area, Karachi.

Survey # 81, 242, 72 to 75, 165, 166, 171, 172,
176 to 181, 186 to 190, 156, 210, 211, 243, Deh
Moachko, Tapo Gabopat, Keamari Town,
Karachi.

Baluchistan:

Plot# D-12 to D-17, K-1 to K-3, M-34,
HITE, all in Mauza Pathra, Tehsil Hub,
District Lasbela, Balochistan.

Legal Advisor

Mohsin Tayebaly & Co.
1st Floor, Dime Centre Khayaban-e- Iqbal,
Block 9, Clifton, Karachi.

Share Registrar/Transfer Agent

FAMCO Associates (Pvt.) Ltd
8-F, Next to Hotel Faran Nursery, Block-6,
PECHS, Shahrah-e-Faisal, Karachi.

Website

<http://www.feroze1888.com>

FEROZE 1888 AT A GLANCE

We are the leading Manufacturer and Exporter of Specialized Yarn & Textile Products in Pakistan. Starting the journey in early 1970's, Feroze1888 has progressed gradually & today it enjoys an eminent presence in the global terry market. The Company also has ventured into woven/ knitted fabrics for healthcare. We maintain high level of standards in all areas, ranging from the highest quality products to maximum employee satisfaction. Company has state of the art vertically integrated manufacturing facility. Being partnered with 1888 Mills USA, we are recognized as a progressive and global manufacturer of quality textiles for Home, Hospitality & Healthcare.

The ownership of upholding commitment to Triple Bottom Line (3Ps), untiring focus on operational excellence and creating unmatched values for our customers is what makes us stand tall amongst other competitors in the market. Feroze1888 believes in providing a professional work environment with tremendous growth opportunities at all levels.

Our Moto:

- Excellent Execution Every time
- Customer Satisfaction

Our Commitments:

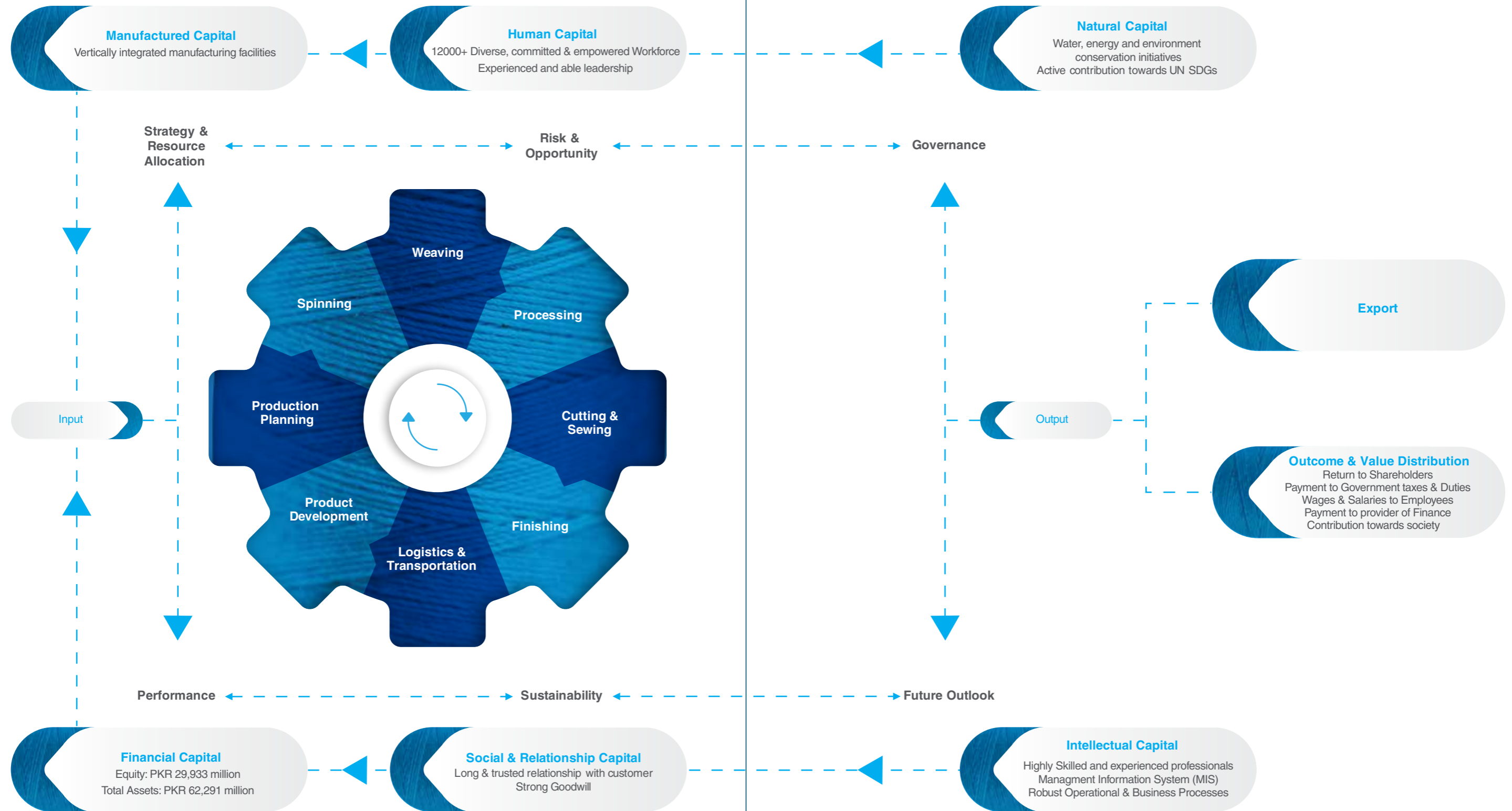
- Environmental Friendly Production Processes
- Product Quality
- Conducive Work Environment
- Employee Engagement & Empowerment

Key Products and Markets

The Company is principally engaged in production and export of terry and woven/ knitted fabric products. The key export markets are the USA and Europe. Feroze1888 offers wide range of products available in variety of sizes and categories. Please refer to section "Product Glimpses".



BUSINESS MODEL



OUR JOURNEY CONTINUES...



PRODUCT GALLERY



GEOGRAPHICAL SPREADS



Germany



Netherlands



United States



Canada



Denmark



France



Japan



Poland



Portugal



Saudi Arabia



South Africa

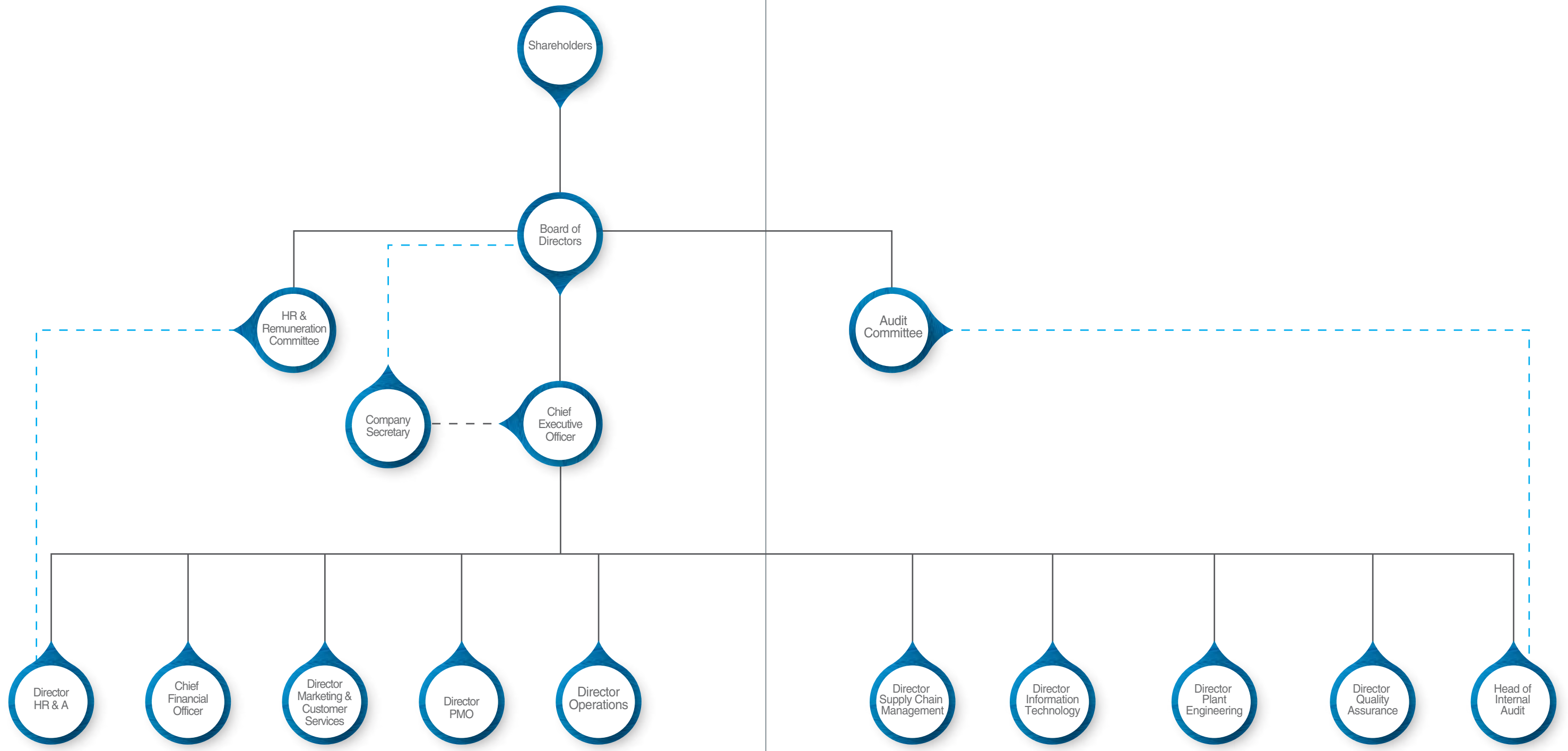


United Kingdom



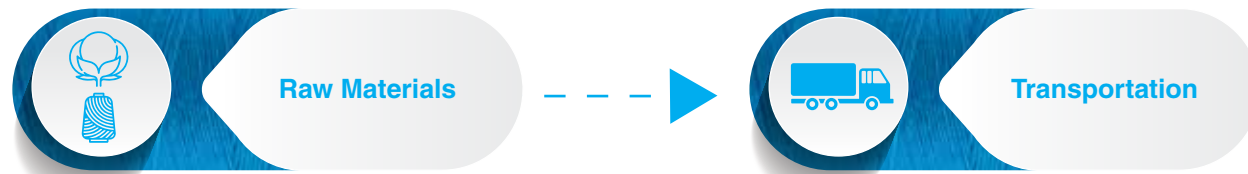
Australia

ORGANIZATIONAL CHART

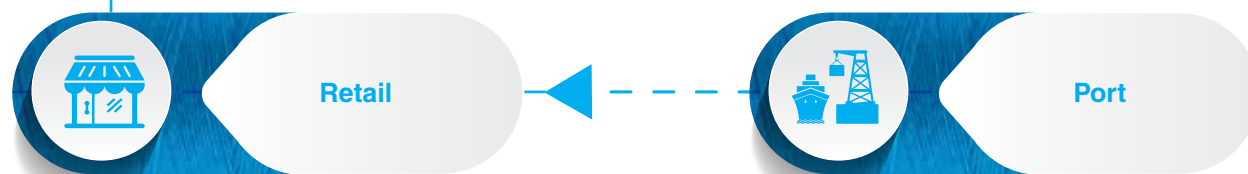


POSITION WITHIN VALUE CHAIN

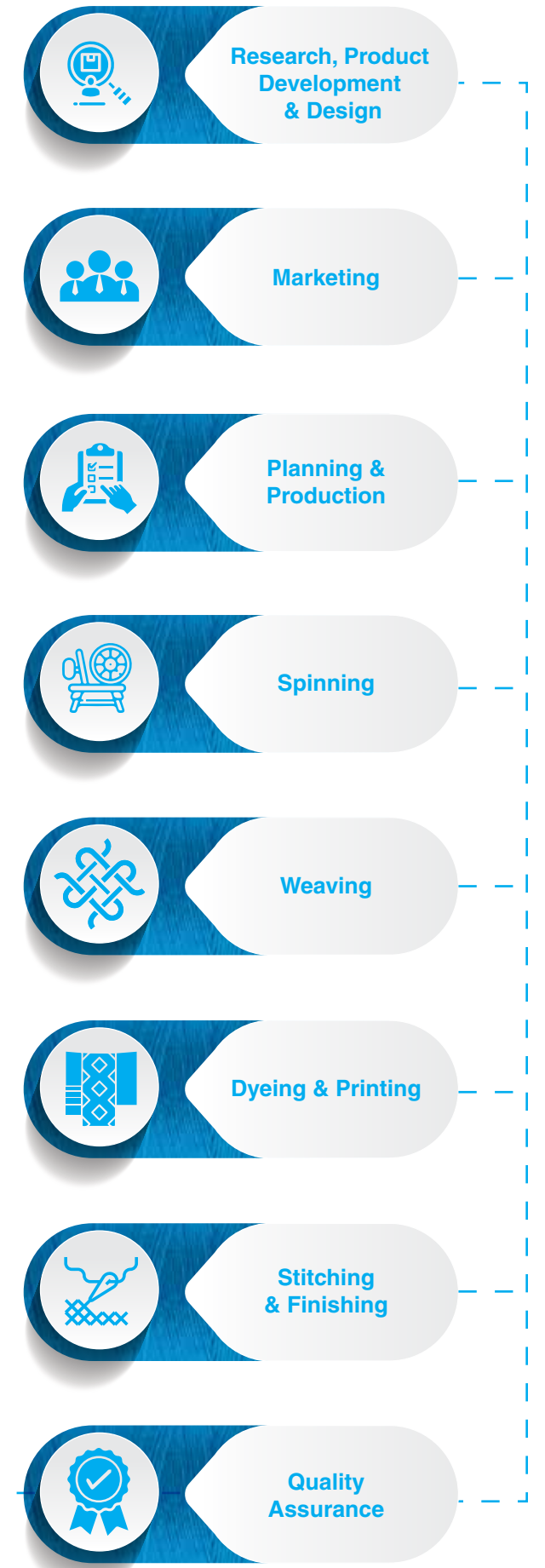
UP STREAM



End User



DOWN STREAM

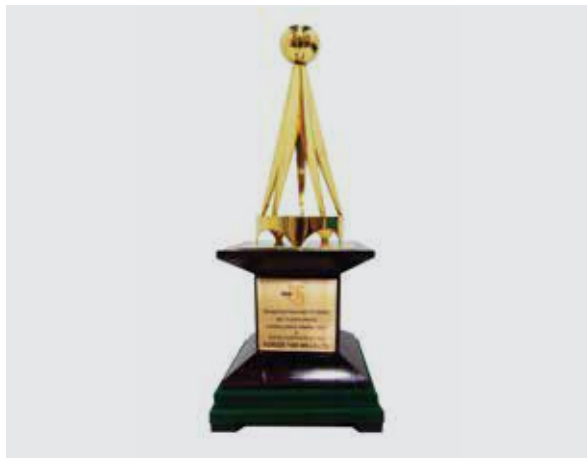


AWARDS & ACHIEVEMENTS

By the grace of Almighty

Manufacturing Excellence Award

We have been awarded Manufacturing Excellence Award in Textile Composite Sector by Management Association of Pakistan (MAP) in the 36th Corporate Excellence Award event held on 28th October '21.



Global Diversity & Inclusion Benchmark Awards 2021

Feroze1888 firmly believes in providing equal opportunity to all. During the period we have received GDIB Award 2021 in "PROGRESSIVE" category. This recognition is bestowed upon us for the efforts we are putting into the development of our employees at every level without any discrimination.



Best Corporate and Sustainability Reports Award 2020

Feroze1888 secured 4th position in Best Corporate & sustainability Reports 2020 Award by Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP). It reinforces that the report is easily understandable by all stakeholders and ensure transparency.



Certificate of Achievement by Clean by Design

Feroze1888 is obliged on receiving The Clean by Design Certificate by Apparel Impact Institute. This Certificate manifests our persistent efforts to acquire ecological balance by reducing environmental footprints, and our commitment to 3Ps (People-Planet-Prosperity).



Pakistan National Accreditation Council (PNAC) Lab Accreditation: ISO/IEC (17025:2017)

Another achievement with regards to re-accredited by Pakistan National Accreditation Council (PNAC) for ISO/IEC (17025:2017) which affirms the technical competence in the domain of Laboratory operations.



Organic Content Standard

Feroze1888 Mills earned the certification of Organic Content Standard (OCS), an international, voluntary standard that sets requirements for third-party certification of certified organic input and chain of custody. The goal of the OCS is to increase organic agriculture production.



STEEPLE ANALYSIS

Social, Technological, Environmental, Economic, Political, Legal and Ethical factors that can impact Feroze1888's business environment

	S	T	E
SOCIAL	TECHNOLOGICAL	ENVIRONMENTAL	
Description	<p>The social or, more specifically, the socio-cultural factors focus on the demographic characters, norms, and customs of the population within which an organization is functioning. These factors help the marketer to understand their customers' needs more clearly. It also highlights the local workforce and the sustainable conditions under which they will be willing to work.</p>	<p>Since the dawn of the industrial revolution, technology has played an essential role in the health of any business organization. Innovations in technology can impact the operations of the industry and markets, both favorably and unfavorably. It has made it very important to analyze and monitor these factors. They vastly contribute to specific decision-making scenarios like to enter or not enter certain industries, to launch or not launch certain products or to outsource production activities abroad.</p>	<p>With growing environmental awareness, businesses cannot undermine related factors fully. Moreover, the scarcity of raw materials, carbon footprint targets, and pollution targets have made them even more pivotal to an organization's functioning. This has led to many companies getting more and more involved in practices such as corporate social responsibility (CSR) and sustainability.</p>
Organizational Response	<p>Our Company, being a socially responsible organisation, effectively contributing towards the creation of a socially secure society. The Company feel humbled in donating for various social causes including healthcare, education and environmental challenges. We have also acquired various certifications to comply with wellbeing and safety controls in order to maintain a healthy and secure work environment. The Company is continuously aspiring towards going an extra mile in CSR domain.</p>	<p>The management is fully aware of the fact that in today's world, technological advancement plays a decisive role in the success of an organisation. Therefore, to cope up with the technological competitive environment, we have always welcomed the opportunity by exploring latest technology to strengthen the operations and to achieve competitive edge. Our entity has regularly been investing significantly in balancing, modernization, and replacement of plants and machinery in addition to training needs and technological skills enhancement of the employees.</p>	<p>The Company complies with ISO - 14001:2015 Environmental Management System & ISO 45001 - 2018 Occupational Health & Safety. The Company adheres to all applicable standards and regulations and voluntarily takes environmentally conscious initiatives to create long-term value for the society through efficient usage of natural resources in order to reduce our carbon foot print. The Company has also installed water treatment plants to recover a major proportion of waste water for re-use. Moreover, we have also got certifications in GOTS, STEP, GRS and RCS.</p>

	E	P	L	E
	ECONOMIC	POLITICAL	LEGAL	ETHICAL
Description	<p>Economic factors determine the financial condition of an organization or a specific industry. As these factors play an important role in deciding the supply-demand models in the economy, it has a long-term influence on a business, be it direct or indirect. Since it affects the purchasing power of consumers and could possibly change demand/supply models in the economy. Consequently, it also affects the way companies price their products and services.</p>	<p>Political factors involve how and to what extent a government intercedes on an organization or a specific industry. It refers to the influences of governmental policies may have on your business. These are the factors that need to be taken into account when assessing the attractiveness of a potential market.</p>	<p>Businesses nowadays are required to understand the legal premises under which they can operate adequately. Although some of these factors overlap with the Political factors, they generally include more specific laws and policies. Companies need to know what is and what is not legal in order to trade successfully and ethically. If an organisation trades globally this becomes especially tricky since each country has its own set of rules and regulations. In addition, you want to be aware of any potential changes in legislation and the impact it may have on your business in the future.</p>	<p>Ethics can be defined as a general code of ethics, followed by people of a particular religion. Similarly, ethical factors are those factors that help a company to decide what is a good or bad business deed. Specifically, these determine what is good and bad for Company, employees and society as a whole.</p>
Organizational Response	<p>With a strong financial standing, the Company is very vigilant about the Debt: Equity ratio and maintains an optimal balance whereas a dedicated treasury team also closely monitors the changes in exchange rates and devise risk management strategy to ensure proactive actions. Further, all the efforts are made to contain the costs in every sphere. Management is also efficiently involve in tax planning and securing refunds.</p>	<p>The Company continuously analyzes and monitors the political situation of the Country including changes in duty structures and taxes to mitigate any unwarranted affect through timely alignment of strategies. The management diligently comply with relevant regulations for smooth operations and business growth.</p>	<p>The Company ensures compliance with all the required laws and regulations. Further, it stays updated about new laws and ensures that the relevant departments are complying with the same. Company has also engaged an efficient team of professionals to ensure compliance with all enacted statutes, acts and ordinances.</p>	<p>Fair and ethical business practices are at the heart of the Feroze1888 values. Choosing the course of highest integrity is our intent and we establish and maintain the highest professional and ethical standards to be perceived as impartial and independent. The management condemns corrupt and fraudulent practices and ensures transparency and integrity.</p>

RISKS & OPPORTUNITIES

WHAT IS RISK?

Risk is described as “the effect of uncertainty on objectives”. Risk is the probability of an internal or external situation having the potential to impact upon Company; preventing Company from successfully achieving its objectives, delivering its services or capitalizing on its opportunities.

RISK MANAGEMENT?

Risk management is defined as the coordinated activities to direct and control an organization with regard to risk. Risk management is the sum of culture, processes and structures that are directed towards realizing potential opportunities whilst managing an adverse effect. The main objective of the risk management is to assure uncertainty does not deflect the endeavor from the business goals.

RISK MANAGEMENT FRAMEWORK:

The Company’s risk management system is designed to identify the risks it faces and has measures in place to keep those risks to an acceptable minimum level. The existence of risk presents both threats and opportunities to the Company. Company’s Risk management process is aligned with ISO 31000.

The Risk Management Framework describes the following:

Categorization of Risk

Risk management framework starts with the understanding of the business objectives in ensuring that key risks are identified.

Identify and manage potential events that may affect the Company

Risk management framework provides a structured and consistent approach to identifying, rating, mitigating, managing and monitoring risks. It also assists decision makers to make good management decisions within an environment of tolerable strategic and business risk limits, including identifying and leveraging opportunities.

Accountability for Risk Management

Risk Management Framework provides:

- An environment where staff understand and assume responsibility for managing the risks for which they are responsible and the controls to mitigate those risks;
- Independent assurance and audit activities to provide feedback to management that quality processes and controls are in place and are effective.
- Relevant, timely information across clear reporting structures.

Governance and Oversight of Risk Management Activities

The Board is responsible for the Risk Management Framework. The Executive Leadership Team under the leadership of the Chief Executive is responsible for implementing the strategy, culture, people, processes, technology and structures which constitute the Risk Management Framework. The Company is effectively equipped to face any challenges and uncertainties that are likely to arise. Through combined experience, skill and effective business reporting, Management remains aware of internal and external developments.

CAPITAL STRUCTURE’S ADEQUACY:

Management believes that there is no inadequacy in capital structure. During the year, the Company raised Rs. 1.5 billion through Right shares issuance.



RISKS & OPPORTUNITIES REPORT

Type of Risk	Risk	Sensitivity	Source	Nature	Likelihood	Consequences	Mitigating Strategy / Organizational Response	Related Opportunities / Value creation	Risk Ranking
Strategic Risk	High competition in global market	High	External	Ongoing	Likely	<ul style="list-style-type: none"> - Profit margins may shrink due to pressure on pricing. - Sharing of customer base may impact the sales growth. 	<ul style="list-style-type: none"> - Regular market analysis performed by senior management for analyzing the marketing needs. - Continuous improvement in product quality through research and development. - Use of latest technology to achieve cost competitiveness. - Focus on innovation. - Expanding customer base by exploring new export markets. - Aggressive marketing strategies and relationship building with the customers. 	To maximize the market share and augment presence through innovation, cost control and optimum product quality.	1
Strategic Risk	Technological obsolescence of production facilities and IT infrastructure	Medium	External / Internal	Long term / Ongoing	Likely	Mismatch with the momentum of technological advancements may lead to inefficiency of the processes and ultimately impacting cost of production and sales volume.	<ul style="list-style-type: none"> - Substantial investment in new expansion projects and BMR of existing manufacturing facility by opting for latest state of the art technology to achieve cost competitiveness and optimum production efficiency. - Continuous development of information technology infrastructures and Management Information Systems (MIS) software along with the ERP in order to meet latest reporting needs. 	Timely investment in latest production facilities brings operational synergies and efficiency in our processes ultimately resulting in cost competitiveness and ultimate production quality.	4
Financial / Commercial Risks	Credit risk due to default by customers	Low	External	Medium Term / Ongoing	Remote	Defaults in payments may impact the Company's cash flows, which in turn may impact the profitability.	<ul style="list-style-type: none"> - Monitoring of the receivable aging on regular basis to ensure timely recoveries. - Mechanism for Reconciliation and confirmations are also in place. - Expanding the customer base by exploring new export markets. - Customer's credit limits and terms have been assigned and regularly reviewed by Credit Committee after complete evaluation of the credit worthiness and associated risk involved. 	Planning and monitoring cash flows could result in significant cost-savings and investment opportunities.	7
Financial Risk	Fluctuations in foreign exchange rates	High	External	Medium Term	Very likely	Certain operating and capital expenditures are exposed to foreign exchange risk. Unstable PKR/USD parity results challenges in export and cost sales planning.	<ul style="list-style-type: none"> - A team of dedicated treasury professionals is in place to closely monitor the forex market and capitalize the fluctuations in the market on regular basis. - The Company has natural hedge also in case of USD. 	Insulation from the adverse effects of currency fluctuation can help the Company to explore more areas for sustaining and improving its profitability.	3
Operational Risk	<ul style="list-style-type: none"> - Price hike in raw materials - Shortage of raw material 	High	External	Medium Term	Very likely	Raw materials form substantial part of cost of goods sold hence, increase in their prices directly impacts profitability and price compatibility.	<ul style="list-style-type: none"> - The Company regularly reviews raw material prices to go for proactive approach in case of any unwarranted scenario. - An extended and improved storage capacity for timely sourcing of goods. - The management is also committed towards implementation of the strategies to enhance the operational efficiencies and for effective cost controls. 	In case of some direct materials, possibility for availing bulk buying at discounted rates and enhancement of storage capacity may lead to less dependence on vendors.	2
Operational Risk	Variability in supply or cost of energy, fuel and water	High	External	Medium Term	Very likely	Fuel, power and water are pivotal in manufacturing business and any imbalance in the supply or cost will be directly related to the success and well run of the business.	<ul style="list-style-type: none"> - The Company is using energy from multiple sources to avoid over reliance on any one along with the mechanism for having an optimal mix to minimize the cost. - The capacity to generate solar base power / captive power has augmented significantly the operational efficiency & productivity in addition to reduction in cost. - Company is successfully operating waste water treatment plant to cater the need and also certified in ISO 50001 - 2011 (Energy Management System). 	Exploration of multiple sources of energy leading to non reliance on any one together with increased efficiency and reduction in cost by achieving optimal mix.	5
Operational Risk	Turnover of skilled staff	Low	Internal	Short Term	Likely	Excessive turnover of the skilled employees may affect the smooth running of the operations. This may also lead to hurdles in locating suitable, skilled and qualified resources consequently resulting in increase in salaries and additional cost related to onboarding and training of employees.	<ul style="list-style-type: none"> - The Company ensures the following to mitigate the risk, create value and to keep the employees motivated and loyal: <ul style="list-style-type: none"> * Congenial working environment * Optimal growth opportunities * Market based remuneration package * Career planning and development through mentoring and trainings * Succession planning with the aim to create future leaders 	Targeted personnel development and training can aid the Company in becoming the best in class and help to generate ideas and suggestions that make significant contributions to our success. Further, it will enable us to secure sufficient number of qualified young workforce with the potential to become the next generation of highly skilled specialists and executives.	9

RISKS & OPPORTUNITIES REPORT

Type of Risk	Risk	Sensitivity	Source	Nature	Likelihood	Consequences	Mitigating Strategy / Organizational Response	Related Opportunities / Value creation	Risk Ranking
Commercial Risk	Economic downturn	Medium	External	Medium Term / Ongoing	Likely	Demand for products may be impacted.	Products positioning, premium quality and strong export footprint allows the Company to counter economic cycle of boom and depression.	Management to ensure that the capacity to produce and to sell is utilized to its utmost potential in challenging times.	6
Commercial Risk	Trade protectionism amongst export markets via imposition of tariffs could impact Company sales	Medium - High	External	Medium Term	Likely	Decrease in export sales and business.	Ensuring that prices and quantum of exports maintain the demand of the Company's product intact. Additionally, maintaining diversity of export markets to limit dependence on one single destination.	Market diversification with better customer satisfaction.	10
Compliance Risk	Non-compliance of applicable laws and regulations	Medium	Internal	Short term	Remote	Exposure to penalties, litigations and repercussions due to non-compliance of laws and regulations in addition to adverse impact on the reputation.	The Company is equipped with a competent legal team of professionals along with the pool of advisors to make itself updated and ensure compliance on all legal & regulatory requirements including employment and industrial laws, Tax laws, Code of Corporate Governance and Companies Act 2017 in order to avoid any legal consequences.	To operate in a stable market with least volatility and low occurrence of unforeseen variables.	8
Natural Risk	Suspension of operations due to natural disaster	Medium	External	Long term / Ongoing	Likely	Any natural disaster may cause production stoppage and lead to sudden capital requirements for the re-building phase.	In this regard, the Company has taken all preventive & safety measures including security plan, disaster recovery plan, business continuity plan and insurance cover to counter and rapid resumption of the operations.	Not applicable	11

COMPETITIVE LANDSCAPE AND MARKET POSITIONING

Beginning the year 2022, global economic prospects worsened significantly and the outlook deteriorated. There was already a significant divergence between the economic recoveries of advanced economies, emerging markets and developing ones. Higher, broader, and more persistent price pressures led to tightening of monetary policy in many countries - overall risks to economic prospects have risen sharply and policy trade-offs have become ever more challenging. As a result, inflation is now projected to remain elevated for much longer than in the previous forecasts, in both advanced and emerging markets and developing economies.

The competition dynamics both in the international and domestic markets have been altered significantly. With post pandemic changes in consumer choices, unprecedented inflation, slowdown in economies coupled with capacity enhancements and modernization undertaken globally and domestically is amplifying the challenges - putting pressure on the sales price and business volumes. On the other hand, the raw material prices are showing no signs of retreat as the crop yields have faced a blow in almost all major commodity producers of the World.

We at Feroze1888, over the time has strengthened our bond with the Global Retail, Hospitality & Healthcare leaders – a business relationship that has been erected on the premise of transparency and integrity besides delivering quality, broadening product base and swiftly responding to their changing needs – this has become ever more important in these VUCA times.

The focus remains on capitalizing our strengths, exploiting the lurking opportunities whilst addressing the risks and emerging risks. The areas include:

- Product Development & Innovation
- New Market Development
- Enhancing product portfolio with respect to different price points/categories
- Strengthening backward integration
- Adopting 3R (Reduce, Reuse and Recycle) philosophy
- Leading with Excellent Execution at all times



SWOT ANALYSIS

STRENGTHS

- Strong customer base
- Consistency in Quality and customer service
- State of the art vertically integrated manufacturing facilities
- Economies of scale
- Environmentally and socially responsible organization
- Focus on Compliance & Sustainability
- Experienced and skilled work force
- Strong corporate culture

OPPORTUNITIES

- Value addition in product lines
- Product Diversification
- Region-wise distribution diversification
- Implementation of energy efficient technologies
- Technological advancements for optimization of manufacturing processes and costs

WEAKNESSES

- Relatively homogeneous product - limiting pricing strategies
- Reliance on depleting natural resources
- High labor-intensive industry

THREATS

- Global economic slowdown and inflation
- Price - Cost Parity
- Increase in raw material, fuel and labor costs
- Economical and Un-interrupted supply of natural gas
- Instable home currency
- Inconsistent Government Policies for Textile Industry
- Domestic political instability & International geopolitical situation



**HE IS THE BEST
PLANNER**

Al' Quran 8:30

**DREAM BIG, MAKE IT
HAPPEN**

**The Possibilities Are Endless,
The Future Open Wide**

**Let Your Imagination Wander,
Through The Dreams You Have Inside!**

STRATEGY AND RESOURCE ALLOCATION

Transforming vision into reality

Feroze1888 believes in making right choices today for a better tomorrow. Management has the core objective to revolutionize the Company through strong leadership, unique organizational culture, professional excellence and financial strength in order to maximize the return for stakeholders.

S. No	OBJECTIVES	NATURE	STRATEGIES	RESOURCE ALLOCATED	STRATEGIES DIRECTLY AFFECTED BY	KPI MONITORED	VALUE CREATION FOR
1	Sales growth & profitability	Medium to Long Term	Business growth and profitability initiatives through continued focus on optimization efficiency, and capability enhancement.	Financial capital, human capital, social and relationship capital.	Social & Environmental changes	- Profitability margins - Sales growth versus market growth - New export destinations - Improved customer satisfaction index	Economy of the Country, Customers & Stakeholders.
2	Risk minimization through business diversification	Short to Medium Term	The Company continues to explore and evaluate new areas and segments to broaden its footprint, in line with the brand promise of Weaving a Better World.	Financial capital & human capital.	Geographic change, Social & environmental challenges.	- Profitability Ratios - New destinations & segments - Return on Capital Employed	Shareholders & employees
3	Enhance operational efficiency & Cost optimization	Short to Medium Term	Ensure optimum utilization of Company resources and implement systems and processes to enhance synergy among the functions.	Financial capital, human capital, manufactured capital and intellectual capital.	Technological & Environmental changes	- Profit margins, Return on Investment and - Fostering & monitoring of a strong kaizen culture.	Different Business processes
4	Optimum product quality to achieve Customer satisfaction	Short to Medium Term	Implementation of strict quality assurance policies & guidelines along with obtaining certification of Quality Management System (QMS) ISO 9001: 2015.	Financial capital, human capital, Intellectual capital, social and relationship capital.	Social & Environmental changes	- Product Quality Survey - Customer satisfaction index	Customers
5	Environmental sustainability	Long Term	Reduce carbon footprints and contribute positively to protect the environment by investing in projects to reduce waste, conserve water and energy.	Financial capital, human capital, social and relationship capital	Technological & Environmental changes	- CSR and Sustainability targets	Environment & Planet
6	Be an employer of choice	Medium to Long Term	Focus on employee motivation. Take initiatives that build value of trust and contribute in creating an enjoyable, diversified and learning work environment. <ul style="list-style-type: none"> Invest in the right talent from hiring to development to rewarding Succession planning Transparent performance management mechanism Continue to nurture the culture of diversity, equity, inclusiveness and belonging Improve vertical, cross-functional and cross group collaboration & communication. 	Financial capital, human capital, social and relationship capital.	Social & Environmental changes	- Employee turnover rate - Feedback on employee engagement surveys.	Employees

SIGNIFICANT PLANS AND DECISION

THE LEGISLATIVE AND REGULATORY ENVIRONMENT IN WHICH THE ORGANIZATION OPERATES

Feroze1888 has always been fulfilling the requirement as laid under the various corporate and taxation laws. Further, being a listed Company, we strictly comply with requirements of Pakistan Stock Exchange (PSX) regulations. In addition to that, the Company also has an efficient team of professionals to ensure compliance with all enactments including Customs Act and FE Manual by SBP.

KEY RESOURCES AND CAPABILITIES OF THE COMPANY WHICH PROVIDE SUSTAINABLE COMPETITIVE ADVANTAGE

Being one of the leading textile exporter of the Country, the performance of the Company over the years amidst continued volatility in the external environment would not have been possible without the extraordinary efforts of our People. Our people are our greatest strength and they have demonstrated their commitment and support in ensuring the progress of the Company. Our purpose and our strong rooted values are clearly the main source of our sustainable competitive advantage. Apart from it, other key resources and capabilities includes the following:

- BMR - Continuous investment in state of the art manufacturing facilities and advanced technology.
- Experienced and professional team to handle each process.
- Providing a continuous learning environment that enhance creativity and teamwork.
- Innovation, product quality, diversity and backward integration.

STRATEGIC DECISION-MAKING

The management, in consultation with the Board of Directors, continues to develop capabilities to anticipate risks and formulate suitable strategies to mitigate them while formulating the strategic roadmap. The Board reviews the Company's strategic direction and business plans and performance regularly. Further, the Board has also constituted sub-committees. The composition, role and responsibilities of the committees are clearly defined in their respective terms of reference. Strategic decisions are made through these committees of Board members and the culture of the organization is monitored, including its attitude to risk and mechanisms for addressing integrity and ethical issues. Such matters are discussed and updated on regular basis and reviewed by members of the committees every quarter.

STRATEGY TO OVERCOME ANY LIQUIDITY PROBLEMS

The Company's ability of generating sufficient liquidity is its strength. This provides management the flexibility to fund business expansion and invest in cost saving initiatives. The Company has a strong capital structure which is adequately supported by shareholders' equity. Moreover, the Company utilizes subsidized financing provided to exporters to fund long and short-term requirements.

The Company has the legacy of timely payments and there have been no defaults against any payment due to financial institutions, vendors, Government agencies, etc. The management is confident to successfully manage the liquidity position in future as well.

Due to strong financial position, Feroze1888 enjoys good business relationship with all reputable banks and financial institutions of the Country. The Company regularly monitors the debt-equity to effectively manage the capital structure and other financing ratios.

FUTURE RELEVANCE

The KPIs will remain relevant in the future.

SIGNIFICANT CHANGES FROM PRIOR YEARS

There is no material change in organization's structure, objective and strategies from the previous year.

SIGNIFICANT PLANS AND DECISIONS

In the near future, there are no plans for any restructuring or discontinuance of operations except for the major expansion of production capacities at the manufacturing sites of the Company.

Major Capital Expenditures

In order to remain competitive and serve growing needs of customers, particularly at the global level, the Company invests regularly to enhance production capacities and bring efficiencies into the existing operations. This year, capital expenditure of Rs. 8.76 billion has been made. This mainly includes, apart from routine replacements, investment made in civil and machinery to increase the production capacities of spinning, weaving, dyeing and stitching processes.

These capacity and capability enhancement projects started almost five years back and are at advanced stage now and during next fiscal year. Completion of these projects will not only enhance the capacity but will also improve efficiency and capability helping the Company in achieving its sustainability and growth targets.



FORWARD LOOKING STATEMENT

The global economic prospects have worsened significantly and the outlook has deteriorated, largely due to the Russia-Ukraine conflict impacting the commodity and food prices. This crisis unfolded while the global economy was on a mending path but had not yet fully recovered from the COVID-19 pandemic, with a significant divergence between the economic recoveries of advanced economies and emerging market and developing ones. Higher, broader, and more persistent price pressures also led to a tightening of monetary policy in many countries. Overall risks to economic prospects have risen sharply and policy trade-offs have become ever more challenging.

Although bottlenecks would eventually ease as production elsewhere responds to higher prices and new capacity becomes operational, supply shortages in some sectors will still last into 2023. As a result, inflation is now projected to remain elevated for much longer than in the previous forecasts.

On the fiscal side, policy space was already eroded in many countries by necessary COVID-related spending. Debt levels have risen significantly, and extraordinary fiscal support was expected to be removed in 2022–23. The war and the increase in global interest rates has and will further reduce fiscal space in many countries, especially oil and food importing emerging markets and developing economies.

At the Country level - yet another year of surviving the drastically changing scenario – the only difference is that this time it has dawned globally on other nations as well as on us. Besides a very volatile domestic political front and the recent natural calamity in the form of floods aggravating the situation even more.

The monetary and fiscal policies on growth compression and taming the current account deficit remains an uphill task - the actions taken by the Government and State Bank of Pakistan to slowdown the imports although crucial in the current situation may potentially impact the overall business and investment sentiment.

In this difficult and uncertain environment, effective national-level policies and multilateral efforts have an ever more important role in shaping economic outcomes. The long list of challenges calls for

commensurate and concerted policy actions to prevent even worse outcomes and improve economic prospects.

The foregoing paragraphs hint towards a challenging 2022 with some breather to be expected in 2023. Support in battling the demand drop due to high inflation is something that is need of the hour and to remain customer centric to withstand the test of time. The change in consumer preferences is also creating an impact – where the pre-pandemic life choices taking the lead besides the staples. Higher raw material, energy, labour, distribution costs are all creating negative impacts - in this situation competition becomes fiercer and for Pakistan to feed the enhanced capacities will be a challenge.

We at Feroze1888 are geared and have aligned our strategy to cope with the challenges and to deliver sustainable results. To remain competitive in the export market, the emphasis has always been on optimizing the cost of production by enhancing and modernizing the production facilities with investment in higher throughput, waste and energy efficient machine & equipment. There is even greater focus on Lean Management practices to be embedded in not only the production floor but also in other areas to reduce wastages that in turn results in optimizing the costs.

This Annual Report contains or may contain forward-looking statements, all of which are based on management's current expectations and are subject to risks and uncertainties which may cause results to differ materially from those set forth in the statements. Stakeholders can identify these forward-looking statements by their use of words such as "anticipates," "expects," "plans," "will," "estimates," "forecasts," "projects" "intend," "may," and other words of similar meaning, or negative variations of any of the foregoing. One can also identify them by the fact that they do not relate strictly to historical or current facts. These statements are likely to address the Company's growth strategy, financial results, product development, product approvals, product potential, and development programs. Stakeholders must carefully consider any such statement and should understand that many factors could cause actual results to differ materially from the Company's forward-looking statements.

These factors include inaccurate assumptions and a broad variety of other risks and uncertainties, including some that are known and some that are not. No forward-looking statement can be guaranteed and actual future results may vary materially. The Company does not assume the obligation to update any forward-looking statement. The Company cautions its stakeholders not to place undue reliance on these forward-looking statements.

Company Performance against Last Year's Projections

Fiscal year 2021-22 was a year marred with uncertainty - two years ago, with millions of people out of work and central bankers and policy makers striving to lift the economies, inflation seemed like an afterthought. A year later here we are - with economies rebounding, unemployment falling and the inflation rate higher than it's been since the early 1980s.

The Company's performance has overall been in line with the expectations. The Company's net sales revenue increased by Rs. 6,443 million i.e. by 15.1% and touched Rs. 49 billion - the profit after tax on the other hand reduced by Rs. 903 million to close at Rs 3.4 billion in comparison with corresponding period of last year.

The BMR investments as envisaged in the previous year forward looking statement have been undertaken as planned.

Sources of Information:

Management has referred data and statistics from SBP monetary policies, inflation snapshot and different economic research reports. Management has developed its estimates based on assessment of market surveys, economic research reports, discussions with industry professionals and in-house professional discussions. The Company prepares annual budgets and forecasts to manage business more effectively. Past trends, prevailing conditions and future expectations form the basis of our projections, and corrective actions are incorporated therein to devise operational and financial plans for the future, in line with the approved strategies. Further, macro and micro economic indicators, markets trends, international and local material price forecasts, data from regulatory & taxation authorities, seasonal variations and competitors' actions etc. also form basis for the forecasting. Internal capacities are reviewed based on available data and alignment is planned to achieve desired results.

GROW THROUGH WHAT YOU GO THROUGH

**Through Good Times And Bad,
Through Happy Times And Sad**

**As Long As You Keep Moving,
You'll Never Stop Growing!**



**SO, WHOEVER DOES ANY GOOD
ACT (EVEN) TO THE WEIGHT OF A
PARTICLE WILL SEE IT**

**AND WHOEVER DOES EVIL (EVEN)
TO THE WEIGHT OF A PARTICLE
WILL SEE IT.**

Al Quran 99:7 & 8



CHAIRMAN'S REVIEW

Dear Shareholders

On behalf of the Board of Directors, I am delighted to present to you our Annual Report 2022.

The report elaborates the overall performance of the Company for the year ended June 30, 2022 highlighting the business, investment and sustainability endeavors - and effectiveness of the Board in achieving these objectives.

Feroze1888's leadership over the years have fostered a culture of transparency and integrity in all our dealings – this becomes ever more important in VUCA times where the foundation of a working relationship is Trust. As we reflect on the outgoing year specifically, we are pleased to assure you that this has gone miles in taking our relationship with our global customers to the next level – where they have appreciated Feroze1888 as a long term trusted partner.

As the world emerges from the Pandemic, we are reminded of the importance of Stability and Continuity. The Board remains focused on ensuring that Feroze1888's fundamentals continue to be enhanced with sustainable and planned investments underpinning our cost competitiveness – while diligently delivering on UNSDGs as part of our sustainability commitments.

The composition of the Board depicts reasonable balance and diversity including independent Directors. The Feroze1888 Board possesses the requisite skills, core competencies and industry knowledge to lead the Company. During the year, the Board performed its duties as required under the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (Regulations) effectively and diligently. Moreover, I am grateful to the valuable contributions of my fellow Board members, who offered unparalleled strategic guidance and direction in paving a prosperous way forward for the Company.

We would like to express profound gratitude to our shareholders for your continued trust in the Company. During the year under review, the Company had a right shares issue which was fully subscribed and reflects your commitment to the organization and the vision we all are working for. We are heartened by the agility and resilience exhibited by our management teams under the inspiring leadership of our CEO, Rehan Rahman.

As we enter the New Year with global headwinds weighing high – Feroze1888 remains focused, fueled by our passion on delivering our commitments to our global customers, our shareholders and our people.

Jonathan R. Simon
Chairman and Director



CEO'S MESSAGE

Asalam-o-alaikum

The year 2021-22 was transitional - a shift away from the sheer uncertainty of the Pandemic toward a renewed focus on accelerating growth and then to growth compression measures — the economic buzzword switched from “recovery” to “recession” - all in a time span of just a year. The year of progress, then, wasn't quite as straightforward as we hoped - meaningful progress never is. It involves surprises and setbacks — and sometimes, solutions that go on to create their own set of problems.

The fault lines opened up by COVID-19 are looking to be more persistent — near term divergences are expected to leave lasting imprints on medium-term performance. Accordingly, Policy choices have become more difficult, confronting multidimensional challenges—subdued employment growth, rising inflation, food insecurity, the setback to human capital accumulation, and climate change—with limited room to maneuver.

Despite a challenging year, your Company delivered strong performance with net sales revenue increased by 15% in comparison with corresponding period of last year and touched Rs. 49 billion. Building on our strengths, with ensuing year posing a whole new set of encounters we remain focused on our strategy of Customer Centricity.

Customer Centricity - the relentless execution where we anticipate the state of affairs, wants, needs and preferences of our customer - create meaningful experiences, and build lasting relationships.

Consistency – we value consistency and delivering consistently. It has built the Trust which is the foundation of the relationship.

Innovation – this has worked like a bridge between Feroze1888 and the human sides of this story. We consider our customers feedback - often, co-create and innovate to serve them better.

Moreover, the uniquely cross-functional nature of effective customer-experience efforts has put a premium on smart governance and we continue to capitalize on it.

I am pleased to share with you our **Annual Report 2021-2022** – this highlights just some of the stories that shaped our year, our Governance, Sustainability & Corporate Social Responsibility initiatives.

I would like to end this letter with an expression of sincere thanks to our shareholders, Board of Directors, our business partners and my fellow associates at Feroze1888 - the trustful collaboration with you all is what I count on during these dynamic times. **“Together towards a better tomorrow”** is a deeply rooted credo of Feroze1888 – and together we have achieved in 2021-22 and will continue to do so in future. Inshaa Allah.

Allah Hafiz.

Rehan Rahman
Chief Executive Officer

DIRECTORS' PROFILE



Mr. Jonathan R. Simon
Chairman / Non-Executive Director

Mr. Jonathan Simon is the Chairman on the Board of Feroze1888 Mills Limited since 2016 and is also currently serving on the Board of 1888 Mills USA and Premier 1888 Mills Limited, Bangladesh. He previously served as President of Shel-Nor Mills 1983-1996, President ESN, Inc 1996-2003, President 1888 Mills 2003-2005, President and CEO 1888 Mills 2005-2020.

With over 35 years in the Home and Commercial Textile Industry, Mr. Simon brings global business experience across the continents including North America, Asia, Europe, Middle East, and Africa. As a former member of ITMF (International Textile Manufacturers Federation) Home Textiles Producers Committee, he worked on Social and Environmental Audit compliance initiatives.

He has proudly been associated with Feroze1888 Mills Limited for over 25 years and helped it to establish the retail towel business in the USA. The depth of his knowledge and breadth of his experience is a driving force behind the Board of Feroze1888 Mills Limited.

Mr. Simon received his education from Indiana University, with a Bachelor's Degree in Business Administration & Management and from the University Of Chicago Booth School Of Business, AMP.

Other Directorship
1888 Mills, LLC
Premier 1888 Ltd



Mr. Nasim Hyder
Vice Chairman / Independent Director

Mr. Nasim Hyder has over thirty years of experience in accountancy, audit, tax, corporate affairs and consultancy. He is regarded as an authority in the Country on taxation matters and was actively involved in policy making regarding tax legislations in Pakistan when in practice.

Mr. Hyder served as a Country Tax Leader/Senior Partner of EY Ford Rhodes (Previously Ernst & Young Ford Rhodes Sidat Hyder), Chartered Accountants. He also served as the President, elected member and member of the Council and various committees of the Institute of Chartered Accountants of Pakistan (ICAP). Mr. Hyder is a fellow member of the Institute of Chartered Accountant of Pakistan.

Other Directorship
OLP Financial Services Pakistan Ltd (Formerly Orix Leasing Pakistan Limited)
The Indus Hospital



Mr. Khaleequr Rahman
Non-Executive Director

Mr. Khaleequr Rahman is with the textile industry for more than four decades. Belonging to a family in business for generations, he was made part of business during his education days and started to learn and understand the textile and other family businesses.

With the broadening of experience and exposure, his role was enhanced over time and ultimately assigned the responsibility to lead the business. After assuming the role, he strongly emphasized on change in culture, adopting and practicing the more proven technological advancements and made all his efforts to adopt good practices and introduced the culture of high performance with maximum economization. With his vision and leadership capabilities and foresightedness, he not only enhanced the volume and profit by many folds but also built on principles of Sustainability to rank as largest terry manufacturing concern in the Country.

He is an individual who is highly respected in the Textile Industry for his professional acumen, vision and innovations.

Other Directorship
The ILM Foundation
Nigheban (Pvt.) Ltd



Mr. Shabbir Ahmed
Non-Executive Director

Mr. Shabbir Ahmed belongs to a family who has diversified stake in industries, trade and commerce for many decades in Pakistan. He himself is engaged in the business for almost 45 years both independently and in joint ventures / partnership with other family members as well as other business houses and individuals. In addition to trading/ commercial activities he has a substantial stake in textile sector.

He has contributed extensively on advancement in textile sector including exploration of export market, contract negotiation and customer retention. Mr. Shabbir is highly respected in the business community as a man of commitment.

Other Directorship
UTI Industries (Pvt.) Ltd
Prominence Hospitality Pakistan (Pvt.) Ltd



Mr. Abdul Rehman Yaqub
Non-Executive Director

Mr. Abdul Rehman Yaqub after completing his education in the US entered into textile industry almost 35 years back. Starting out as a young businessman with a strong work ethic, he started sales and distribution textile Company named as Eastern Imports Ltd. Within few years, he expanded the operation by acquiring manufacturing facilities in Bangladesh and Sri Lanka. While his company was growing internationally, he worked on expanding his US operations by merging with another niche textile company to become Eastern-Shelnor, Inc. (ESN).

From the success and growth of ESN another merger came into play with him leading the way. ESN merged with a textile manufacturer and became 1888 Mills, LLC with manufacturing capabilities in the US.

Over the years, he has utilized his many years of knowledge and understanding of the global textile market to be the visionary of the Company. His unique ability to bring together people of diverse cultures and backgrounds has enabled 1888 Mills US to be one of the pioneers of global textile production, with mills in Pakistan, Bangladesh, Ghana and the United States. Today Mr. Yaqub is seen as a predominant global business leader.

Other Directorship
1888 Mills, LLC
GMI Funds, LLC
Grangeford USA Inc



Mr. Perwez Ahmed
Non-Executive Director

Mr. Perwez Ahmed's career began nearly five decades ago and his association with Feroze1888 is from the beginning as he was among the founding members of the Company. With his business acumen & cross industry experience he has ventured into pharmaceutical industry as well and is a director on the board for one of the leading pharmaceutical companies in Pakistan.

Mr. Perwez is very active in the textile community to date and has represented the Company in various associations & forums over the years. Over the span of his professional service, he has proven his expertise in strategically leading the business with a strong acumen in finance, sales, marketing and general management. He has very strong interpersonal & communication skills and is actively involved in philanthropic activities.

Other Directorship
The Patient's Behbud Society for AKUH
M&N Impex (Pvt.) Ltd
Friendship Dairies (Pvt.) Ltd
Macter International Ltd



Mr. Anas Rahman
Non-Executive Director

Mr. Anas Rahman has completed his M.B.A in Marketing from Institute of Business Management Karachi. He has more than 20 years of experience in the textile sector. He has worked in different capacities including as Director Marketing, Chief Executive Officer and Vice Chairman for Feroze1888 Mills Limited.

As a visionary and strategic thinker, he posses good leadership skills and has lead teams effectively and successfully. Over the years he has successfully diversified into Agriculture, Pharmaceutical and other industries.

He is a Certified Director from the Pakistan Institute of Corporate Governance.

Other Directorship
Frieden Management (Pvt.) Ltd
Dost-e-Zeest Foundation
Friendship Dairies (Pvt.) Ltd
Premier 1888 Mills
Crafters Polypropylene Packages (Pvt) Ltd



Mr. Zain Ashraf Mukaty
Non-Executive Director

Mr. Zain Ashraf Mukaty graduated from the University of Pennsylvania, with a dual degree in Economics and Engineering as part of the prestigious Jerome Fischer Program in Management and Technology. He worked at Cornerstone Research in New York as a Consultant before moving back to Pakistan.

Mr. Zain has been an integral part of the new venture development team at Liberty Group. He has a multifaceted role and is involved in various new projects that diversified Liberty Group portfolio. He is leading the project development, financing and execution of 100 MW wind power, Liberty Wind Power 1 & 2, as the Executive Director. He is also a Director of Pakistan Aluminum Beverage Can Limited, and had a leading role in the turnaround of the company focusing on operations, sales, strategy and growth.

In addition, Zain is the Chief Executive Officer at Oncogen Pharma (Private) Limited, developing the first fully compliant cancer drugs manufacturing facility in Pakistan. His key role in the company is highly enterprising, focusing on successful project design, execution, technology transfer and commercialization.

Other Directorship
Liberty Mills Limited
Pakistan Aluminum Beverage Cans Ltd
Oncogen Pharma (Pvt.) Ltd
Liberty Thar Power (Pvt.) Limited
Liberty Solar Energy Limited
Infinity Metals (Pvt.) Limited
Innovatex 1888 (Pvt.) Limited



Ms. Huma Pasha, FCA, CIA, CRMA & CICA
Independent Director

Ms. Huma is currently serving as the Senior Partner at Usmani & Co. and brings with her over 35 years of local and international working experience with various national and global institutions including Citibank, Hub Power Company and Dawood Hercules group in several management capacities. Besides this, she is a professional trainer and has been carrying out workshops, seminars and conferences at various reputable institutions. She is highly passionate for training services and more frequently indulge herself in various trainings on Directors training, Board performance evaluation, risk based internal audit including role of Internal Audit in connection with Ethics and Fraud, and sustainable business propositions etc.

Huma has served on the Audit Committee of the State Bank of Pakistan Banking Services Corporation and carried out quality assurance review of State Bank of Pakistan's Internal Audit and Compliance Department. She has also served on the Quality Assurance Board of ICAP and several of their Committees and was highly active with the Institute of Internal Auditors Global and Institute of Internal Auditors International Board. She was the first Chairperson of the Chartered Accountants Woman's Forum of ICAP.

She is a Chartered Accountant by profession and has obtained various certifications including Certification in Risk Management Assurance; Internal Controls and Internal Audit.

Other Directorship
Hi-Tech Alloy Wheels Ltd
UBL Fund Manager Ltd
Medical Aid Foundation



Ms. Aminah Zahid Zaheer
Independent Director

Ms. Aminah is currently employed as the Managing Director of Zahid Zaheer & Associates, a multi-disciplinary, reputable well-established management consultancy firm based in Karachi. Prior to relocating to Pakistan, Ms. Aminah was employed with The Body Shop International Pte Ltd where she held the position of Regional Finance Director for Asia Pacific based out of Singapore. Ms. Aminah has over 25 years of diverse working experience with some of the world's largest FMCG firms – namely Unilever, Johnson Wax, Johnson & Johnson, L'Oreal SA and The Body Shop.

Ms. Aminah has acquired over 15 years of Boardroom experience and has served on diverse boards of various Private Limited companies as well as Listed companies, both as an Executive Director and as an Independent Director. She completed the Directors Training Program on Corporate Governance from PICG initially in 2007, followed by a refresher course in 2018 and is certified by PICCG on Corporate Governance Leadership Skills.

Ms. Aminah completed Masters in Business Administration from The Institute of Business Administration (IBA) Karachi in 1990 with majors in Finance. She has also completed innumerable training courses with INSEAD in France and with The Johnson Learning Institute and Cornell University in USA.

Other Directorships
OLP Financial Services Pakistan Ltd (Formerly Orix Leasing Pakistan Limited)
Al Baraka Bank Limited



Mr. Rehan Rahman
Chief Executive Officer

Mr. Rehan Rahman has been successfully serving as Chief Executive Officer at Feroze 1888 Mills for the consecutive third term. He brings with him an extensive and cross functional hands on experience of over 20 years in Feroze1888 and legacy companies.

Mr. Rahman played an instrumental role in the integration process after the acquisition of Nakshbandi Industries Limited (NBIL) in 2010. He was also appointed as CEO of NBIL and transformed a deteriorating unit into a gradually performing unit.

As Chief Executive Officer, Rehan leads Feroze1888 Mills in its purpose: "Weaving a Better World" with a commitment to drive the organization forward with his progressive mindset. In various roles within the Company, he has consistently been focusing on driving high quality & disciplined execution and building strong teams.

During his tenure as a CEO of Feroze1888 Mills, the Company has achieved many milestones; from highest ever sales revenue and profitability, capacity enhancements, HR development programs - to winning multiple customer and sustainability awards, locally and internationally.

Besides focus on business, the cause of the wider community is central to his vision. Over the years, he has led the Company to participate in various charitable activities and steered the Company and the employees too, to contribute to the society at large.

Other Directorship
Premier1888 Ltd

DIRECTORS' REPORT

In compliance with Section 227 of the Companies Act, 2017 and section 34 of the Code of Corporate Governance Regulation 2019, the Directors are pleased to present the Annual Report along with audited financial statements and Auditors' Report thereon for the year ended 30 June 2022.

ECONOMIC OUTLOOK

The fiscal year 2021-22 marked the continuing recovery from COVID-19, even as it resurged in some parts of the world. Just over two years after the pandemic that caused the deepest global falloff, the global economy is again in jeopardy. A tentative recovery in 2021 has been followed by increasingly gloomy developments in 2022 as risks began to materialize. This time, it is confronting with slower economic growth and high inflationary pressures aggravated by the Russia-Ukraine conflict. The stagflation may persist for the time being, a phenomenon not seen since 1970s. All these factors are hammering a serious blow to the growth recovery.

Further, inflationary pressure may persist for longer than currently anticipated unless impediments are curtailed.

With increasing prices continuing to squeeze living standards worldwide, taming inflation should be and has been the top priority for

policymakers. Tighter monetary policy has been followed by the central banks around the world – it will inevitably have real economic costs, however, imperative to do at the moment.

Resultantly, global growth is expected to slump from 5.7 percent in 2021 to 2.9 percent in 2022 significantly lower than 4.1 percent that was anticipated in January 2022. It is expected to hover around that pace over 2023-24.

Pakistan's economy continued to demonstrate cycles of boom & depression. Impressive GDP growth rate of almost 6 percent was overshadowed by ballooning twin fiscal & current account deficits. Pakistan's total exports have witnessed a growth of 25.64 percent during 2021-22 recorded their highest level at \$31.8 billion compared to \$25.3 billion during 2020-21, ever highest recorded since 2013-14. Whereas, the imports during the period totaled \$80.2 billion as against \$ 56.4 billion during the corresponding period showing an increase of 42.2 percent. The current account deficit soared to \$17.40 billion in the year ended June 30, 2022 mainly due to swelling imports and higher global commodity prices despite strong remittances. After achieving a GDP growth of 5.97 percent in FY2022 however, the underlying macroeconomic imbalances and mounting international risks are depicting challenging outlook for the Country. The Government has set the target for GDP growth at 5.0 percent in FY2023 on the back of 3.9, 5.9 and 5.1 percent growth in agriculture, industry and services sector respectively.

Inflation in the Country is driven by both external and internal factors. International commodity prices, domestic supply chain and market expectations play an important role to determine inflation. It is mentionable that YoY inflation has been rising since September 2021 and inflation rate for the month of June 2022 has increased by 21.32%, year on year i.e. over June 2021. The Government has withdrawn subsidies on fuel and energy products to control the mounting deficit. As a result, sharp increase in prices of oil and food products is witnessed.

INDUSTRY OVERVIEW

Textile is the most important manufacturing sector of Pakistan and has the longest production chain, with inherent potential for value addition at each stage of processing, from cotton to ginning, spinning, fabric, dyeing and finishing, made-ups and garments. It plays a significant role in supporting the economy of Pakistan and continue to be in the spotlight owing to country's dependence on foreign exchange. It has contributed around 61 percent to the total exports during the year 2021-22. The Country's textile exports have witnessed a growth of 25.5 percent during the last financial year i.e. 2021-22 and remained \$19.3 billion compared to \$15.4 billion during 2020-21.

Cotton yarn exports grew by 18.7 percent during July-June 2021-22 and remained at \$1.2 billion compared to \$1.0 billion during the same period of last year. Particularly, towel exports went up 32 percent in PKR value & 18.5 percent in dollar terms and stood at \$1.1 billion during the year 2021-22.

On the flip side, cotton production stood at 8.3 million bales in 2021-22, which is 2.2 million bales lower than the targeted production however, since commencement of the new season, cotton prices witnessed a reduction as much as Rs 7,000 per maund to touch Rs 16,000 per maund from Rs 23,000 per maund - in line with a downward trend in international markets. Although, production has increased by 1.3 million bales compared to last year, the supply and demand gap still exist due to which textile industry has to rely on imported cotton to meet the country's demand, putting pressure on country's import bill. Consequently, cotton imports have increased by 23.6 percent in dollars during July-June 2021-22 as compared to last year.

The Government has forecasted textile exports to the tune of \$25 billion for the fiscal year 2022-23. However, domestic and global challenges are dampening the outlook. Further increase in gas and electricity tariff amid the ongoing energy crises along with the global economic slowdown due to surging inflation could damper the demand further.

REVIEW OF OPERATIONS & FINANCIAL RESULTS

A brief overview of performance of your Company for the year ended 30th June 2022 is stated below:

	Rs. in '000	
	Jun-22	Jun-21
Sales- net	49,018,456	42,575,465
Gross profit	7,623,482	9,551,200
Profit before taxation	4,120,689	4,789,284
Profit after taxation	3,408,454	4,311,291
EPS	8.76	11.30
		(Restated)

The Company's profit after tax has reduced by Rs. 903 million i.e. by 20.94 percent in comparison with corresponding period of last year in spite of a growth in the Company's net sales revenue which increased by Rs. 6,443 million i.e. by 15.13 percent in comparison with corresponding period of last year and touched Rs. 49 billion.

The Company made utmost efforts to keep the operational costs in line with the increase in sales volume and also focused on keeping administrative cost under control. The major reason causing decline in gross profit margin is the high cost of raw materials coupled with a rise in other direct material costs also. Moreover, higher distribution cost owing to global supply chain challenges has also impacted the bottom line significantly.

DIVIDEND & APPROPRIATIONS

Keeping in view the results, the Board of Directors has announced final cash dividend for the year ended June 30, 2022 at Rs. 2.91/- per share (29.10%). This is in addition to interim cash dividend already paid at Rs. 1.36/- per share (13.6%), thus making a total cash dividend at Rs. 4.27/- per share (42.70%) for the year. Future prospects of dividend are dependent on future economic conditions.

EVALUATION OF COMPANY'S PERFORMANCE

For the purpose of evaluating the performance of the Company, the Management uses various indicators like industry growth, position of peer companies, prior years' performance, macroeconomic indicators and business environment impacting the Company. Budgets are formulated and actual performance is measured against the budget, at regular intervals during the year, enabling remedial actions on a timely basis.

SUBSEQUENT EVENTS

No material changes or commitments affecting the financial position of the Company have taken place between the end of the year and the date of this report.

DEFAULT OF REPAYMENTS, DEBT/LOAN ETC.

Adhering to the best business practices, the Company recognizes its responsibility of timely repayments of due amount. No default on payment of loan/debts was recorded during the year under review. Furthermore, no payment on account of taxes, duties and levies is overdue at financial year end.

CHANGE IN NATURE OF BUSINESS

No change has occurred during the financial year concerning the nature of the business of the Company.

ADEQUACY OF INTERNAL CONTROL

The Board of Directors has established a system of sound internal control, which is effectively implemented and maintained at all levels within the Company. The independent internal audit function of the Company is outsourced to a reputable professional service firm, A.F. Ferguson & Co (AFF) member of PWC network who are suitably qualified and experienced for the purpose.

The internal audit is conducted as per the internal audit plan duly reviewed and approved by the Audit Committee. The internal audit plan is driven by the Company's organizational objectives and priorities, and the risks that may prevent the Company from meeting those objectives. The Audit Committee

reviews the effectiveness of the internal control framework whereas AFF regularly monitors and provides assurance on the effectiveness and adequacy of the internal controls.

MANAGEMENT'S RESPONSIBILITY TOWARDS PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The Management is aware of its responsibility for the preparation and fair presentation of its 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.

REVIEW OF RELATED PARTY TRANSACTIONS

In compliance with the Companies Act, 2017, Code of Corporate Governance and other applicable laws and regulations, details of all related party transactions are placed periodically before the Audit Committee and upon their recommendation, the same are placed before the Board for review and approval. The details of transactions where majority of directors are interested are also placed annually before the members for approval.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is effectively equipped to face any challenges and uncertainties that are likely to arise. Through combined experience, skill and effective business reporting, Management is aware of internal and external developments. The Company has formulated unique specialized cross functional teams that routinely discuss key issues and risks to come up with the most proactive approach. To face vigorous competition, Management ensures that the capacity to produce and to sell is utilized to its utmost potential.

The Board of Directors of the Company has carried out a vigilant and thorough assessment of both internal and external risks that the Company might face and have taken concrete steps to mitigate these risks. Following are some of the challenges which the Company is facing:

- Inflationary pressure in exporting countries
- High raw material costs
- Challenges in Country imports
- Intermittent supply and escalating cost of energy
- Overall inflationary increase in operational & distribution expenses
- Volatility of currency exchange rate
- Increase in interest rate specifically export refinance rate

AUDITORS

The existing auditors EY Ford Rhodes, Chartered Accountants, in their independent auditors' report on financial statements of the Company for the year have expressed an unqualified opinion on the state of affairs of the Company.

The Board has recommended, as suggested by the Audit Committee, the appointment of EY Ford Rhodes, Chartered Accountants, the retiring auditors who being eligible, have offered themselves for re-appointment for the ensuing year, subject to approval of the members in the forthcoming Annual General Meeting.

ENVIRONMENT, HEALTH AND SAFETY (EHS)

Your Company is committed towards safeguarding a healthy environment for everyone by reducing the environmental impacts of its business through compliance with all environmental standards at the production facility and fully cognizant of its responsibility in this regard.

Our production practices conform to international standards and comply with good manufacturing practices. Our processes and controls are agile and sustainable, ensuring that we do not compromise on quality and safety for our employees. Further, we also hold certification in ISO 14001 - 2015 (Environmental Management System) and ISO 45001 - 2018 (Occupational Health & Safety).

SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY

Being conscious of its Corporate Social Responsibilities, your Company made significant contributions during the year to multiple nonprofit organizations for education, healthcare, social welfare and environmental protection in line with its

corporate social responsibility policies. These included donations to the Indus Hospital, Kiran Foundation, Pakistan Textile Council, Karachi Down Syndrome Program, Pakistan Eye Bank Society, Burns Centre, and Family Education Services Foundation. The Company believes in returning to the community by actively participating in various social initiatives and the significant portion of CSR funds goes to education and health sector.

We focus on sustainability by minimizing our carbon footprint and undertaking projects that help in conservation of water and energy. Moreover, the Company has been investing in green energy projects to protect the environment by reducing environmental footprints.

We are committed to responsible business practices, both within the Company and throughout our value chain. The Company has a proven track record of its strong commitment towards the purpose and work in the larger interest of all the stakeholders and environment. Furthermore, details regarding CSR activities performed by us during the period are provided on page 104 .

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE REGULATIONS, 2019

As required by the Listed Companies (Code of Corporate Governance) Regulations 2019, the Directors are pleased to state as follows:

- 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.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.

- The Company maintains a sound internal control system which gives reasonable assurance against material misstatement or loss. The internal control system is regularly reviewed.
- We affirm the Company's ability to continue as a going concern.
- There has been no departure from the best practices of corporate governance.
- Key operating and financial data for the last six years is summarized on page 112.
- Outstanding taxes, statutory charges and duties, if any, have been duly disclosed in the financial statements.
- Significant deviations, from last year in the operating results of the Company have been highlighted and explained.
- The Directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies.
- Outstanding debts, if any, have been duly disclosed in the financial statements.

COMPOSITION OF THE BOARD

In line with the requirements of the Regulations, the Company encourages representation of independent and non-executive directors, as well as gender diversity on its Board. The total number of directors are eleven including Chief Executive as a deemed director as per the following:

Male	9
Female	2

The current composition of the Board is as follows:

Executive Director	1
Non-Executive Directors	7
Independent Directors	3

COMMITTEES OF THE BOARD

The Board has formed the following committees comprising of members given below:

BOARD AUDIT COMMITTEE:

Mr. Nasim Hyder	Chairman (Independent Director)
Mr. Khaleequr Rahman	Member
Mr. Zain Ashraf Mukaty	Member
Ms. Aminah Zahid Zaheer	Member (Independent Director)

BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE:

Ms. Aminah Zahid Zaheer	Chairperson (Independent Director)
Mr. Nasim Hyder	Member (Independent Director)
Mr. Zain Ashraf Mukaty	Member

DIRECTORS' REMUNERATION

In line with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Articles of Association of the Company, the policy for remuneration of non-executive directors (including independent directors) has been approved by the Board of Directors according to which the Company does not pay any remuneration to its non-Executive directors (including independent directors) except as meeting fees for attending the Board and its Committee meetings. The remuneration of a director for attending meetings of the Board of Directors or its Committees shall from time to time be determined and approved by the Board of Directors.

DIRECTORS' TRAINING

The Directors of the Company are adequately trained to perform their duties and are aware of their powers and responsibilities under the Companies Act, 2017 and the Regulations of PSX Rule book.

PATTERN OF SHAREHOLDING

Pattern of shareholding of the Company in accordance with the Companies Act, 2017 as at June 30, 2022 is annexed.

FUTURE OUTLOOK AND CHALLENGES

Against the challenging backdrop of high inflation, weaker growth, tighter financial conditions, and limited fiscal policy space, Government will need to reprioritize spending toward targeted relief. We, being a member of the highest contributing sector towards the foreign exchange reserves of the Country, have been continuously monitoring the changing dynamics of the international & domestic - political, market and economic conditions in order to overcome the challenges and grab the opportunities through strategical and proactive decision making.

Going forward, stability in monetary & fiscal policies including currency fluctuation is vital else the crises may spill over uncontrollably in to other aspects of the economy, including closure of manufacturing units, runaway inflation and law & order situation. Further, global headwinds will remain the most critical factor affecting the decisions and call for prudent navigation in the months to come.

Moreover, we are making all the efforts to keep the operational and administrative costs under control to maintain profitability in the upcoming year where the skyrocketing operational cost is significantly impacting the margins. We also remain confident and have faith in the resilience and sustainability of Feroze1888 business and our ability to deliver on our long-term priorities of Innovation, Performance and Trust.

For and on behalf of the Board of Directors

Rehan Rahman
Chief Executive Officer

Jonathan R. Simon
Chairman

Karachi
Date: 29-Aug-2022

ACKNOWLEDGEMENT

Our people are our greatest strength and they have demonstrated their commitment and support in ensuring the progress of the Company. Our purpose and our strong rooted values are the reason of our continuous success. The Board takes this opportunity to express its deep sense of gratitude to the shareholders, employees, customers, financial institutions and other stakeholders for the confidence and faith they have always reposed in the Company.

بنیادی خطرات اور غیر یقینی حالات

کمپنی مؤثر طریقے سے کسی بھی چیلنج اور غیر یقینی صورتحال کا سامنا کرنے کے لیے تیار ہے جو مشترکہ تجربے، مہارت اور مؤثر کاروباری رویوں کے ذریعے منجمنٹ ہمیشہ اندرونی اور بیرونی پیش رفت سے آگاہ رہتی ہے۔ کمپنی نے منفرد خصوصی کراس فنکشنل ٹیمیں تشکیل دی ہیں جو باقاعدہ طور پر اہم مسائل اور خطرات کے متعلق تبادلہ خیال کرتی ہیں تاکہ فعال نقطہ نظر سے، بہتر اقدامات کیے جاسکیں۔ بھرپور مقابلے کا سامنا کرنے کے لیے منجمنٹ اس بات کو یقینی بناتی ہے کہ پیداوار اور فروخت کی استعداد کو پوری صلاحیت سے استعمال کیا جائے۔

کمپنی کے بورڈ آف ڈائریکٹرز نے ایسے تمام اندرونی اور بیرونی خطرات کا پاریک بینی سے اور مکمل جائزہ لیا ہے جن کا سامنا کمپنی کو ہو سکتا ہے اور انھوں نے ان خطرات کو کم کرنے کے لیے ٹھوس اقدامات کیے ہیں۔ مندرجہ ذیل چند چیلنج ہیں جن کا کمپنی کا سامنا ہے:

- برآمد کنندہ ملکوں پر افراط زر کا دباؤ
- خام مال کی قیمتوں میں اضافہ
- ملکی درآمدات میں چینلنجز
- توانائی کی بڑھتی ہوئی قیمتیں اور فراہمی میں تعطل
- مجموعی افراط زر کے باعث آپریشنل اخراجات میں اضافہ
- کرنسی کی شرح تبادلہ میں عدم استحکام
- شرح سود میں اضافہ بالخصوص ایکسیپورٹ ری فنانس کی شرح میں اضافہ

آڈیٹرز

موجودہ آڈیٹرز ای وائی فورڈ ر ہوڈز (EY Ford Rhodes) چارٹرڈ اکاؤنٹنٹس نے ختم ہونے والے سال کے لیے کمپنی کے مالی بیانات کے بارے میں اپنی آزاڈیٹرز کی رپورٹ میں کمپنی کے معاملات پر غیر مشروط رائے کا اظہار کیا ہے۔

آڈیٹرز ای وائی فورڈ ر ہوڈز (EY Ford Rhodes)، چارٹرڈ اکاؤنٹنٹس سبڈوش ہور ہے ہیں اور اہلیت کی بنیاد پر خود کو دوبارہ تفری کے لیے پیش کر رہے ہیں۔ بورڈ نے آڈٹ کمپنی کی تجویز کے مطابق ان کی دوبارہ تفری کی سفارش کی ہے جو سالانہ اجلاس عام کی منظوری سے مشروط ہوگی۔

ماحول، صحت اور حفاظت

آپ کی کمپنی پیداواری ایونٹ پر تمام ماحولیاتی معیارات و قوانین کی تعمیل کے ذریعے اپنے کاروبار کے ماحولیاتی اثرات کو کم کر کے ہر ایک کے لیے صحت مند ماحول یقینی بنانے کے لیے پرعزم ہے اور اس حوالے سے اپنی ذمہ داری سے پوری طرح آگاہ ہے۔

ہمارے پیداواری طریقے بین الاقوامی معیار پر پورا اترتے ہیں اور اچھے مینوفیکچرنگ طریقوں کے مابین مطابق ہیں۔ ہمارے تمام پیداواری عوامل اور طریقہ کار متحرک اور پائیدار ہیں جو اس بات کو یقینی بناتے ہیں کہ ملازمین کی اہلیت اور حفاظت پر کوئی ٹھوس تاثر نہ ہو۔ مزید یہ کہ ہم ISO 14001-2015 (انوائزمنٹل منجمنٹ سسٹم) اور ISO 45001-2018 (پیشہ ورانہ صحت اور حفاظت) میں سرٹیفیکیشن بھی رکھتے ہیں۔

کاروباری استحکام اور کارپوریٹ سماجی ذمے داری

اپنی کارپوریٹ سماجی ذمے داریوں کا شعور رکھتے ہوئے، آپ کی کمپنی نے حالیہ سال کے دوران اپنی کارپوریٹ سماجی ذمے داری کی پالیسیوں کے مطابق تعلیم، صحت، سماجی بہبود اور ماحولیاتی تحفظ کے لیے متعدد غیر منافع بخش تنظیموں کے ساتھ شراکت کی۔ اس سلسلے میں انڈس اسپتال، کرن فاؤنڈیشن، پاکستان ٹیکسٹائل کونسل، کراچی ڈاؤن سنڈروم پروگرام، پاکستان آئی بیٹک سوسائٹی، بزنس سینٹر، اور فیملی ایجوکیشن سروس فاؤنڈیشن کو عطیات دیے گئے۔ کمپنی مختلف سماجی اقدامات میں فعال طور پر حصہ لے کر کمیونٹی کی خدمت پر یقین رکھتی ہے اسی لیے CSR فنڈز کا اہم حصہ تعلیم اور صحت کے شعبے کو جاتا ہے۔

ہم نے کاربن فٹ پرنٹ کو کم کرنے، پانی اور توانائی کے تحفظ میں مدد کرنے والے منصوبے شروع کر کے ماحولیاتی استحکام پر توجہ مرکوز رکھی ہے۔ کمپنی نے نیشنل انوائزمنٹل کوالٹی اسٹینڈرڈ (NEQS) کو پورا کر کے کامیابی سے ہدف حاصل کر لیا ہے۔ مزید برآں، کمپنی گرین انرجی پراجیکٹس میں سرمایہ کاری کرتی رہی ہے تاکہ ماحولیاتی فٹ پرنٹ کو کم کر کے ماحول کی حفاظت کی جائے۔

ہم کمپنی کے اندر اور اپنی پوری ویلجیویٹین میں ذمے دار کاروباری طریقوں کے لیے پرعزم ہیں۔ کمپنی کے پاس اس مقصد کے لیے اپنی دیرینہ دلچسپی کا ٹریک ریکارڈ ہے اور ہم تمام اسٹیک ہولڈرز اور ماحول کے بہترین مفاد میں کام کرنے پر فخر محسوس کرتے ہیں۔ مزید برآں متعلقہ سال کے دوران ہماری طرف سے کی گئی CSR سرگرمیوں سے متعلق تفصیلات صفحہ 104 پر فراہم کی گئی ہیں۔

کارپوریٹ گورننس ریگولیشنز، ۲۰۱۹ کے ساتھ مطابقت کا بیان

لیگجینز ریگولیشنز ۲۰۱۹ (کوڈ آف کارپوریٹ گورننس) کی ہدایات کے مطابق، ڈائریکٹرز بتاتے ہوئے خوشی محسوس کرتے ہیں کہ:

- کمپنی کی منجمنٹ کی جانب سے تیار کردہ مالیاتی گوشواروں میں کمپنی کے معاملات، آپریشنز کے نتائج، رقوم کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفاف اور مکمل طور پر پیش کیا گیا ہے۔
- کمپنی کے حسابات کے کھاتوں کو باقاعدہ اور درست طور پر مرتب کیا گیا ہے۔
- مالیاتی گوشواروں کی تیاری میں ہر جگہ مناسب اکاؤنٹنگ پالیسیوں کو مستقل لاگو کیا گیا ہے اور حسابات کے تخمینوں کے لیے مناسب ترین اور آئندہ نامہ فیصلے کیے گئے ہیں۔
- مالیاتی گوشواروں کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات پر عمل درآمد کیا گیا ہے اور کسی قسم کے انحراف کی صورت میں تفصیل بیان کی گئی ہے۔
- کمپنی ایک مؤثر اندرونی کنٹرول سسٹم کو برقرار رکھتی ہے جو غلطیوں یا نقصان کے خلاف معقول یقین دہانی کراتی ہے۔ اندرونی کنٹرول سسٹم کا باقاعدہ جائزہ لیا جاتا ہے۔
- ہم تصدیق کرتے ہیں کہ کمپنی موجودہ حیثیت میں کام جاری رکھنے کی اہلیت رکھتی ہے۔
- کارپوریٹ گورننس کے بہترین اصولوں سے کسی بھی جگہ انحراف نہیں کیا گیا۔
- بچھلے چھ برسوں کے کلیدی آپریٹنگ اور مالیاتی اعداد و شمار کا خلاصہ صفحہ 112 پر دیا گیا ہے۔
- کوئی بھی واجب الادا ٹیکس، قانونی چارجز یا ڈیوٹیاں اگر ہیں تو انھیں گوشواروں میں مناسب طریقے سے بیان کیا گیا ہے۔

- کمپنی کے آپریٹنگ نتائج میں بچھلے سال کے مقابلے میں کسی قسم کی اہم تبدیلیوں کو نمایاں کیا گیا ہے اور ان کی وضاحت کی گئی ہے۔
- بورڈ کے ڈائریکٹرز کارپوریٹ اداروں کے ڈائریکٹرز کی حیثیت سے اپنے فرائض اور ذمے داریوں سے پوری طرح آگاہ ہیں۔
- واجب الادا قرض، اگر کوئی ہیں تو انھیں مالیاتی گوشواروں میں مناسب طریقے سے ظاہر کیا گیا ہے۔

مجلس نظماء کی تشکیل

کوڈ آف کارپوریٹ گورننس کے مطابق کمپنی اپنے بورڈ میں آزاد اور نان ایگزیکٹو ڈائریکٹرز کے ساتھ ساتھ صنعتی تنوع کی بھی حوصلہ افزائی کرتی ہے۔ چیف ایگزیکٹوسمیت بورڈ کے ڈائریکٹروں کی تعداد ۱۱ ہے جن کی تفصیل حسب ذیل ہے:

مرد ۹

خواتین ۲

مجلس نظماء کی حالیہ تشکیل حسب ذیل ہے:

ایگزیکٹو ڈائریکٹر ۱

نان ایگزیکٹو ڈائریکٹر ۷

آزاد ڈائریکٹر ۳

بورڈ کی کمیٹیاں

بورڈ آڈٹ کمیٹی:

جناب نسیم حیدر چیئرمین (آزاد ڈائریکٹر)

جناب یحییٰ الرحمان رکن

جناب زین اشرف مگاتی رکن

محترمہ امینہ زاہد ظہیر رکن (آزاد ڈائریکٹر)

بورڈ انسانی وسائل اور معاوضہ کمیٹی:

محترمہ امینہ زاہد ظہیر چیئرمین (آزاد ڈائریکٹر)

جناب نسیم حیدر رکن (آزاد ڈائریکٹر)

جناب زین اشرف مگاتی رکن

ڈائریکٹرز کا معاوضہ

لیگجینز ریگولیشنز ۲۰۱۹ (کوڈ آف کارپوریٹ گورننس) اور کمپنی کے آرٹیکل آف ایسوسی ایشن کے تقاضوں کے مطابق بورڈ آف ڈائریکٹرز نے نان ایگزیکٹو ڈائریکٹرز (بشمول آزاد ڈائریکٹرز) کے معاوضے کی پالیسی کو منظور کیا ہے۔ اس پالیسی کے مطابق کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز (بشمول آزاد ڈائریکٹرز) کو بورڈ اور کمیٹی کے اجلاسوں میں شرکت کی فیس کے سوا کوئی معاوضہ ادا نہیں کرتی۔ بورڈ آف ڈائریکٹرز یا اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے ڈائریکٹروں کا معاوضہ وقتاً فوقتاً بورڈ آف ڈائریکٹرز کے ذریعے طے اور منظور کیا جاتا ہے۔

ڈائریکٹرز کی ترتیب

کمپنی کے ڈائریکٹرز اپنے فرائض کی انجام دہی کے لیے مناسب ترتیب یافتہ ہیں اور کمپنیز ایکٹ ۲۰۱۷ اور پی ایس ایکس رول بک کی ریگولیشنز کے تحت اپنے اختیارات اور ذمے داریوں سے آگاہ ہیں۔

حصص یافتگی کی ترتیب

کمپنیز ایکٹ ۲۰۱۷ کے مطابق ۳۰ جون ۲۰۲۲ تک ترتیب حصص یافتگی کی رپورٹ اس رپورٹ کے ساتھ منسلک ہے۔

مستقبل کا زاویہ نگاہ اور مشکلات

بلند افراط زر، کمزور شرح نمو، مشکل مالی حالات اور محدود مالیاتی پالیسی کے پیش نظر حکومت کو ترجیحی بنیاد پر ٹارگیٹڈ ریلیف دینے پر اپنی توجہ مبذول کرنی چاہیے۔ ہم ملک کے زرمبادلہ کے ذخائر میں سب سے زیادہ حصہ ڈالنے والے شعبے کے رکن ہونے کے ناطے بین الاقوامی اور ملکی سیاست، مارکیٹ اور اقتصادی حالات کے بدلاؤ پر گہری نظر رکھے ہوئے ہیں تاکہ مشکلات پر قابو پاسکیں اور فعال فیصلہ سازی و منصوبہ بندی کے ذریعے متوقع مواقعوں سے بھرپور فائدہ اٹھاسکیں۔

مزید برآں، کرنسی کے اتار چڑھاؤ سمیت مائیکرو اور مالیاتی پالیسیز میں استحکام ضروری ہے ورنہ یہ بحران معیشت کے دیگر پہلوؤں، بشمول پیداواری کارخانوں کی بندش، مہنگائی اور امن وامان کی بے قابو صورتحال کا باعث بن سکتا ہے۔ عالمی سطح پر صورتحال کا زرخ فیصلوں پر اثر انداز ہوگا اور آنے والے مہینوں میں محتاط منصوبہ بندی (Navigatio) ناگزیر ہے۔

مزید برآں، جہاں آسمان کو چھوتی آپریشنل لاگت نمایاں طور پر منافع پر اثر انداز ہو رہی ہے ہم آپریشنل اور انتظامی اخراجات کو کنٹرول میں رکھنے کے لیے تمام کوششیں کر رہے ہیں تاکہ آنے والے سال میں منافع کو برقرار رکھا جا سکے۔ ہمیں یقین ہے کہ فیروز ۱۸۸۸ کیمربوط کاروباری نظام اور ہر طرح کے حالات کا مقابلہ کرنے کی صلاحیت اور جدت پسندی کے ساتھ ہم اپنی با اعتماد کارکردگی کو جاری وساری رکھیں گے۔

اظہار تشکر

ہمارے لوگ ہمارا سب سے بڑا اثاثہ ہیں جنہوں نے کمپنی کی ترقی کو یقینی بنانیکے لیے مضبوط ارادے اور انتھک محنت کا مظاہرہ کیا ہے۔ ہماری مسلسل کامیابی کی وجہ ہمارے مقاصد و مضبوط اقدار ہیں۔ بورڈ اس موقع پر اپنے حصص یافتگان، ملازمین، صارفین، اداروں اور دیگر اسٹیک ہولڈرز سے اظہار تشکر کرتا ہے جنہوں نے ہمیشہ کمپنی پر بھروسہ اور اعتماد کیا ہے۔

برائے اور منجانب بورڈ آف ڈائریکٹرز

جانتھن آرسائمن

چیئرمین

ریحان رحمان

چیف ایگزیکٹو آفیسر

کراچی

تاریخ: ۱۲۹ اگست ۲۰۲۲ء

ڈائریکٹرز رپورٹ

کمپنیز ایکٹ ۲۰1۷ء کے سیکشن ۱۲۲۷اور کوڈ آف کارپوریٹ گورننس ریگولیشن ۲۰1۹ء کے سیکشن ۳۳۴ کی تعمیل میں، ناظمین کمپنی کے تشفیج شدہ مالیاتی گوشوارے اور آڈیٹرز رپورٹ برائے اختتام سال ۲۰۲۲ء بشمول سالانہ رپورٹ پیش کرتے ہوئے مسرور ہیں۔

اقتصادی زاویہ نگاہ

مالی سال ۲۲-۲۰۲1ء میں کرونا (Covid-1۹) سے مسلسل بحالی کا سال رہا جبکہ دنیا کے کچھ حصوں میں یہ وبا دوبارہ ابھری۔ صرف دو سال کے عرصہ میں اس وبائی مرض نے عالمی سطح پر گہرے اثرات مرتب کیئے۔ عالمی معیشت ایک بار پھر مشکلات کا شکار ہے۔ سال ۲۰۲1ء میں عارضی بحالی کے بعد ۲۰۲۲ء میں پھر سے تاریک اثرات نظر آنا شروع ہو گئے۔ اس دفعہ معیشت کی سست اقتصادی ترقی، روس و یوکرین تنازع اور بڑھتے ہوئے افراط زر کی وجہ سے دباؤ کا شکار ہے۔ موجودہ اقتصادی سست روی کا دور کچھ عرصے تک جاری رہنے کا امکان ہے۔ اس طرح کاروبار ۱۹ء کی دہائی کے بعد سے دیکھنے میں نہیں آیا۔ یہ تمام عوامل ترقی کی بحالی میں شدید رکاوٹ کا باعث بن رہے ہیں۔ مزید برآں، اگر مؤثر ممنوعہ بندی کے ذریعے اس پر قابو نہ پایا گیا تو افراط زر کا دباؤ توقع سے زیادہ دیر تک برقرار رہ سکتا ہے۔ بڑھتی ہوئی قیمتوں کی وجہ سے دنیا بھر میں معیار زندگی متاثر ہوا ہے۔ اس وقت افراط زر پر قابو پانا پالیسی سازوں کی اولین ترجیح ہے اور ہونی بھی چاہئے۔ دنیا بھر کے مرکزی بینکوں کی طرف سے سخت مالیاتی پالیسی کی پیروی کی جا رہی ہے جس کا اثر لازمی طور پر معاشی و اقتصادی اخراجات پر دباؤ کی صورت میں ظاہر ہوگا، تاہم یہ وقت کی اہم ضرورت ہے۔

نتیجتاً، عالمی شرح نمو ۲۱ءء کی ۷.۷ فیصد کے مقابلے میں ۲۰۲۲ء میں ۹.۲۰ فیصد رہنے کی توقع ہے۔ جنوری ۲۰۲۲ء میں متوقع عالمی نمو سے ۱.۲۰ فیصد نمایاں طور پر کم ہے۔ سال ۲۲-۲۰۲۳ء میں بھی عالمی نمو اسی ریشے کے گرد موجود رہنے کی امید ہے۔

پاکستان کی معیشت مسلسل تیزی اور مندی کا شکار ہے۔ تقریباً ۶ فیصد کی متاثر کن خام ملکی پیداوار کے ساتھ ساتھ دوہرا مالیاتی اور کرنٹ خسارہ بھی معیشت کا حصہ ہیں۔ پاکستان کی کل برآمدات میں ۲۲-۲۰۲1ء کے دوران ۶۲.۶۲ فیصد کا اضافہ ہوا ہے جو ۲۱-۲۰۲۰ء کے دوران ۳.۰۳ بلین ڈالر کے مقابلے میں ۳۱.۰۸ بلین ڈالر کی بلند ترین سطح پر ریکارڈ کیا گیا ہے، جو کہ ۱۳-۲۰1۳ء کے بعد اب تک کی سب سے بلند ترین سطح ہے۔ جبکہ اس درآمدات کا حجم ۸۰.۲ بلین ڈالر رہا جو کہ پچھلے سال اسی عرصہ وقت میں ۶۰.۴ بلین ڈالر تھا جس میں ۲۲.۰۲ فیصد کا اضافہ دیکھا گیا۔ ۳۰ جون ۲۰۲۲ء کو ختم ہونے والے سال میں کرنٹ اکاؤنٹ خسارہ بڑھ کر ۴۰.۴۰ بلین ڈالر تک پہنچ گیا جس کی بنیادی وجہ زبردست ترسیلات زر کے باوجود بڑھتی ہوئی درآمدات اور اشیاء کی عالمی قیمتوں میں اضافہ ہے۔ تاہم مالی سال ۲۰۲۲ء میں جی ڈی پی کی شرح نمو ۹.۰۹ فیصد حاصل کرنے کے بعد، بنیادی میکرو اکنامک عدم توازن اور بڑھتے ہوئے بین الاقوامی خطرات ملک کو درپیش مشکلات کی عکاسی کر رہے ہیں۔ حکومت نے زراعت، صنعت اور خدمات کے شعبے میں بالترتیب ۹.۳۰، ۵.۹۰ اور ۵.۰۱ فیصد نمو کے تحت مالی سال ۲۰۲۳ء میں جی ڈی پی کی شرح نمو ۵.۰۰ فیصد مقرر کی ہے۔

ملک میں افراط زر کی وجہ بیرونی اور اندرونی دونوں عوامل ہیں۔ بین الاقوامی سطح پر ایشیاء کی قیمتیں، اندرونی سپلائی چین کے معاملات اور مارکیٹ کی توقعات افراط زر کا تعین کرنے میں اہم کردار ادا کرتی ہیں۔ یہ بات قابل ذکر ہے کہ ستمبر ۲۰۲1ء سے سالانہ مہنگائی بڑھ رہی ہے اور جون ۲۰۲1ء میں افراط زر کی شرح سال بہ سال بڑھتے ہوئے ۲1.۰۲ فیصد تک پہنچ گئی۔ حکومت نے بڑھتے ہوئے خسارے پر قابو پانے کے لیے ایندھن اور توانائی کی مصنوعات پر دی جانے والی سبسڈی واپس لے لی ہے۔ اس کے نتیجے میں تیل اور کھانے پینے کی اشیاء کی قیمتوں میں ہوشربا اضافہ دیکھا جا رہا ہے۔

صنعتی جائزہ

ٹیکسٹائل پاکستان کا سب سے اہم پیداواری صنعت ہے جس کے پیداواری مراحل کا طویل سلسلہ ہے میں کاٹن سے لے کر جینگ، اسپننگ، فبیرک ڈائینگ اور فنشنگ، میڈ ایس اور گارمنٹس تک قدر میں اضافے کی موروثی صلاحیت موجود ہے۔ یہ صنعت پاکستان کی معیشت کو سہارا دینے میں اہم کردار ادا کرتی ہے اور ملک کے زرمبادلہ پر انحصار کی وجہ سے مسلسل مرکز نگاہ ہے۔ اس نے سال ۲۲-۲۰۲1ء کے دوران کل برآمدات میں تقریباً ۶1 فیصد حصہ ڈالا ہے۔ ملک کی ٹیکسٹائل برآمدات میں گزشتہ مالی سال یعنی ۲۲-۲۰۲1ء کے دوران ۲۵.۰۵ فیصد کا اضافہ دیکھا گیا اور ۲1-۲۰۲1ء کے دوران ۴.۰۲ بلین ڈالر کے مقابلے میں ۱۹.۰۳ بلین ڈالر رہا۔

جولائی تا جون ۲۲-۲۰۲1ء کے دوران سوتی دھاگے کی برآمدات میں ۷.۸۰ فیصد اضافہ ہوا اور گزشتہ سال کی اسی مدت کے دوران ۱۰.۰ بلین ڈالر کے مقابلے میں 1۰.۲ بلین ڈالر رہا۔ خاص طور پر تولید کی برآمدات کی قدر میں ۳۲ فیصد پاکستانی روپے اور ڈالر کے لحاظ سے ۵.۱۸۰ فیصد اضافہ ہوا اور سال ۲۲-۲۰1۲ء کے دوران 1۰1 بلین ڈالر رہا۔

دوسری طرف، ۲۲-۲۰۲1ء میں کپاس کی پیداوار ۸.۳ بلین گانٹھیں رہی، جو کہ پیداواری ہدف سے ۲.۲ بلین گانٹھیں کم ہے تاہم، نئے میزن کے آغاز کے بعد سے، روٹی کی قیمتوں میں ۰۰۰،۰۰۰ روپے فی من تک کی دیکھی گئی۔ بین الاقوامی منڈیوں میں کمی کے رجحان نے روٹی کی قیمتوں کو ۲۳،۰۰۰ روپے فی من سے 1۶،۰۰۰ روپے فی من تک پہنچانا دیا۔ اگرچہ گزشتہ سال کے مقابلے پیداوار میں ۱.۳ بلین گانٹھوں کا اضافہ ہوا ہے لیکن طلب اور رسد میں فرق اب بھی موجود ہے جس کی وجہ سے ٹیکسٹائل انڈسٹری کو ملکی مانگ کو پورا کرنے کے لیے درآمدی روٹی پر انحصار کرنا پڑتا ہے جس سے ملک کے درآمدی بل پر دباؤ پڑتا ہے۔ نتیجتاً، گزشتہ سال کے مقابلے جولائی تا جون ۲۲-۲۰۲1ء کے دوران کپاس کی درآمدات میں ڈالر میں ۶.۲۳ فیصد اضافہ ہوا ہے۔

حکومت نے ٹیکسٹائل کی برآمدات مالی سال ۲۳-۲۰۲۲ء کے لیے ۲۵ بلین ڈالر کی ٹیکسٹائل برآمدات کا ہدف حاصل کرنے کی کاغذ بندی لگایا ہے۔ تاہم ہلکی اور عالمی چیلنجز اس ہدف کو مشکل بنا رہے ہیں۔ حالیہ توانائی کے بحران بجلی اور گیس کے نرخ میں اضافہ، اور بڑھتی ہوئی مہنگائی کے سبب عالمی معیشت پر گہرے اثرات طلب کو مزید متاثر کر سکتے ہیں۔

کاروباری اور مالیاتی کارکردگی کا جائزہ

۲۰ جون ۲۰۲۲ء کو ختم ہونے والے سال کے لیے آپ کی کمپنی کی کارکردگی کا ایک مختصر جائزہ ذیل میں بیان کیا گیا ہے:

رقم 000	جون 22	جون 21
خالص فروخت	49,018,456	42,575,465
مجموعی منافع	7,623,482	9,551,200
منافع قبل از ٹیکس	4,120,689	4,789,284
منافع بعد از ٹیکس	3,408,454	4,311,291
فی حصہ آمدن	8.76	11.30
		(Restated)

کمپنی کے بعد از ٹیکس منافع میں گزشتہ سال کی اسی مدت کے مقابلے میں ۹۰۳ ملین روپے، جو کہ ۲۰۰۹ فیصد ہے کی کمی واقع ہوئی ہے۔ باوجود اس کے کہ کمپنی کی خالص فروخت کی آمدنی میں گزشتہ سال کی اسی مدت کے مقابلے میں ۶،۴۴۳ ملین روپے کا اضافہ ہوا جو کہ ۱۳.۰۱۳ فیصد ہے جبکہ خالص فروخت ۱۴۹ ارب تک پہنچ گئی ہے۔

کمپنی نے آپریشنل اخراجات کو فروخت کے حجم میں اضافے کے مطابق رکھنے کی بھرپور کوشش کی اور انتظامی لاگت کو کنٹرول میں رکھنے کے لیے بھی توجہ مرکوز کی۔ مجموعی منافع کے مارجن میں کمی کی سب سے بڑی وجہ خام مال کی بڑھی ہوئی قیمتوں کے ساتھ ساتھ براہ راست پیداواری اخراجات میں اضافہ بھی ہے۔ مزید برآں عالمی سپلائی چین چیلنجز کی وجہ سے زائد تقسیمی لاگت نے بھی منافع کی سطح کو نمایاں طور پر متاثر کیا۔

منافع منقسمہ اور تصرفات

نتائج کو مد نظر رکھتے ہوئے مجلس نظماً نے ۳۰ جون ۲۰۲۲ء کو ختم ہونے والے سال کے لیے ۹1۔۲۰ روپے فی شیئر (۲۹۰1۰ فیصد) حتمی نقد منافع کا اعلان کیا ہے۔ یہ عبوری نقد منافع منقسمہ کے علاوہ ہے جو پہلے ہی ۱۰۳۶ روپے فی شیئر (۱۳۰۶ فیصد) کے حساب سے ادا کر دیا گیا ہے۔ اس طرح ختم ہونے والے سال کے لیے کل نقد منافع ۲۷۰۲ روپے (۳۲۰۷۰ فیصد) فی شیئر بنتا ہے۔ مستقبل کے منافع کے امکانات مستقبل کے معاشی حالات پر منحصر ہیں۔

کمپنی کی کارکردگی کا جائزہ

کمپنی کی کارکردگی کا جائزہ لینے کے لیے انتظامی مختلف اعداد و شمار اور طریقہ کار استعمال کرتی ہے جیسے صنعت کی ترقی، ہمعصر کمپنیوں کی کارکردگی، گزشتہ برسوں کی کارکردگی، میکرو اکنامک رجحانات اور کاروباری ماحول جو کمپنی پر اثر انداز ہوتے ہیں۔ جبٹ مخصوص کیے جاتے ہیں اور سال کے دوران باقاعدہ وقتوں سے بجٹ کے مقابلے میں حقیقی کارکردگی کا جائزہ لیا جاتا ہے اور بروقت اصلاحی اقدامات کیے جاتے ہیں۔

واقعات مابعد

سال کے اختتام اور اس رپورٹ کے اجرا کے درمیان کمپنی کی مالی پوزیشن کو متاثر کرنے والی کوئی بڑی/اہم تبدیلیاں یا معاہدے نہیں ہوئے۔

قرضوں اور واجب الادا رقم کی ادائیگیاں

بہتر یں کاروباری طریقوں پر عمل کرتے ہوئے کمپنی واجب الادا رقم کی بروقت ادائیگی کی ذمہ داری کو تسلیم کرتی ہے۔ زیر جائزہ سال کے دوران واجبات/قرض کی ادائیگی میں کوئی نا دہندگی ریکارڈ نہیں کی گئی۔ مزید برآں مالی سال کے اختتام پر ٹیکسوں، ڈیوٹیز اور لیویز کی مد میں کوئی ادائیگی واجب الادا یا بقایا نہیں ہے۔

کاروبار کی نوعیت میں تبدیلی

کمپنی کے کاروبار کی نوعیت میں زیر نظر مالی سال کے دوران کوئی تبدیلی نہیں آئی ہے۔

اندرونی کنٹرول کا مؤثر نظام

مجلس نظماً نے داخلی کنٹرول کا ایک فعال نظام قائم کیا ہے جو کمپنی کے اندر ہر سطح پر مؤثر طریقے سے نافذ اور برقرار رکھا جاتا ہے۔ کمپنی کا آزاد داخلی آڈٹ معروف پروفیشنل سروس فرم اے ایف فرگوسن اینڈ کمپنی (پی ڈبلیو سی ٹیٹ ورک کی ممبر) کو تفویض کیا ہے جو اس مقصد کے لیے مناسب اہلیت اور تجربہ رکھتی ہے۔

اندرونی آڈٹ، اندرونی آڈٹ پلان کے مطابق کیا جاتا ہے جس کو آڈٹ کمیٹی جائزے کے بعد منظور کرتی ہے۔ اندرونی آڈٹ پلان کمپنی کی تنظیمی مقاصد اور ترجیحات اور ان خطرات کے مطابق متعین کیا جاتا ہے جو کمپنی کو اس کے مقاصد پورا کرنے سے روک سکتے ہیں۔ آڈٹ کمیٹی اندرونی کنٹرول فریم ورک کے مؤثر ہونے کا جائزہ لیتی ہے جبکہ اے ایف ایف باقاعدگی سے نگرانی کرتا ہے اور اندرونی کنٹرول کے فعال اور مؤثر ہونے کو یقینی بناتا ہے۔

مالیاتی گوشواروں کی تیاری اور پیش کرنے میں انتظامیہ کی ذمے داری

پاکستان میں قابل اطلاق اکاؤنٹنگ اور رپورٹنگ کے معیار اور اکٹینیز ایکٹ ۲۰1۷ (۲۰1۷ کا XIT) کے تقاضوں کے مطابق مالیاتی گوشواروں کی تیاری اور اسے منصفانہ طور پر پیش کرنے کے لیے انتظامیہ اپنی ذمے داریوں سے آگاہ ہے اور اس کے لیے ایسے اندرونی کنٹرول نافذ کرتی ہے جس کے ذریعے مالیاتی گوشواروں کو فراڈ یا غلطی سے ہونے والی غلط بیانیوں سے مزہارکھا جاسکے۔

متعلقہ پارٹی ٹرانزیکشنز کا جائزہ

کمپنیز ایکٹ ۲۰1۷، کوڈ آف کارپوریٹ گورننس اور دیگر قابل اطلاق قوانین اور قواعد و ضوابط کی تعمیل میں، تمام متعلقہ پارٹی لین دین کی تفصیلات مقررہ مدت پر (periodical) آڈٹ کمیٹی کے سامنے رکھی جاتی ہیں اور ان کی سفارش رپورڈ کے سامنے جائزے اور منظوری کے لیے پیش کی جاتی ہیں۔ ایسے لین دین کی تفصیلات جن میں ڈائریکٹروں کی اکثریت دلچسپی رکھتی ہووے بھی ممبران کے سامنے سالانہ منظوری کے لیے رکھی جاتی ہیں۔

GOVERNANCE FRAMEWORK

BOARD COMPOSITION:

INDEPENDENT DIRECTOR	Mr. Nasim Hyder
	Ms. Huma Pasha
	Ms. Aminah Zahid Zaheer
NON-EXECUTIVE	Mr. Khaleequr Rahman
	Mr. Shabbir Ahmed
	Mr. Abdul Rehman Yaqub
	Mr. Perwez Ahmed
	Mr. Jonathan R Simon
	Mr. Anas Rahman
	Mr. Zain Ashraf Mukaty
EXECUTIVE	Mr. Rehan Rahman
Chairman of the Board	
Mr. Jonathan R Simon	Chief Executive
	Mr. Rehan Rahman
Board Committees	
Board Audit Committee	Board Human Resource and Remuneration Committee
4 Members	3 Members



JUSTIFICATION FOR INDEPENDENCE OF INDEPENDENT DIRECTOR:

- Mr. Nasim Hyder
- Ms. Huma Pasha
- Ms. Aminah Zahid Zaheer

As per requirement of Companies Act, 2017 and Code of Corporate Governance 2019, it is mandatory that each listed company shall have at least two or one third members of the Board, whichever is higher, as independent directors.

Independent director is a director, who is not connected or does not have any other relationship, whether pecuniary or otherwise, with the company etc. and can be reasonably perceived as being able to exercise independent business judgment without being subservient to any form of conflict of interest. Among the independent directors there is an appropriate mix of individuals to ensure that there is an overall adequate level of knowledge and expertise for independent directors to effectively carry out their

role and functions vis-à-vis the Board and its committees.

DIVERSITY IN THE BOARD:

The Board of Directors form one of the pillars of a robust corporate governance framework and over the years, Regulators have placed great emphasis on addressing different matters relating to Diversity on the Board.

Diversified board members are more likely to possess different personal characteristics, which lead to dissimilar leadership, thinking, emotional styles and even risk preferences and behaviors. Not only may this foster creativity in delivering solutions to problems, but also provide a more comprehensive oversight to the operations of the Company through a further enhancement of the Company's sensitivity to a wider range of possible risks such as reputation and compliance risks. This may then support a greater supervision on the boards in its performance evaluation and in the decision-making process.

To achieve success, a diverse board of directors must include a variety of perspectives, skills, ages, genders, cultures, and ethnicities. This parlays into effective decision-making, guidance, and risk management; having a diverse board of directors is essential.

At Feroze1888, we have female representation on the Board along with members who are 'financial literate' and experience in different industries / sectors.

GOVERNANCE STRUCTURE:

Corporate Governance refers to a framework through which Board of Directors ("the Board") ensures accountability, fairness, responsibility and transparency in the Company's relationship with all its stakeholders and sustainable value creation for them. Corporate governance is the system by which companies are directed and controlled. Boards of directors are responsible for the governance of their companies.

The governance and control of Feroze1888 is carried out through number of corporate bodies. Division of responsibilities and duties between the shareholders, the Board and the CEO are regulated inter alia by the Companies Act, 2017, the Company's Articles of Association, the Corporate Financial Reporting Framework of Securities and Exchange Commission of Pakistan and the Listed Companies (Code of Corporate Governance) Regulations, 2019.

The basis of our strategy is to ensure that the Company follows the direction defined by its Core Values, current regulatory frameworks and global best practices. Our approach towards corporate governance ensures ethical behavior, transparency and accountability.

ROLE AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS:

All strategic decisions of the Company are taken by the Board of Directors. The Board exercises all powers granted to it by the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019 with responsibility, diligence and in compliance with the legal framework after due deliberations in its meetings. These include but are not limited to approval of annual budgets including capital expenditures, investments in new ventures,

approval of related party transactions and appointment of key management positions etc. Financial statements of the Company, interim and final dividends are also approved by the Board.

MATTERS DELEGATED TO THE MANAGEMENT:

Chief Executive Officer of the Company has been entrusted by the Board with the primary responsibility of conducting the routine business operations in an effective and ethical manner, in line with the Board's approved strategies and goals including annual targets of production, sales, revenues, cost, profitability and compliance with legal requirements. The management is responsible for the identification and administration of key risks and opportunities which could impact the Company in the ordinary course of business. It is also the responsibility of the Company's management to establish and maintain a system of internal controls and financial reporting in conformity with the approved accounting standards and the requirements of the Companies Act, 2017.

ROLE OF THE CHAIRMAN & THE CEO:

Following is the brief comparison of roles of the Chairman & the Chief Executive Officer:

ROLE OF THE CHAIRMAN	ROLE OF THE CEO
The Chairman of the Board has the responsibility to lead the Board and ensure its effective functioning and continuous development.	The CEO is primarily responsible for the management of the Company and its procedures in financial and other matters, subject to the oversight and directions of the Board, in accordance with the Companies Act, 2017.
The Chairman represents the non-executive directors of the Board and is entrusted with the overall supervision and direction of the Board's proceedings, and has the power to set the agenda, give directions and sign or delegate the signing of the minutes of the Board meetings.	The responsibilities include implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that all the resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.
The chairman ensure that the Board of Directors remains effective in its tasks of setting and implementing the Company's direction and strategy.	The CEO of the Company is to whom all Business and Functional heads directly or indirectly report and is responsible for presentation of the Company's aims and policies to the Government and all stakeholders.

PERFORMANCE EVALUATION OF THE DIRECTORS ON THE BOARD:

Complying with Listed Companies (Code of Corporate Governance) Regulations, 2019 the Board has approved a comprehensive mechanism for evaluation of its performance. The Company has introduced a questionnaire covering the Board's scope, objectives, function and Company's performance and monitoring. All individual Board members answer the comprehensive questionnaire focused on evaluating, from various angles, whether the Board has discharged its duties diligently and with foresight. The Chairman of Board collates individual responses and presents them to the Board. This exercise allows the critical self-assessment of the Board to evaluate its performance and overall effectiveness in setting strategies, devising control processes, assessing market trends by monitoring micro and macroeconomic factors and setting standards to respond to the adverse unforeseen situations to further the cause of a learning organization. This process also ensures that the Board is constantly growing intellectually and the responsibility of steering the Company to new heights of success is discharged effectively and efficiently. Board's performance evaluation is carried

out internally and no external consultant has been hired for the same in last three years.

DIRECTORS' ORIENTATION SESSION:

The Company has a practice to carry out orientation sessions for their directors to acquaint them with applicable laws and regulations and their duties and responsibilities in order to enable them to effectively govern the affairs of the Company on behalf of shareholders.

DIRECTORS' TRAINING:

The Directors' on the Board are well aware of their duties and responsibilities as outlined in the Corporate Laws and Regulations. Nine of our directors including the Chief Executive have already attended and completed the required Directors' Training. The Company has well experienced Directors including non-resident Directors on Board. Due to the pandemic and traveling restrictions for the last couple of years, two Non-Resident Directors have not been able to complete the required DTP. Further, one Female Executive acquired certification under the DTP last year .

GOVERNANCE PRACTICES EXCEEDING LEGAL REQUIREMENTS:

Feroze1888 has always believed in going the extra mile and staying ahead with legal formalities. In view of this strategy, the Company's commitment to the highest levels of moral and ethical values is demonstrated by voluntary adoption of global best business practices in addition to the mandatory regulatory requirements. Some of the governance practices exceeding legal requirements that have been adopted by the Company include:

- Best corporate reporting practices as recommended jointly by the Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountant of Pakistan (ICMAP).
- The Board of Directors of the Company consists of two female directors and both are independent directors. Whereas, the Listed Companies (Code of Corporate Governance) Regulations, 2019, requires each listed company to have at least one female director.
- Disclosure of various financial analysis including ratios, reviews, risk matrices and graphs etc. in the Annual Report.
- Implementation of aggressive Health, Safety and Environment strategies to ensure safety of employees and equipment in order to continuously improve, achieve and exceed global standards.

COMPANIES IN WHICH THE EXECUTIVE DIRECTOR IS SERVING AS NON-EXECUTIVE DIRECTOR:

There is no such Company in which the executive director of the organization is serving as non-executive director.

BOARD MEETING HELD OUTSIDE PAKISTAN:

During the year all Board of Directors and Committee meetings were held in Pakistan.

CONFLICT OF INTEREST AMONG BOARD MEMBERS:

The Code of Conduct implemented by the Board provides guidance to strictly avoid conflict of interest (or even the perception of a potential conflict)

between the director's personal, social, financial or political interests and the advancement of the Company's business interests, the interests of its customers and with other directors.

SHARES HELD BY SPONSORS/DIRECTORS:

As at June 30, 2022, the sponsors, Directors and Executives of the Company held the following number of shares.

Particulars	Number of Shares
Sponsors and Directors	231,890,451
Associates	94,960,880
Executives	26,073,234

BOARD COMMITTEES:

Board of Directors have constituted Audit Committee and Human Resource and Remuneration Committee to work under its guidance. Details about the composition and terms of reference of both committees are as under:

(I) AUDIT COMMITTEE:

The Audit Committee of the Board of Directors of Feroze1888 Mills Limited assists the Board of Directors in the oversight of:

- The integrity of Financial Statements of the Company;
- Effectiveness of:
 - External Audit, with respect to the appointment of, rotation, qualification and independence of External Auditors and the conduct of Audit;
 - The system of Internal Control;
 - The Internal Audit Function;
 - The compliance, including compliance with legal and regulatory requirements.

It consists of four members including its Chairman. Two members are Non-Executive Directors, while Chairman and one member of Committee are Independent Directors including a female director. Its meetings are held in every quarter for reviewing and recommending the Company's Financial Statements. In addition, the Board can convene a special meeting of this Committee to discuss any special agenda. Detail regarding attendance of committee meetings is disclosed in Directors' Report.

TERMS OF REFERENCE:

a) Financial Reporting:

Review of quarterly, half yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, through discussion with Management and External Auditors (where relevant) focusing on significant financial reporting issues and judgments, sufficiency of disclosures in compliance with regulatory framework, significant audit matters and disclosure of related party transactions.

b) Internal Controls and Risk Management:

- Determination of appropriate measures to safeguard the Company's assets.
- Ascertainment of the adequacy of the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording and reporting structure.
- Review of the effectiveness of the Company's internal controls and risk management systems.
- Review of Company policies and amendments thereto.
- Internal Audit Reports.

c) External Audit:

- Consider and make recommendation to the Board on the appointment and removal of external auditors and their audit fees.
- Facilitate the external audit and discuss major observations of the auditors arising from audits and any other matters that the auditors may wish to highlight.
- Review Management Letter issued by the external auditors and management's responses thereto.

d) Other Matters:

Consider any other matter assigned to it by the Board or by the Regulators. The Committee shall make recommendations to the Board it deems

appropriate on any area under its review where action or improvement is needed.

(II) HUMAN RESOURCE & REMUNERATION COMMITTEE:

There is a Human Resource and Remunerations (HR&R) Committee to assist the Board in:

- Recommending human resource management policies to the Board;
- Recommending to the Board, the function, evaluation, compensation (including retirement benefits) and succession planning of the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary and the Internal Audit Head.

The Committee consists of three Board members, with two Independent Directors and one Non-Executive Director. The Chairperson of the Committee is an Independent female director. The Committee meets as many times as it deems necessary, however at minimum it has to meet at least twice a year. Detail regarding attendance of committee meetings is disclosed in Directors' Report.

DUTIES AND RESPONSIBILITIES:

The duties and responsibilities are as under:

- The Committee ensures that plans are in place for orderly succession of Executive Officers including the Chief Executive Officer.
- The Committee reviews and discusses the Company's organizational structure with the CEO for appropriateness to the Company's business strategy and future plans.
- The Committee recommends to the Board the framework / policy for the remuneration of the Company's Chairman, Board members, Chief Executive and other Executive Officers. In determining such policy, the Committee takes into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Code of Corporate Governance.

- The Committee considers and approves recommendations of the Chief Executive on selection, evaluation, compensation and succession planning for key management positions who report directly to the Chief Executive.
- The Committee may seek assistance from outside in consideration to fulfill its duties and responsibilities.

- The Committee undertakes annually a formal process of evaluation of performance of the Board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the Director's Report or Governance Framework.

ATTENDANCE IN THE MEETINGS OF BOARD COMMITTEES:

S. No	Name of Directors	Board of Director Meeting	Board Committees	
			Board Audit Committee Meeting	Board HR & R Remuneration Committee
1.	Mr. Jonathan R. Simon	6/6	NM	NM
2.	Mr. Rehan Rahman	6/6	*4/4	*5/5
3.	Mr. Nasim Hyder	6/6	4/4	5/5
4.	Ms. Huma Pasha	6/6	NM	NM
5.	Ms. Aminah Zahid Zaheer	6/6	4/4	5/5
6.	Mr. Khaleequr Rahman	6/6	4/4	NM
7.	Mr. Shabbir Ahmed	6/6	NM	NM
8.	Mr. Perwez Ahmed	6/6	NM	NM
9.	Mr. Abdul Rehman Yaqub	5/6	NM	NM
10.	Mr. Anas Rahman	6/6	NM	NM
11.	Mr. Zain Ashraf Mukaty	6/6	4/4	5/5

NM: Non-member of Board Committees

* By invitation

OVERSIGHT OF FUNCTIONS BY EXTERNAL SPECIALIST:

With the vision to establish a system of sound internal controls, the independent internal audit function of the Company is outsourced to a reputable professional firm, A.F.Ferguson & Co. (AFF), Chartered Accountants who are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

The internal audit is conducted as per the internal audit plan duly reviewed and approved by the Audit Committee. The internal audit plan is driven by the organizational objectives and priorities, and the risks that may prevent the Company from meeting those objectives. The Audit Committee reviews the effectiveness of the internal control framework whereas AFF regularly monitors and provides assurance on the effectiveness and adequacy of the internal controls and risk management framework.

DISCLOSURES ON BOARD'S POLICIES

RELATED PARTIES TRANSACTION POLICY:

In the light of regulations issued by SECP under SRO 1194(I) / 2018 dated 2 October 2018 and Section 208 of Companies Act 2017 for Related Party Transactions, the Related Parties Transaction Policy of the Company has been approved by the Board. The Company maintains proper record of all transactions pertaining to Related Parties and relevant details have been appropriately disclosed in Note 00 of the Financial Statements in accordance with Fourth schedule of Companies Act 2017.

In compliance with the Companies Act, 2017, Code of Corporate Governance and other applicable laws and regulations, details of all related party transactions are placed periodically before the Audit Committee and upon their recommendation, the same are placed before the Board for review and approval. The Company enters into transactions with related parties in the ordinary course of business on arm's length basis.

GOVERNANCE OF RISK AND INTERNAL CONTROLS:

The Board has approved a Risk Management Framework which guides the overall risk management process. The risk management is carried out at the overall Company's level by the Executive Leadership Team of the Company headed by the CEO and is reviewed by the Board from time to time. The Company's management monitors potential risks and risk management procedures to identify, assess and mitigate any identified or potential risks

DIVERSITY POLICY:

Feroze1888 is committed to promote hiring people of different age groups, educational backgrounds, religion, ethnicity, especially able people and gender so the workplace should be a mix of all diversity components. We provide equal opportunity to all job applicants through clearly defined and consistently applied induction standards and have developed an unbiased and impartial working environment for all; thereby enabling each employee to develop to the fullest.

Our greatest asset is our people & we are committed to provide equal employment opportunities based on merit and in creating a workplace where all are respected, satisfied and appreciated. To maintain this culture of respect we are staunch proponent of no harassment in any form including verbal / emotional, physical or sexual.

POLICY ON NON-EXECUTIVE AND INDEPENDENT DIRECTORS' REMUNERATION:

In line with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Articles of Association of the Company, the policy for remuneration of non-executive directors (including independent directors) has been approved by the Board of Directors according to which the Company does not pay any remuneration to its non-Executive directors (including independent directors) except as meeting fees for attending the Board and its Committee meetings. The remuneration of a director for attending meetings of the Board of Directors or its Committees is from time to time determined and approved by the Board of Directors.

RETENTION OF BOARD FEE BY THE EXECUTIVE DIRECTOR IN OTHER COMPANIES:

Executive Director of Feroze1888 may serve as Non-Executive Director on the board of any other Company by virtue of the Companies Act 2017. Fees paid by any other Company in compliance with remuneration policy of respective Company, approved by the Board of Directors may be retained by the Executive Director in lieu of services rendered as Non-Executive Director.

SECURITY CLEARANCE OF FOREIGN DIRECTORS:

Security clearance of Foreign Directors is initially done by the Company Secretariat by verifying their provided documents as per requirements of prevailing laws. Finally, it is carried out by the Regulator i.e. Securities and Exchange Commission of Pakistan as per law / regulatory requirements, as their forms related to appointment is accepted subject to clearance by the Ministry of Interior.

HUMAN RESOURCE MANAGEMENT & SUCCESSION POLICIES:

At Feroze1888 we believe in crafting HR policies that are derived from our vision and philosophy. We intend to make our policies a true reflection of our core values at all levels. This, we believe, will lead to a well - blended team of professionals and experts working collaboratively in a cordial environment. Our focus is on upholding the true spirit of impartiality and a transparent system to attract, hire, develop, engage, retain and motivate all the employees to utilize their skill set to the optimal and continue to strive for excellence at work.

Moreover, in order to ensure the going concern of the operations, we have also devised & implemented a concrete succession planning model to support in developing bench strength for critical leadership positions based on predefined criteria.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY POLICY:

Company is committed to provide safe and secure work environment to its employees and ensures that processes do not adversely affect the nearby communities, environment and society as a whole. Employees are directed to follow all applicable health and safety rules and practices and cooperate with officials who are responsible to ensure these rules and practices. Employees need to follow all security measures and guidelines for a safe work environment, which also includes use of personal protective equipment (PPEs) as per the nature of the job.

The Company also contributes to various social and charitable causes including health and education. Moreover, the Company has defined and implemented Code of Conduct for the employees that fits with local customs and regulations. It ensures highest standards of ethical business and the desired corporate values and behaviors.

COMMUNICATION WITH STAKEHOLDERS AND INVESTORS' RELATIONSHIP / GRIEVANCES:

Feroze1888 Mills Limited strives to develop and maintain trustworthy relations with its stakeholders, including shareholders and investors. In this relation a policy has also been approved by the Board of Directors. It recognizes the importance of timely and

fair disclosure of all material information to them, without advantage to any particular investor group or investment advisor / analyst, in order to enable them to make informed decisions about investing in the Company's equity and other debt instruments (if any). Further, all information disclosed to the public is in accordance with the Rule Book of the Pakistan Stock Exchange Limited ("PSX"), as well as the Listed Companies (Code of Corporate Governance) Regulations, 2019. The Company also gives its shareholder the option to express their grievances and any other enquiries electronically via its website. Main principles of the Investors Grievance Policy are as follows:

- All the investors are treated fairly and equally at all times;
- Complaints raised by investors are dealt with courtesy, fairness and in a timely manner;
- The Management works in good faith and without prejudice towards the interests of any of the investors.

EMPLOYEE HEALTH, SAFETY AND PROTECTION:

Your Company is committed towards safeguarding a healthy environment for everyone by reducing the environmental impacts of its business through compliance with all environmental standards at the production facility and fully cognizant of its responsibility in this regard

Our production practices conform to international standards and comply with good manufacturing practices. Our processes and controls are agile and sustainable, ensuring that we do not compromise on quality and safety for our employees. Further, we also hold certification in ISO 14001 - 2015 (Environmental Management System) and ISO 45001 - 2018 (Occupational Health & Safety).

WHISTLE BLOWING POLICY:

The Company's purpose and values set the standard for how it does business and actively encourage openness, integrity and accountability. In accordance with the Company's continued commitment to good governance, a 'Whistle Blowing' policy has been adopted. The policy ensures that the 'Whistle Blower' will be subject to no repercussion and the said non-conformance, will be investigated in a fair, transparent, reliable and principled manner.

POLICY FOR SAFEGUARDING OF RECORDS:

The Company considers information as one of the most valued business asset and place great emphasis on storage and safe custody of its financial and non-financial records. The Company's physical record are managed, retained and disposed-off in effective and efficient manner. The records are kept at secure places with adequate safety measures in place. All records are retained as long as they are required to meet legal, administrative, operational, and other requirements of the Company.

The Company believes and practices that the information should be accessed on a need-to-know basis. For this purpose, the Company has put in place a mechanism to define required access control measures to Company's information, applications and system resources in a controlled environment to protect the privacy, security and confidentiality of all stored data, both physical and electronic.

STAKEHOLDERS ENGAGEMENT POLICY

Feroze1888 Mills Limited strives to develop and maintain trustworthy relations with its stakeholders, including shareholders and investors. In this relation a policy has also been approved by the Board of Directors. It recognizes the importance of timely and fair disclosure of all material information to them, without advantage to any particular investor group or investment advisor / analyst, in order to enable them to make informed decisions about investing in the Company's equity and other debt instruments (if any). Further, all information disclosed to the public is in accordance with the Rule Book of the Pakistan Stock Exchange Limited ("PSX"), as well as the Listed Companies (Code of Corporate Governance) Regulations, 2019. The Company also gives its shareholder the option to express their grievances and any other enquiries electronically via its website. Main principles of the Investors Grievance Policy are as follows:

- All the investors are treated fairly and equally at all times;
- Complaints raised by investors are dealt with courtesy, fairness and in a timely manner;
- The Management works in good faith and without prejudice towards the interests of any of the investors.

PRESENCE OF THE AUDIT COMMITTEE MEMBERS AT THE AGM:

Shareholders are invited to all General Meetings and are encouraged to share their concerns and queries. Certain Members of the Board, Chief Executive and other senior management personnel were present at the General Meetings held during the year, to address all concerns and queries raised by the shareholders regarding the financial statements for the year ended 30 June 2021 and Audit Committee's activities and matters within the scope of the Committee's responsibilities.

STEPS TAKEN BY THE MANAGEMENT TO ENCOURAGE MINORITY SHAREHOLDERS' PARTICIPATION IN ANNUAL GENERAL MEETING:

The Company ensures that the interest of the minority Shareholders is protected. In order to ensure their participation in general meetings, Feroze1888 management takes following steps:

- All notices related to the Shareholders' meetings are being announced timely through Pakistan Stock Exchange and also published in newspapers in English and Urdu language as per the specified timeline and requirements.
- All notices of the Shareholders' meetings are dispatched at the registered addresses of the Shareholders available with the Company as per regulatory requirement to acquaint them with the agenda of the meeting.
- Annual Report is being sent to each member of the Company before the AGM in electronic form through CD and in hard copy form who asked for the same.
- Shareholders are facilitated and encouraged in appointing proxies in case they are unable to attend the AGM in person. For this purpose proxies in English and Urdu Language is sent to the members along with the notices and also available on our website.

- Shareholders are encouraged to comment, raise queries and provide feedback in the meeting.
- It is also ensured to comply with all the regulatory requirements and takes all possible steps to encourage attendance of minority shareholders in general meetings.

INVESTORS' RELATIONS SECTIONS ON THE WEBSITE:

Feroze1888 Mills Limited is committed to maintain strong and transparent relations with all stakeholders including the investors and shareholders. In an effort to harness the relationship with the investors and shareholders and to provide them accurate, transparent and timely information, the Company has maintained a dedicated section on its website (<http://www.feroze1888.com>). The website is regularly updated to ensure that the Company meets its requirements and provides all information relevant to all stakeholders including customers.

ISSUES RAISED AT LAST AGM:

General clarifications were sought by the shareholders on Company's Annual Report,

however, no significant issue was raised during the 49th AGM of the Company held on 28 October 2021.

CORPORATE BRIEFING:

Feroze1888 conducted a corporate briefing based on 30 June 2021 Financial Statements on 18 November 2021 via zoom to apprise the stakeholders about the Company's operational and financial performance and to solicit and understand views of shareholders. DGM Financial Reporting summarized the Company's performance for the year ended 30 June 2021. The briefing was also attended by the Chief Executive, Chief Financial Officer, Head of Operations, Company Secretary and other senior officials of the Company. The briefing was followed by a Question & Answer session to provide further explanation on the matters stated in briefing.

REDRESSAL OF INVESTORS' COMPLAINTS:

No significant complaint was received from investors during the year ended 30 June 2022.



IT GOVERNANCE & CYBERSECURITY

Board's Risk Oversight Function for Cybersecurity:

The Company considers information as one of the most valued business asset and place great emphasis on safe custody, transmission and storage of its financial and non-financial information. The regulatory requirement applicable to the Company does not enforces Board responsibility in case of any cybersecurity risk, however, the Company has aligned its policies and procedures to efficient use of IT resources in achieving the strategic and operational objectives while increasing shareholders' value.

The IT steering committee is formed with a mandate to oversee the IT governance and cybersecurity related matters of the Company. In order to mitigate the cyber security risk, prudent assessment is made and forwarded along with the findings and recommendations to IT Steering Committee.

IT Governance Policy:

When it come cybersecurity risk, there are no specific requirements impose through regulatory framework in which the Company operates. Although, The Company has a well-conceived and implemented IT Governance Policy which ensure value creation through benefits realization and resource optimization, the Company has IT governance framework which governs to achieve excellence in IT risk management structure, development of internal controls, automation of business functions and structured decision making.

Cybersecurity Policy:

The purpose of Cybersecurity framework is to define strategies which protect the data and integrity of computing assets belonging to or connecting to an organization's network. Its purpose is to defend those assets against all threat actors throughout the entire life cycle of a cyber-attacks. This helps to ensure that all internet connected assets and information are secured from cyber-threats. The Cybersecurity Framework of the Company is based around five core functions which are depict below;

Identify:

The activities in the Identify Function are foundational for effective use of the Framework. Understanding the business context, the resources that support critical functions, and the related cybersecurity risks enables an organization to focus and prioritize its efforts, consistent with its risk management strategy and business needs.

Protect:

The Protect Function supports the ability to limit or contain the impact of a potential cybersecurity event. Examples of outcome Categories within this Function include Access Control, Training and Employee Awareness sessions.

Detect:

The Detect Function enables timely discovery of cybersecurity events. Examples of outcome Categories within this Function include Anomalies and Events, Security Continuous Monitoring and Detection Processes

Respond:

The Respond Function supports the ability to contain the impact of a potential cybersecurity incident. Examples of outcome Categories within this Function include Response Planning, Mitigation techniques and Improvements.

Recover:

The Recover Function supports timely recovery to normal operations to reduce the impact from a cybersecurity incident. Examples of outcome Categories within this Function include Disaster Recovery Mechanisms and Contingency plans.

Cybersecurity Risk Oversight Function and Engagement:

The Company has placed top-priority on information and data security and risk management. Board is engaged in indirect oversight through the IT steering committee and internal audit to have an update on cybersecurity matters. Internal Audit department regularly performs network and cyber security audits, the results of which are presented to the Board's Audit Committee.

Controls and Procedures Related to Cybersecurity Risks:

The cybersecurity program of the Company comprises of several different sections which are crucial to success of our cybersecurity framework.

The Company has deployed multiple controls and procedures to manage its core IT functionalities and to mitigate different security threats which are all monitored by system and firewall log Analyzer. Some of controls and procedures deployed are as follows:

- Network and web application firewall;
- Internet access management;
- Email security gateway;
- Disaster Recovery Plan
- Contingency Plan
- End point security systems;
- Server Patch Management;
- Restricted Administrative Privileges; and
- Physical security

IT Compliance & Cybersecurity Audit:

At Feroze1888, the IT department has a dedicated section for IT related compliance and security. In the current year, external information risk assessment was carried out. Its findings are also well incorporated in respective areas procedures and controls.

Business Continuity Planning:

Significant efforts have been made in ensuring uninterrupted business operations. Development of Business Continuity Plans (BCP) is in progress to protect the organization and its resources and ensure minimum disruption in case of any adverse or unforeseen events through availability of the critical business functions.

Disaster Recovery Planning:

To manage the information security risk, we have adopted an effective disaster recovery plan to

minimize and contain any disaster, to provide a rapid and smooth transition to a backup mode of operations and expeditiously recover the normal operations in the data center. Such planning ensures that essential/critical functions are supported with minimum disruption following a disaster.

Digital Transformation of IT:

The fourth industrial revolution, known as Industry 4.0, has emerged in past few decades. Industry 4.0 places the emphasis on digital technology from recent decades to a whole new level with the help of interconnectivity through the Internet of Things (IoT), access to real-time data, and the introduction of cyber-physical systems.

The Company is proactively looking for opportunities for advancement of its core business function through cut-to-edge IT technologies. The Company is using the state of the art ERP system in its core business functions since more than a decade. Digital Transformation is also part of IT department's objectives for the year 2022-23. IT team is currently exploring opportunities of ERP, RPA, Block chain and cloud computing to improve business process management tools and reporting that can be used to manage information across an organization.

Staff Trainings on Cybersecurity Risks:

An effective awareness training program addresses the cybersecurity mistakes that employees may make when using email, the web and in the physical world such as tailgating or improper document disposal. IT team regularly organizes training for the staff to follow best standard practices to avoid any cybersecurity threats & risks. The purpose of security awareness is to focus attention on security, creating sensitivity to the threats and vulnerabilities of computer systems and recognition of the need to protect data, information and systems.

REPORT OF THE AUDIT COMMITTEE

Composition

The Company has established an Audit Committee (the Committee) in compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019. It comprises of four non-executive directors.

Mr. Nasim Hyder	Independent Non-Executive Director (Chairman)
Mr. Khaleeq Ur Rahman	Non-Executive Director
Mr. Zain Ashraf Mukaty	Non-Executive Director
Ms. Aminah Zahid Zaheer	Independent Non-Executive Director

The Chairman of the Committee, Mr. Nasim Hyder is a fellow member of the Institute of Chartered Accountants of Pakistan (ICAP). All the Committee members as a whole possess significant economic, financial and business acumen. The profiles of the Committee members are part of this Annual Report.

Role

The Committee monitors the effectiveness of the Company's financial reporting, systems of internal control, risk management and the integrity of the Company's external and internal audit processes.

Responsibilities

- Monitoring and obtaining assurance that the process to identify, manage and mitigate principal and emerging financial risks are appropriately addressed by the management and that the system of internal control is designed and implemented effectively.
- Reviewing financial statements and other financial disclosures and monitoring compliance with relevant legal and listing requirements.
- Reviewing the effectiveness of the Company's audit function, the Company's internal financial controls, systems of internal control and risk management.

- Overseeing the appointment, remuneration, independence and performance of the external auditors and the integrity of the audit process as a whole, including the engagement of the external auditors to provide non-audit services to the Company.
- Reviewing the systems in place to enable those who work for the Company to raise concerns about possible improprieties in financial reporting or other issues and for those matters to be investigated.

Meetings held

The Committee met four times during the year. The attendance of the members at these meetings stated in the Directors' Report. During its meetings, the Committee has reviewed the relevant matters as required under the Committee's terms of reference and make relevant recommendations to the BoD. The Committee's review covered the findings of both the internal and the external auditors, internal controls, risk assessment, quarterly and annual review of the continuing related party transactions of the Company, tax and legal updates and the financial reporting matters (including the annual results for the year ended 30 June 2022), before recommending them to the BoD for approval.

Wherever required, the Chief Financial Officer of the Company attends the meeting by invitation, Head of Internal audit is present in all the Committee meetings whereas External Auditors attend the meetings when matters pertaining to their functions come up for consideration. For this reason they attended one meeting during the year. The heads of departments were also present for the appropriate items of the agenda, as and when required.

Report and Conclusion reached

The Committee has concluded its annual review of the operations of the Company for the year ended June 30, 2022 and based on reviews and discussions in the meetings, reports that:

- The Committee has reviewed the quarterly, half yearly and annual financial statements of the Company and recommended them for approval of the BoD. These financial statements present a true and fair view of the Company's state of affairs, results of operations, profits, cash flows and changes in equity of the Company for the year under review.
- The Chief Executive Officer and the Chief Financial Officer have reviewed the financial statements of the Company. They acknowledged their responsibility for true and fair presentation of the financial statements, accuracy of reporting and compliance with regulations and applicable accounting standards.
- The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017 and the applicable International Financial Reporting Standards as notified by SECP.
- Review process of financial statements by the Committee also include detailed consideration of related matters and issues which were dealt in accordance with applicable accounting and reporting standards. No additional matter was required to be discussed other than already disclosed in the financial statements. Contents of the External Audit Report are in accordance with the applicable Regulations in Pakistan; the auditors have issued unmodified audit reports in respect of the financial statements.
- Appropriate accounting policies have been consistently applied except for the changes, if any, which have been appropriately disclosed in the financial statements. Accounting estimates are based on reasonable and prudent judgment.
- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.
- Proper, accurate and adequate accounting records have been maintained by the Company.
- All related party transactions have been reviewed by the Committee prior to approval by the BoD.
- The Company's approach towards risk management has been disclosed in the risk assessment portion of the Directors' Report. The types and detail of risks along with mitigation measures are disclosed in relevant disclosure of the financial statements.
- The Company has adhered, without any material departure, with the mandatory provisions of the Pakistan Stock Exchange, Code of Corporate Governance, Company's code of conduct and values and the best practices of governance throughout the year.
- The Company's Annual Report** is properly structured to provide all necessary information in sufficient detail. Not only it gives financial information like state of affairs and financial performance as per applicable accounting framework, it also enlightens through financial analysis in easy to comprehend style. Besides the core financial information, it also covers all other necessary domains like background details about Company and its directors, comprehensive management reviews and future prospects, stakeholders' information and corporate governance. The Committee has reviewed the Annual Report and concluded that it is fair, balanced and understandable and it also provides the necessary information for the shareholders to assess the Company's position and performance, business model and strategy.

EVALUATION OF INTERNAL AUDIT FUNCTION

The Company has devised and implemented an effective internal control framework which also includes an independent Internal Audit Function.

- The Internal Auditors review the risks and control processes. They carry out reviews in accordance with the internal audit plan approved by the Committee;
- The internal audit function has direct access to the Committee;
- The Committee reviews the findings and observations of the Internal Audit with agreed management actions. These findings were carefully considered by the Committee, with management given direction to ensure that necessary steps were taken to mitigate any issues. Accordingly, as and when necessary the Committee escalated matters to the Board for their review and action;
- Committee has ensured that the function has all necessary access to management and the right to seek information and explanations;
- The Committee met with the Internal Auditors in absence of the management.

EVALUATION OF EFFECTIVENESS OF EXTERNAL AUDIT PROCESS

- The statutory auditors of the Company, EY Ford Rhodes, Chartered Accountants, have completed their audit assignment of the Company's financial statements and the

statement of compliance with the Code of Corporate Governance for the year ended June 30, 2022 and shall retire on the conclusion of the Annual General Meeting;

- The Committee has reviewed and discussed audit observations with the external auditors. A meeting was also held with the external auditors in absence of the management;
- The external auditors have direct access to the Committee and internal auditor, hereby ensuring the effectiveness, independence and objectivity of the audit process;
- The performance, cost and independence of the external auditors is reviewed annually by the Committee. Being eligible for reappointment under the listing regulations, the Committee has recommended to the Board the reappointment of EY Ford Rhodes, Chartered Accountants for the year 2022-23. A resolution to this effect has been proposed at the forthcoming Annual General Meeting.

SELF - EVALUATION OF THE COMMITTEE PERFORMANCE

The Committee views that it discharged its responsibilities satisfactorily as per its terms of reference approved by the BoD. Committee conducts an annual evaluation of its own effectiveness by completing a Self-Assessment checklist in form of a questionnaire.



EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

Independent Auditors' Review Report

To the members of Feroze1888 Mills Limited

Review Report on the Statement of Compliance contained in the 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 Feroze1888 Mills Limited (the Company) for the year ended **30 June 2022** in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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

A handwritten signature in black ink, appearing to be 'EY Ford Rhodes'.

Chartered Accountants

Place: Karachi

Date: 27 September 2022

UDIN Number: CR202210076QPc83sNME

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

1. The total number of Directors are eleven including the Chief Executive as a deemed Director as per the following:

As at 30 June 2022	
a. Male	9
b. Female	2

2. The composition of Board is as follows:

As at 30 June 2022		
Particulars	No.	Names of Directors
Independent Directors	3	Mr. Nasim Hyder Ms. Huma Pasha Ms. Aminah Zahid Zaheer
Non-executive Directors	7	Mr. Jonathan R. Simon Mr. Khaleequr Rahman Mr. Shabbir Ahmed Mr. Abdul Rehman Yaqub Mr. Perwez Ahmed Mr. Anas Rahman Mr. Zain Ashraf Mukaty
Executive Director	1	Mr. Rehan Rahman, CEO
Female Directors	2	Ms. Huma Pasha Ms. Aminah Zahid Zaheer

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 vision and mission statements, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/Shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board;

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

9. Following Directors/Executives have completed Directors' Training Program (DTP) under the CCG:

1.	Mr. Khaleequr Rehman	Non-Executive Director
2.	Mr. Shabbir Ahmed	Non-Executive Director
3.	Mr. Perwez Ahmed	Non-Executive Director
4.	Mr. Anas Rahman	Non-Executive Director
5.	Mr. Zain Ashraf Mukaty	Non-Executive Director
6.	Mr. Nasim Hyder	Independent Director
7.	Ms. Huma Pasha	Independent Director
8.	Ms. Aminah Zahid Zaheer	Independent Director
9.	Mr. Rehan Rahman	Chief Executive
10.	Ms. Javeria Siddiqui	Executive (Chief Financial Officer)

10. The Board has approved appointment of Head of Internal Audit including his remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. However, there is no new appointment of Chief Financial Officer and Company Secretary during the year;

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

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

a).

Board Audit Committee	Independent / Non-Executive Director	30 June 2022
Mr. Nasim Hyder	Independent Director	Chairman
Ms. Aminah Zahid Zaheer	Independent Director	Member
Mr. Khaleequr Rahman	Non-Executive Director	Member
Mr. Zain Ashraf Mukaty	Non-Executive Director	Member

b).

Board Audit Committee & Remuneration Committee	Independent / Non-Executive Director	30 June 2022
Ms. Aminah Zahid Zaheer	Independent Director	Chairperson
Mr. Nasim Hyder	Independent Director	Member
Mr. Zain Ashraf Mukaty	Non-Executive Director	Member

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

14. The frequency of meetings (Quarterly/Half Yearly/Yearly) of the Committees were as per following:

a)	Board Audit Committee	Quarterly
b)	Board HR and Remuneration Committee	Quarterly

15. The Board has outsourced the internal audit function to A. F. Ferguson & Co., Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Directors of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of Regulations 3, 7, 8, 27, 32, 33 and 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 have been complied with.
19. Explanation for rounding up the fraction as required under Regulation 6(1) is as under:
 - a) Regulation 6(1) of the Companies (Code of Corporate Governance) Regulations, 2019 stipulates that it is mandatory for each Listed Company to have at least two or one third members of the Board, whichever is higher, as Independent Directors. In a Board comprising 11 Directors, one third would equate to 3.667 persons. The fraction contained in such one-third is not rounded up as one as the Company has enough experienced and well reputed Independent Directors on the Board who perform and carry out their responsibilities diligently.
20. Explanation for non-mandatory provisions is as under:
 - a) Regulation 19 of the Companies (Code of Corporate Governance) Regulations, 2019 encourages all the Directors on Board to have acquired the prescribed certification under Director Training Program (DTP) by June 30, 2022 and every year, atleast one Female Executive to have certification under DTP from July 2020. The Company has well experienced Directors including non-resident Directors on Board. Due to the pandemic and traveling restrictions for the last couple of years, two Non-Resident Directors have not been able to complete the required DTP. Further, one Female Executive acquired certification under the DTP last year and considering that the Company has limited female staff at Executive/Senior levels, it is challenging to meet the requirement for DTP by one female executive every year and has not been complied with this year.
 - b) The requirement of Nomination Committee is optional in Regulation 29. The Board takes care of the responsibilities prescribed for Nomination Committee, hence, a separate Nomination Committee is not considered necessary.
 - c) The requirement of Risk Management Committee is optional in Regulation 30. The Board has approved a Risk Management Framework which guides the overall risk management process. The risk management is carried out at the overall Company's level by the Executive Leadership Team of the Company headed by the CEO and is reviewed by the Board from time to time. The Company's management monitors potential risks and risk management procedures to identify, assess and mitigate any identified or potential risks. Therefore, it not considered necessary to have a separate committee in this respect.
 - d) The requirement with respect to disclosure of significant policies on the website is optional in Regulation 35(1) whereby the Company has uploaded relevant information in this respect on the Company's website. However, other significant information related to policies, like risk management etc. is disclosed in the annual report of the Company which is duly uploaded on the website and is available for all accessing the website.

Karachi:
29 August 2022

Jonathan R. Simon
Chairman



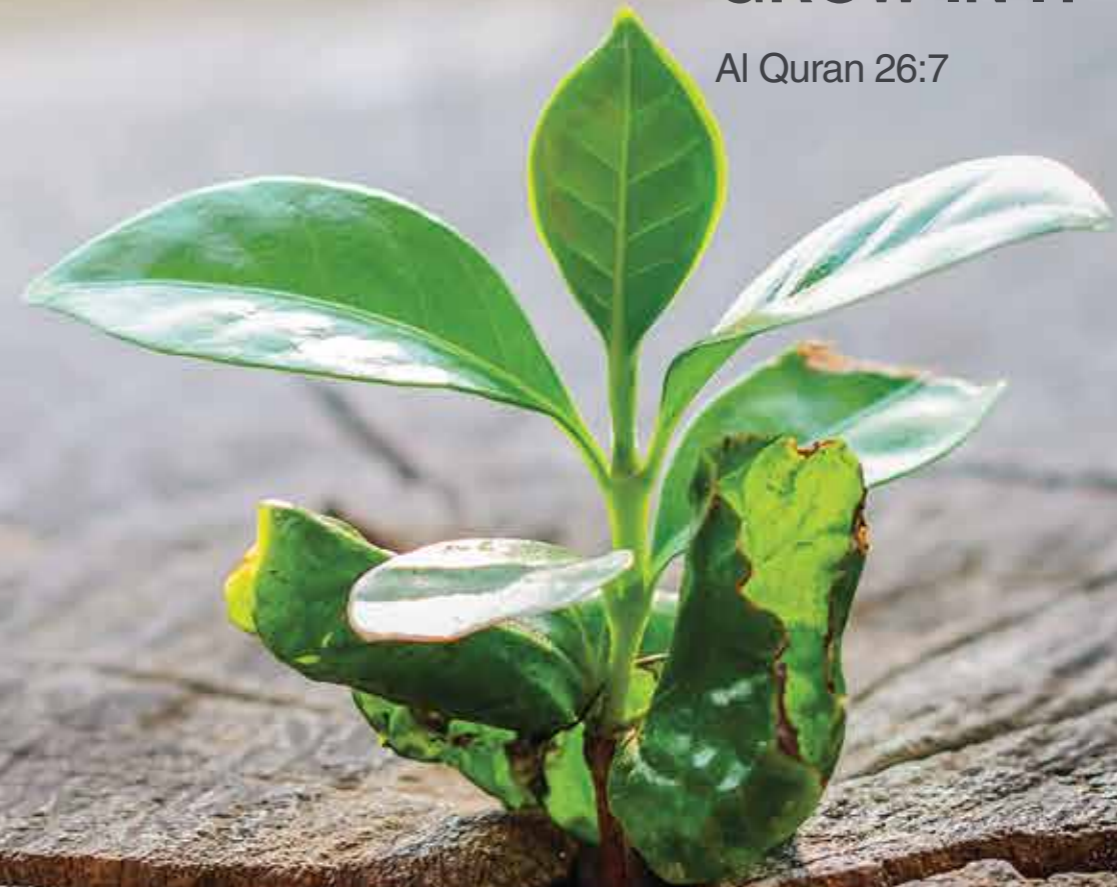
EVERY END IS A NEW BEGINNING

If you get a chance take it,
If it changes you let it

Nobody said that it'd be easy,
They just promised it would be worth it!

HAVE THEY NOT
LOOKED AT THE
EARTH, HOW MANY
OF THE NOBLE PAIRS
(OF VEGETATION) WE
HAVE CAUSE TO
GROW IN IT

Al Quran 26:7



ABOUT THE REPORT

Reporting Period	Financial year 2022 (July 01, 2021 to June 30, 2022)
Reporting Cycle	Annual
Available version	Online and printed versions are available in English. Online version can be assessed at: www.feroze1888.com
Report Content	The contents of this report are based upon the results of our engagement with stakeholders and requirements of the Sustainability Reporting Standards. All material aspects which are important to Company's business strategy, represents the impact on Society, Environment and Economic, and are of interest to different stakeholders and the Company, have been included in this report.
Assurance	The Company's sustainability team has reviewed the Current Report.
Changes in Reporting / Restatement of Information	There is no change and restatement of the information provided in previous report.
Contact us	The Company values feedback and welcomes comments on its reporting. For any questions and/or suggestions, you may contact our Sustainability team via email at suggestions@feroze1888.com

LEADERSHIP STATEMENT

I am pleased to present Feroze1888 Mills' Annual Sustainability Report as part of the Company's Annual Report 2021-22. This gives me the opportunity to share with you the actions we have taken to **Weave Sustainability** more deeply into our culture, driving our decisions today and setting the foundation for our future – an enabler to deliver our Brand promise of **"Weaving a Better World"**.

Our Sustainability journey is aligned with the United Nations Sustainable Development Goals (UNSDGs) and has helped us to clearly signpost our vision and guide our actions. Our sustainability strategy mirrors our business approach of balancing growth with stability. It takes into account the influence and impact our decisions and actions have on our stakeholders and the environment. It also ensures that we remain economically relevant through managing ESG risks and opportunities practically and in line with market realities. Just as our business strategy hinges on doing what is right for our customers, our sustainability strategy is based on how we embed these sustainable practices and engagement with all our stakeholders for positive outcomes in the long run.

Our experience and results prove sound corporate citizenship and environmental performance are fundamentals of good business. In 2021-22, we focused on raising the bar in terms of our commitments to sustainability targets, accelerating the pace of sustainable practices, and increasing our efforts around governance and management.

In this report you will find in detail about why and how we prioritize sustainability, our performance so far against our targets and what we endeavor to achieve in the future.

I am confident that by continuing to work together and prioritizing sustainability, we will do our part to ensure a better tomorrow for future generations to come. **Together towards a better tomorrow!!**

Thank you for reading our sustainability report.

Rehan Rahman



STATUS OF ADOPTION OF CSR GUIDELINES

The Company has an approved CSR Policy in place and conducts numerous CSR activities each year for the welfare and betterment of society.

Realizing importance of these activities and being conscious, the Company is always on the lookout for innovative ways to contribute positively both to the society and the environment. The CSR vision has been aimed at protecting environment, imparting education, promoting diversity in our work force, improvement in standards of excellence in our work with special attention on healthcare.

Our intention is not only to contribute in monetary terms but also to utilize this opportunity by involving our employees and other members of the society. Significant portion of the CSR funds goes to education and health sector.

In a nutshell, the Company is continuously focusing on the regulatory guidelines for adaptability of CSR principles to ensure these are followed in true spirit:

- CSR Policy approved by the Board alongwith approval of CSR budget every year;
- Monitoring of the CSR activities on a regular basis and discussions at the Executive Leadership Team meetings;
- Highlighting the importance of CSR activities to the employees for their contribution to the society;
- Incorporation of CSR related KPIs of the relevant department thereby ensuring that these are part of the business plans / strategy.
- Disclosure and reporting of CSR achievements.

SUSTAINABILITY STRATEGY

Being a socially responsible Company, Feroze1888 has embedded sustainability at the core of its operations. Sustainability is integrated in all areas of the Company's operations – for the benefit of customers, shareholders, employees, and the world around it.

Sustainability is a broad discipline where responsible interaction is made to contribute within the environment via condition of balance and resilience. Feroze1888 is committed to fashion innovative value through sustainable practice. The mission is to solve significant global challenges to condense our footprint and heighten our impact for the sole purpose of enhancing the quality of life and community we live in.

The Company's sustainability strategy is simple and compelling. The essence of sustainability at Feroze1888 is translated by three P's; People, Planet, & ensuring Prosperity of all.

SUSTAINABILITY AT A GLANCE

Skills & Education

Provided complete four years scholarships to **6** financially challenged students to pursue higher education.
Supported education of **200+** students by effectively managing Educational Assistance Program
In order to bridge the gap between industry and academia, provided internship opportunities to **29** individuals
Enhanced skills of **32** non-management employees through Spinning and Weaving Certification program
Provided **14,400+** man hours of trainings to enhance skillset of our human capital
In order to enhance the workplace efficiency before entering industry, provided training to **60+** students on lean principles

Well being

Supported **17** marriages of female employees/ workers and workers' daughters through combined marriage ceremony
Provide Fire safety trainings to **100%** employees
Invest Rs. **9.4M** in community Health & Wellbeing
Fostering health & safety culture by providing trainings and conducting risk assessment of all areas
Providing clean water to the residents of Village via boring project

Gender Equality

Provide complete 4 years scholarships to **4** female students to pursue higher education

Empowerment

Empowering employees through fostering Kaizen Culture

Combat against Climate Change

In collaboration with CARDS-Pakistan, planted **25,000** mangrove trees to combat against climate change
Generating **4500+** MWhrs of electricity through Renewable energy generation
Developed infrastructure to utilize natural light at maximum, thus saving **16,000+** kWhrs of energy per year & resultant CO2
Using more than **85%** recyclable grade paper in the manufacturing of corrugated cartons
Saved **3,000+** tons of virgin cotton through hard & soft waste recycling

Responsible Resource Utilization

Saved almost **13M m3** of gas via taking different initiatives like installing energy efficient machines, efficient generators & WHRB
Reclaimed **200+ M** gallons of water sufficient for **1200+** households

CERTIFICATIONS

Environmental



Social



Quality



Security



MATERIALITY ASSESSMENT

Feroze1888 focuses its sustainability efforts in all areas of the Company's value chain. The topics have been identified based on several factors, including alignment with its strategy, objectives, vision, values, and brand promise of Weaving a better world, past practices, and internal analysis on issues identified by the Sustainability Team. These topics are also chosen based on stakeholders' concerns and feedback, general relevance, and the likely impact in the broader social, economic, and environmental context, such as the markets in which the Company operates, energy availability, environmental issues and climate change.

List of Material Topics and their Boundaries

Area	Material Topic	Boundary
Economic	Economic Performance	Feroze1888 Mills Limited
	Market Presence	Feroze1888 Mills Limited
	Procurement Practices	Feroze1888 Mills Limited
	Anticorruption	Feroze1888 Mills Limited
Environment	Energy	Feroze1888 Mills Limited
	Water	Feroze1888 Mills Limited, Our Local Community
	Emissions	Feroze1888 Mills Limited, Our Local Community
	Effluent and Waste	Feroze1888 Mills Limited, Our Local Community
	Material	Feroze1888 Mills Limited
	Environmental Compliance	Feroze1888 Mills Limited, Our Suppliers
Social	Employment	Feroze1888 Mills Limited, Our Local Community
	Occupational Health and Safety	Feroze1888 Mills Limited
	Labor/Management Relations	Feroze1888 Mills Limited
	Training & Education	Feroze1888 Mills Limited
	Diversity & Equal Opportunity	Feroze1888 Mills Limited
	Non-Discrimination	Feroze1888 Mills Limited
	Human Rights	Feroze1888 Mills Limited, Our Suppliers
	Child Labor	Feroze1888 Mills Limited, Our Suppliers
	Forced or Compulsory Labor	Feroze1888 Mills Limited, Our Suppliers
Marketing & Labeling	Feroze1888 Mills Limited, Our Suppliers	

Feroze Sustainability Team

Feroze1888 strives to perform its business activities in an ethical and sustainable manner. To achieve this, a cross functional team 'Feroze Sustainability Team' (FST) is formulated consisting of leads/individuals associated to different departments/sections of the organization. By doing so, we are not only fulfilling our annual sustainability goals but also promote awareness and efforts within the organization.

At the beginning of the financial year, baselines and targets for UNSDGs are set which are then incorporated in the objectives of all the departments associated with the FST. The FST committee directly reports the quarterly progress to the CEO and Director Operations after which they are evaluated against the set departmental objectives.



PEOPLE

We consider employees and the community are equally important stakeholders, steps for their development and well-being are the top priority of the Company. Keeping in view the strategic goal, Feroze1888 focuses on human resource development by recruiting the best talent from local community and provides them with learning culture along with healthy and safe working environment.

Providing employment to almost 13,000 people, the Company have a significant impact on livelihoods, opportunities and growth prospects for the people who work for us. Health and safety, human resources, and community investment are all governed by well-defined policies and procedures across the Company. Feroze1888 also achieves its goals by providing opportunities as an equal opportunity employer and using a performance improvement approach to assess and close gaps in personal and business growth.

Furthermore, we have acquired certification of SA8000 & SEDEX for our operational unit. All operations of the Company are assessed for risks related to child labor, forced labor, discrimination,

human rights violation and corruption. Strong controls have been placed within the Company to prevent the use of any forced or child labor. There have been no reported cases of Human rights violations, gender discrimination, Forced or Child Labor, Sexual harassments or any other types of discriminatory acts during the reporting period.

RECRUITMENT AND SELECTION

We believe that each employee is unique in what they bring to the Company in terms of their experience, culture and mindset, which is a key factor in bringing innovation to the business. Feroze1888 is an equal opportunity employer and through our procedures and policies ensure that the right candidate is selected without any discrimination. There were no incidents of discrimination reported through our Grievance Mechanism in the reporting period. The Company has employed 403 female employees as at reporting date (350 as at June 30, 2021) and aims to increase the number of women in our business functions in future.

LEARNING AND DEVELOPMENT

Feroze1888 considers its employees as the most valued asset and believes in their development via continuous learning and growth. We believe that, training and development is crucial for organizational progress and success. Training needs are indented regularly through annual appraisals and supervisor feedbacks. To define growth areas for our employees and strengthen these areas through training and coaching, the organization has established a Training Need Assessment process. During the year, 14,430 training hours provided to employees against 13,047 training hours in the corresponding year. In addition to that, 32 workers have been provided spinning and weaving certification program.

PERFORMANCE AND REWARD MANAGEMENT

Feroze1888 deployed a system of biannual performance reviews based on annual objectives. These individual objectives are formulated keeping in view the business strategy and Company goals. Learning and feedback from these evaluations lead towards subsequent alteration in business strategy and Company goals moving forward. The appraisals and performance reviews helps in evaluating an individual's contribution towards departmental and Company objective. Furthermore, several reviews are performed throughout the year at different intervals to monitor the progress of all individuals, with gaps being identified and communicated. All employees who had completed a minimum employment period were appraised in the reporting period.

Feroze1888 recognizes the importance of rewarding and appreciating its employees for their efforts in bringing innovation and creativity in their workplace; this also allows employees to achieve the desired level of efficiency. Ceremonies like Long service awards, Employee of the Quarter awards and Value Champ conducted for employee's engagement.

WAGES AND BENEFITS

At Feroze1888, we believe in equal employment opportunity and does not discriminate between employees, in terms of salaries and benefits, on the basis of gender, cast, religion or color. The Company offers complete remuneration packages to its employees at all cadre. Compliance of all legal requirement as per labor laws is ensured without any discrimination and we view this as our strength.

OCCUPATIONAL HEALTH & SAFETY

Feroze1888 fully adheres its responsibilities towards Health and Safety of employees. We believe that sustainable success can be accomplished only through people. We are committed to provide responsible care to all our employees, to protect their lives by minimizing exposure to chemicals, biological, or physical factors, ensuring well-being at work, and provide a high standard of health and safety.

We have acquired certification of OHSAS 45001:2018 and have successfully transferred to revised ISO14001:2015 certification with all its requirements. Our Health and Safety department is established with a view to improve awareness amongst employees regarding health & safety. It has developed training procedures, trained members of our extended family and improving competency and skills by sustained health & safety awareness sessions, training drills, safety review meetings, internal auditing and general communication.

Employees at high risk of occupational disease in Weaving, Dyeing & Processing, Stitching & Packing, Plant Engineering & Chemical store, have carried out with regular health tests such as Chest X-Ray, Audiometric blood test and any other related test as per requirement. Furthermore, control on the use of proper PPEs (Personal protective equipment) is ensured across all operations of the Company. All contract related work being performed inside the organization contains HSE commitments from the vendor.

PLANET

Every day we make effort to Reduce, Reuse and Recycle waste (3R), minimize natural resource consumption, treat any harmful emissions before they are released to curtail environmental footprint. Different resource efficiency initiatives are being undertaken at our multiple locations for the same purpose. Moreover, trainings and awareness are being provided to all individuals regarding stewardship towards our Planet.

The Company has deployed Environment Management System in accordance with ISO 14001:2015 & ISO 45001:2018 that defines the Company's commitment and obligation towards the environment. The Company has also made its environmental goals part of the management based objectives where departments are appraised based on yard stick set by the management on activities which have an impact on the environment. As part of this goal, the Company has been certified in GOTS, OKeo – Tex, STEP, GRS, RCS

and other sustainability certifications. These certification shows the Company's commitment in providing sustainable product from non-harmful sources.

HSE team performs an EIA (Environmental Impact Assessment) and reassesses highlighted aspects and impacts annually. However, process of environmental aspects identification is immediately started in case of new development of a process, when there is a change in process or control measures implementation based on any identified significant environmental aspect. Furthermore, scheduled and surprise audits are conducted to ensure our compliance with all regulatory and legal requirement. Audits from external firms are conducted biannually against requirements of ISO 14001:2015, which revealed zero cases of major non-compliance. The Company has developed procedure for communication of all environmental legislation to relevant stakeholders.



No grievances were filed through our formal grievance and feedback system related to the environment. There were no monetary or non-monetary fines placed on the Company regarding non-compliance with environmental laws and regulations in the reporting period.

MATERIALS & WASTAGE

The Company believes in responsible consumption of natural resources and raw materials in its manufacturing facilities. We believe in procuring best quality materials and supplies and ensure that these products do not have adverse effects to our environment. The cotton and yarn is our primary raw material consumed in the manufacturing process. Other materials consumed in production includes corrugated cartons, printed labels, sticker, plastic bags and bands to package product for delivery to our customers.

The Company uses chemicals and materials as per defined Oeko-Tex, GOTS and STEP standards. The Company has documented SOPs & Work Instructions related to Waste Management focusing on the handling and storage of all types of wastes. A comprehensive system for reduction, collection, segregation, reuse and disposal of our solid waste is present. Our Non Hazardous waste generated is reused, recycled or sold for recycling. Our Hazardous waste is handed over to approve contractors who are licensed to handle such waste.

Below list is the classification of main types of solid wastes present at our manufacturing processes:

- | | |
|---|--|
| <ul style="list-style-type: none"> • Chemical Containers • Medical/Clinical Waste • Oil/Lubrication Waste • Computer Equipment • Electronic/Electrical Waste • Paper & Cardboard | }
Hazardous |
| <ul style="list-style-type: none"> • Chemical can/drums/plastic bags • Computer Equipment • Mechanical Waste • Civil & Carpenter Waste • Cones (Paper/Plastic) • Wooden/Iron Pallets • Polythene bags • Unusable Cotton Waste • Yarn/Fiber Waste • Fabric waste and Fluff | }
Non-Hazardous |

To reduce the amount of waste being produced and entered into the environment, Feroze1888 has undertaken multiple initiatives.

ENERGY

Feroze1888 believes that efficient use of energy across all operations. The Company has developed an Energy Management Policy to focus on efficient energy utilization and benchmark energy efficiency. Following this ideology, Feroze1888 has a well-developed Energy Management System, which is maintained and reviewed regularly. The Company conducts regular internal audits based on guidelines defined in the Energy Management System (ISO 50001). The Company has set specific Energy objectives focusing on energy and utility reduction in operations.

Feroze1888 uses both renewable and non-renewable fuel sources. The Company have reduced its Energy Intensity ratio from 0.0217 GJ to 0.0210 GJ per kg lbs of fabric produced in the reporting year as compared with last year. The ratio includes all energy consumed within the Company.

EMMISSION

The Company is committed to control and minimize its effects on environment due to all types of emissions. Regular 3rd party checks by PERAC Research and Development (PRD) are performed, to ensure that emissions are as per National Environmental and Quality Standards (NEQS). Our major sources of emissions include Power generation and Steam generation from different fuel sources (GHG Emission include all GHG gasses). Testing for NOx, SOx and particulate matter is performed using analyzers, scope of these testing contains all emissions point, fork lifters and vehicles for transport. Moreover, Noise level and Smoke levels are also checked. Our major sources of emissions include Power generation and all GHG gasses).

The Company is taking variety of energy conservation measures in production and support processes to reduce the consumption and increase resource utilization.

WATER & EFFLUENTS

The Company emphasizes on water management to ensure effective resource utilization and minimize its environmental impacts. Although, textile manufacturing requires a great deal of water, not only to grow or produce the raw fiber, but also in process such as dyeing and finishing where large quantities of water is consumed.

At Feroze1888, we believe that a drop of water we save today will save our future and with this thought, we continue to strive for the opportunities in our operations that will significantly reduce the water consumption. We are achieving this goal by using efficient machinery as well as by adopting proper water management system. The decreasing trend of water consumption in all major areas is showing our efforts towards this objective. Feroze1888, extracts water from various sources for its operations and discharges them responsibly. The Company focuses on recycling and reusing water in many of its processes.

The Company continues to make excellent progress in managing waste water released from operations. In order to operate in an environmental friendly way, we have installed an Effluent Treatment Plant which has enabled us to meet with all regulatory and statutory requirements as per "National Environmental Quality Standards (NEQS). There were no significant spills during the reporting period. Company uses Waste water treatment plans alongside 3rd party (PERAC Research & Development) and daily internal checks to ensure we are passing the purity to the community and for our future generations to survive in a better global environment. The Company has recycled 238.5M gallons of water in current year in its operations against 198.34M during last year.



PROSPERITY

Being the largest manufacturer of Textile products in Pakistan, Feroze1888 realizes the importance of continuous growth in all aspects of Manufacturing Excellence either it be the capacity enhancement, introduction of sustainable cutting edge technology, nurturing our talent pool, creating employment or giving back to the society. Feroze1888 Mills is highly committed to the ideology of 3Ps and safeguards the interest of people, planet and ensuring prosperity of all. We hold ourselves responsible and accountable for all our endeavors and our responsibilities to the utmost towards social responsibility.

We are committed to:

- Achieve excellence in every aspect of our business
- Ethical and responsible conduct in all of our operations
- Respect for the rights of all individuals
- Care for the environment
- Ensure that the requirements as defined in the standard SA 8000 and other social requirements identified by the customers are fully complied with.

- Comply with applicable laws, international regulations and conventions.
- Strive to achieve conformity to these requirements through continually improved and effective systems.

Any complaints related to labor conditions, procurement practices, human rights, or customer satisfaction may be lodged via the Company's structured Grievance Mechanisms. The Company has also provided contact information and a complaints email address to allow anyone who wishes to highlight changes in the Company's operations to do so. In context, there were no incidents of non-compliance with respect to Human rights, procurement practices and labor practices in 2021-2022.

Further, to combat corruption, avoid conflict of interest and establish no gift of gratitude environment, the organization has placed policies and ensures that they are strictly followed and complied for employees of all cadres, business partners and vendors.



Our Prosperity Partners



COMMUNITY

Keeping up with the spirit & ideology of Corporate Social Responsibility (CSR), a platform by the name of **Feroze 1888 Social Responsibility Squad (FSRS)** was formed in August 2008. The purpose of establishing this squad was to plan different events for the benefit of extended family members and to also serve the local community and the society in large. Feroze1888 through FSRS is providing financial support both in medical emergencies and for meeting educational expense of employees' children. The team further plays an important role in providing assistance in times of natural calamities and emergencies. Feroze1888 aims to support local communities through giving employment opportunities. Hiring from Local communities are often given preference in order to maximize community involvement. Below are the some local community based CSR activities taken place during the reporting period;

- Donation for setting up a computer lab at NOWPDP, an organization that focuses on providing differently-abled individuals with the necessary technical skills, so that they become self-reliant.
- Setting up an advanced LED in the labs of NED University to enhance the problem solving and visualization skills of students.
- An academic tour for more than 100 under-privileged students of DEWA foundation and Goth Muhammad Khan School was arranged in collaboration with **Magnify Science** to instigate a curiosity for science among the young minds.
- Plantation of more than 25,000 mangroves in Baluchistan in collaboration with **CARDS** Pakistan with the help of which 544 tons of CO2 will be curtailed every year.

- The Company has started a Spinning Certification Program for non-management workers in order to add value to their professional lives. The four-month program is designed to prepare non-management workers for consideration for management positions.
- Donation of Health & Safety equipment to the Safety lab of Industrial and Manufacturing department of NED University. Using the equipment first hand, will make the students to be capable enough to deal with emergency situations which may arise at their workplaces.
- Food ration drive for more than 100 people executed successfully in response to the famine conditions in Cholistan.
- Donation to Haswa Foundation to assist them in carrying out 20 limb surgeries for the patients who cannot afford treatment.
- Donation to Pak Eye Bank to facilitate successful eye transplants of underprivileged patients.
- Celebration of World Environment Day with the students of DAUD University to raise awareness about the Global Warming and conclusion of the event with a plantation drive at the university.
- Arrangement of an educational recreational trip for deserving students of Kiran Foundation to familiarize them with nature while they broaden their minds.

SUPPLIERS

At Feroze1888, we believe that our suppliers are strategic business partners that are essential to promoting sustainability in its supply chain. The Company wants to develop its suppliers so that it can meet its goals of **Excellent Execution Every Time**.

The Company primary areas of focus are quality of products, social and environmental performance. Our supply chain spans from procurement of machinery, raw materials, semi-finished products, services and other inputs from local and foreign vendors to delivery of finished products to customers. The Company has over 1,000 suppliers as part of our supply chain to fulfill the demands of our customers. The Company believes that by working with local suppliers, it is contributing to grow the local economy. To boost and lift the economy, the organization has devised policies and mechanisms to ensure that local suppliers are given first priority.

SELECTION, EVALUATION AND MONITORING

The aim of the supply chain network is to improve the efficiency of procurement and material handling processes. This is accomplished by constantly searching out and implementing best practices, as well as maximizing opportunities for market synergy. We have stringent processes in place for supplier assessment and selection to ensure that only high-quality materials are purchased from our local and foreign suppliers. We have developed policy for screening suppliers based on social criteria such as child labor, forced labor and human rights.

The Company selects and approves its suppliers on the basis of their capability to cater the Quality and Quantity needs on set timelines. The suppliers are regularly monitored to examine their performance; corrective actions are also taken in case of any non-conformance, and if improvements are not observed, the relation is discontinued.

CUSTOMERS

The Company has always adhered to its commitment of **Excellent Execution Every time**, ensuring the highest quality products are supplied to customers with minimal impacts on safety, environment and society. To ensure this, Life cycle

assessment of all our products is performed and risks associated with Quality, Health, Safety & Environment are highlighted and their proper mitigation controls are established. The Company also exhibits at a number of trade shows and expos around the globe.

The Company is aware and makes sure that its marketing communications are not offensive or anti-social. The Company respects and understands the customers need for confidentiality and secrecy with regards to product information. The Company has put clauses regarding confidentiality of customer intellectual or materialistic property in the Company's quality manual. Neither any cases nor complaints were filed nor were any breaches reported with regards to violation or loss of customer privacy or confidentiality in the reporting period.

We see customer feedback as a tool for continuous improvement. We establish regular contact with customer for feedback. Drafted feedback forms are shared regularly with customers to identify important areas. System Improvement areas are identified in which, root causes of the problems are highlighted and necessary actions are taken and documented to close the quality loop and eliminate recurrences of such issues in future.

ECONOMIC, ENVIRONMENTAL AND SOCIAL PERFORMANCE

Area	Material Top	Target 2021-22	Achievement	Achievement %	SDG Goals
Economic	Employment Learning & Development"	In order to enhance skills of employees, provide atleast 11,500 man-hours of trainings on different soft & hardskills	Provided 14,776 man-hours of trainings on variety of soft & hard skills.	100%	 
Social	Training & Development	Train atleast 40 university students on Lean Principles in order to develop work level efficiencies	60+ students have been trained during the period.	100%	 
Economic / Environmental / Social	Compliance	Compliance with Environmental Management System, Quality Management System and Occupational Health & Safety.	The Company complies with ISO - 14001:2015 (Environmental Management System), ISO 9001-2015 (Quality Management System) & ISO 45001-2018 (Occupational Health & Safety).	100%	 
Environmental	Recycling	Use atleast 20% of recycled content in our product. (GRS Certification)	We are Certified with GRS in this regard.	100%	
Social / Environmental	Water	Through collaboration with different NGOs, support local communities for overcoming water scarcity.	Providing Clean water to the residents of Village via boring project.	100%	 
Environmental	Plantation / Climate	Plant atleast 25,000 trees in order to combat against climate change.	Planted 25,000 Mangroves trees in collaboration with differen NGOs or institutes.	100%	 
Environmental	Emissions	Collaboration with Apparel Impact Institute (aii) on carbon Leadership & Clean by Design Project.	CLP and CbD programs for green supply chain efficiency conducted during the year.	100%	
Environmental	Emissions, Effluents & Waste	Initiate a Roadmap to Reduce CO ₂ emissions by atleast 25% by 2030	Committed to SBTi for setting Science Based Target.	100%	 
Social	Local Communities	Support marriages of female workforce / daughters of financially challenged workforce	Supported 17 marriages through combined marriage ceremony	100%	 
Social	Gender Equality / Non Discrimination	Develop strategy to enhance gender diversity	Diversity policy has been prepared along with short term targets.	100%	 
Social	Occupational Health and Safety	To ensure community health and wellbeing, considerations of Rs 9.4 million are reserved.	Spent Rs. 9.4 million in 2021-22	100%	

Area	Material Top	Target 2021-22	Achievement	Achievement %	SDG Goals
Social	Occupational Health and Safety / Training & Education	Provide Fire safety trainings to 100% employees.	100% employees were provided the trainings	100%	 
Social	Training & Education	Support education of employees' children through educational assistance policy.	Supported 202 students by effectively managing Educational Assistance Program.	100%	 
Social	Employment Learning & Development	In order to prepare the next generation for the mainstream, provide atleast 40 opportunities for internships for gaining practical exposure.	Internship opportunities to 29 individuals has been provided	73%	 
Social	Education / Gender Equality / Non Discrimination	Provide complete four years scholarships to 7 financially challenged students to pursue higher education.	Provided Scholarships to 6 students (4 females and 2 males) of NED University, DOW Medical and Textile Institute of Pakistan to pursue higher education.	86%	  

SUSTAINABILITY AND CSR SNAPSHOT

Summer Internship

Feroze1888 mills is committed expands its wings of people development by providing a great door of learning opportunity through summer internship program. We help developing students by shaping their professional aptitude and strengthening their hard skills. During the year, the Company has provided internship opportunities to 29 University students.



A PROMISING FUTURE! PAKISTAN EXPO 2020 DUBAI



PAKISTAN
EXPO 2020 DUBAI

Feroze1888 has also played its role as a supporting partner to the Pakistan Pavilion at the Expo 2020 Dubai. The Dubai EXPO 2020 (2021-2022) was organized from 1 October 2021 and 31 March 2022, being a global gathering of ideas, cultures, and shared values. 192 international countries were participated and Pakistan has present itself under the theme of "The Hidden Treasure". As expected, our People, History, Culture, Places & Economic Potential helped to amaze the world to recognize us as a strong nation.

Young Leaders Conference

The Young Leaders Conference (YLC) is Pakistan's first leadership program for the youth that amplifies their unexposed potential and helps them excel in life. The unique aspect of the YLC is that it aims to break barriers — cultural, religious and social — and has done so consistently. Being a pro-learning organization Feroze1888 mills ensured its extended support to Youth leadership conference YLC'21 conducted in Sept'21 and nominated its young leaders.



During 6 days residential program participants were introduced to the building blocks of leadership: public speaking, goal setting, assertiveness, advocacy and self-esteem. Program provided them an opportunity to analyze their strengths and weaknesses, set personal and vocational goals. The whole program was designed with a great mix of engaging simulations which facilitated their professional and personal development; and has upskilled them with the leadership talents, which are true need to excel in this competitive environment.

COMBINED WEDDING CEREMONY

By the grace of Almighty, Feroze1888 is truly humbled and pleased on successfully arranging and executing yet another Combined Wedding Ceremony of our female workers and the daughters of our workers. This blissful event has gained the trust and admiration of our workforce which is evident from the increase in number of couples every year. This year we facilitated the nuptial of 17 couples with utmost dignity and respect.

MENTORSHIP PROGRAM

Youth is the future of any nation; our nation-their abilities, skills, attitude and aptitude will certainly draft and shape the times. It is essential to assist them to unleash their own potential and to provide them the opportunity having practical exposure of their academic learnings, and this is exactly where and how we facilitate them through our Mentorship program. During the year, we arrange Mentorship programs for the students of NED, Dawood, DHA Suffa and Sir Syed University where the students get the opportunity to interact with our experienced and accomplished team members and gain insights through their Expert talk.



SEEDS OF CHANGE – Plantation Activity

The Executive Leadership Team of Feroze1888 Mills Ltd. participated in the activity of Planting Seeds of Change. The 'change' here is not a metaphor but is meant in the actual terms: The seeds sowed in this activity were actually biodegradable eco-paper made with post-consumer and post-industrial paper waste embedded with seeds. When the paper is planted in a pot of soil, the seeds grow and the paper composts away. This plant-able paper was made part of our **Annual Report 2021** and shared with all the relevant stake-holders - making them an ally of our cause. Taking care of the environment with

the environment friendly products is a change being tend by the organization and a step further in sustainable developments. The participation of the Leadership team in the activity is yet another effort: a top to bottom message of advocacy and promotion of employee awareness of the potential impact of planting a tree.



L&D for Workers

Feroze1888 breathes its corporate value of People development and ensures a culture of learning and knowledge-sharing across the organization at every level. We believe that the investment to develop high-quality workers can create a virtuous cycle, where relevant and quality skills enable productivity, which in turn increases opportunity for them to grow. For us, it's more than just implementing mandatory workers' trainings and goes way beyond meeting with them annually to discuss the areas of improvement and highlighting improvement needs. During the year, the Company has arranged spinning and weaving certification program of 32 non-management employees.

INTERNATIONAL DAY OF DIFFERENTLY ABLED PERSONS

A strong patron of People Development and adherent to the UNSD Goals, Feroze1888 Mills Ltd. is strongly committed to improving quality of life for all the individuals striving in the society through various activities and platforms. On the International Day of Persons with Disability, Feroze1888 collaborated with NOWPDP: an organization working for the empowerment of differently abled persons, and donated Computers to their Computer Lab. These computers will assist the Special Persons learning Graphic designing on a dedicated system for every individual. Having a dedicated PC will give each individual the time to practice and focused learning as per their individual need. Their learned skill will enable them to secure a professional career making them an active, independent and contributing individual of the society, Inclusion of people with special needs in the mainstream activities is fulfillment of basic human rights and building a society with equality, peace and prosperity for all.



PLANTATION DRIVE 2021-22

A business is defined not only by what it creates, But by what it refuses to destroy.

By the grace Almighty, Plantation Drive 2021-22 is successfully concluded. Aligned with the United Nations Sustainable Development Goals (UNSDG), we aspire to reduce the ecological footprints in every possible manner. In line with our commitment, we pledged to plant 25,000 Trees through the plantation drive in collaboration with CARD Pakistan on the coastline of Sonmiani Bay.



Weaving A Better World Day

Visits to Home for orphan & special children

Feroze1888 marked the day on 12th May'22 and arranged visits to Dar-ul-Sukoon: home for special children and adults, and Sirat ul Jannah: home for orphan and abandoned children, in a series of several activities. Besides distribution of gift bags, getting engaged with the kids in fun-filled activities at Sirat ul Jannah, having enduring chit-chat with differently abled individuals and consoling some of the distressed souls at Dar-ul-Sukoon, the aim of these visits was to spend quality time with the marginalized segment of the society. Making them feel loved and admired and assuring them that they add immense value, strength and colors in the tapestry of life with all their uniqueness and different abilities. The management of Feroze1888 vow continued support to both the noble causes and will ensure that the hues remains as brighter as possible and the ties are strengthened - we will keep Weaving, a Better World.



STAKEHOLDER ENGAGEMENT

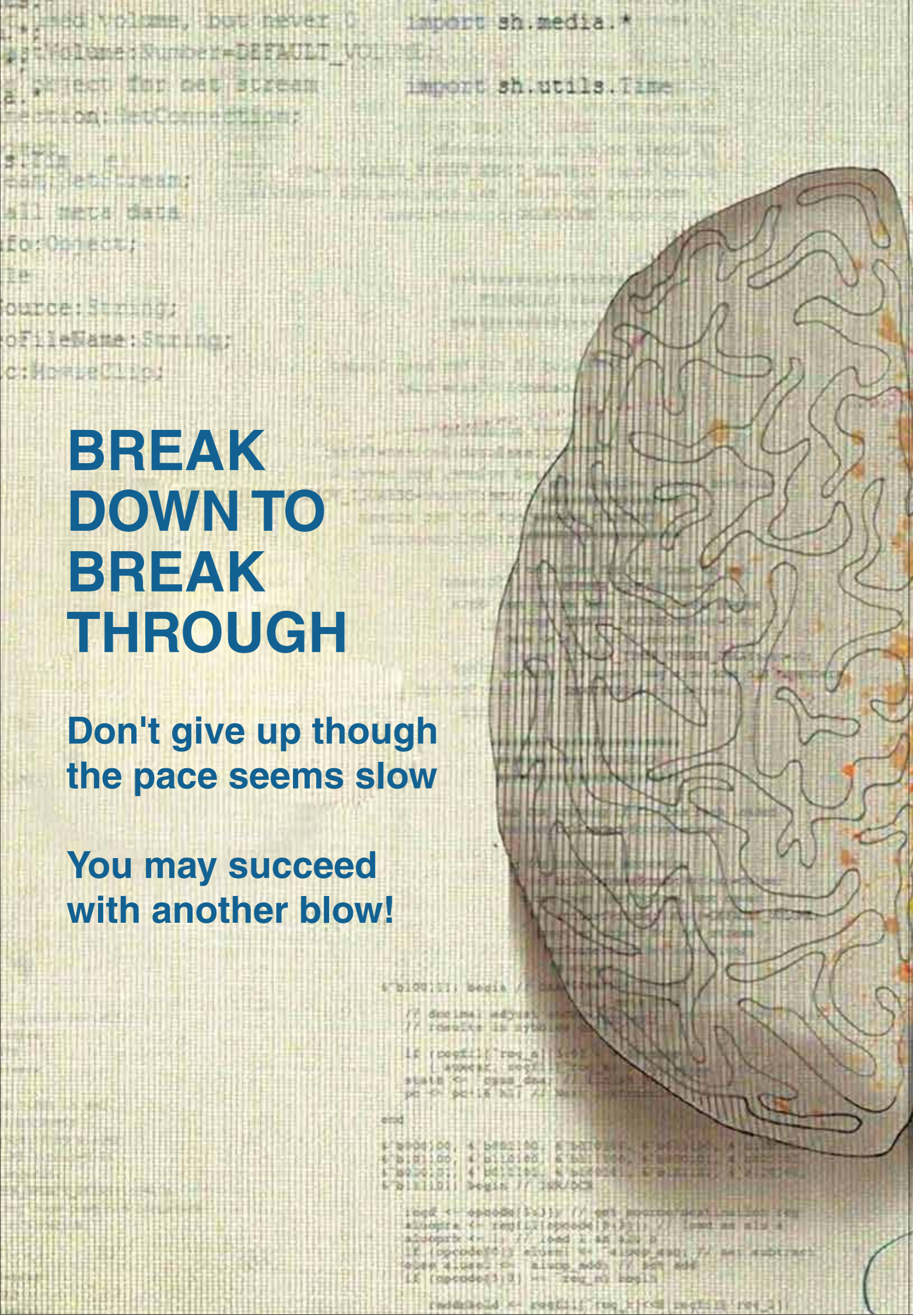
Being a responsible corporate citizen, we understand the importance of stakeholder engagement and treat its implications on priority. The Company interact with its stakeholders to seek their opinions and their expectations. This process allows the Company to define a timely and adequate response to the issues they deem important for our business and for our ability to make an impact that matters.

Key initiatives taken by the Company for stakeholder engagement carried out during the year includes:

Stakeholder Group	Stakeholder Management Initiatives
Shareholders/Investors	The Company has conducted AGMs and EOGMs as per the statutory guidelines to inform and obtain the consent of shareholders. The Board members were also present in these meetings to respond to the queries and concerns of the shareholders and investors. The Company has also been conducting corporate briefing sessions since last two years. We believe that these sessions are the best platform to address its existing and potential shareholders and investors. These sessions were chaired by Chief Executive Officer and other key management personnel were also present during the session.
Employees	Employee engagement and alignment with corporate strategy is very crucial for the Company. For this purpose "Townhalls" are conducted by Chief Executive Officer to share timely updates with employees about key business initiatives taken by management and strategic alignment across the Company. In addition to above, the Company has also taken various employee engagement initiatives, like quarterly publication of KIN magazine for employees awareness on various topics, Employee of the quarter award for each department, Annual performance appraisals, 180 degree performance appraisals of middle to senior management employees and Value Champ scoring - serves as important communication channels and monitoring of the employee's engagement targets.
Customers	Customers are at the core of what we do. To ensure customer satisfaction, the Company has taken multiple initiatives for customer engagement to maintain and build strong customer relationships: including customer visits to manufacturing facilities, Compliance of social, quality and environmental related standards, deploying systems to improve feedback and regular follow-ups with customers.
Banks	The Company places great importance to its bankers. Company ensures full compliance of all money lending requirements from its banks. Apart from that, Company ensures effective engagement of its partner banks through one-on-one meetings, Annual report, monthly and quarterly financial performance along with financial projections and communication to bank about key business achievements.
Local Community	The Company believes that health and education are the major contributors to the success of any nation. The Company actively played its role toward providing better education & health facilities to our communities, giving scholarships to talented students and investing in education and health support programs & initiatives.
Media	The Company has maintained a sound system to share timely and prompt updates regarding any material information for stakeholders on Company's website and stock exchange website. Social media communication policy is also in place. The Company ensures its presence in all major social media platforms.
Civil Society/NGOs	The Company has actively participated and donated in the areas of health, education, community development and environment.
Educational Institutions	The Company regularly organizes mentoring sessions in collaboration with different universities. These events played pivotal role in improving student's vision for professional life and experiences.

Key Stakeholder Groups

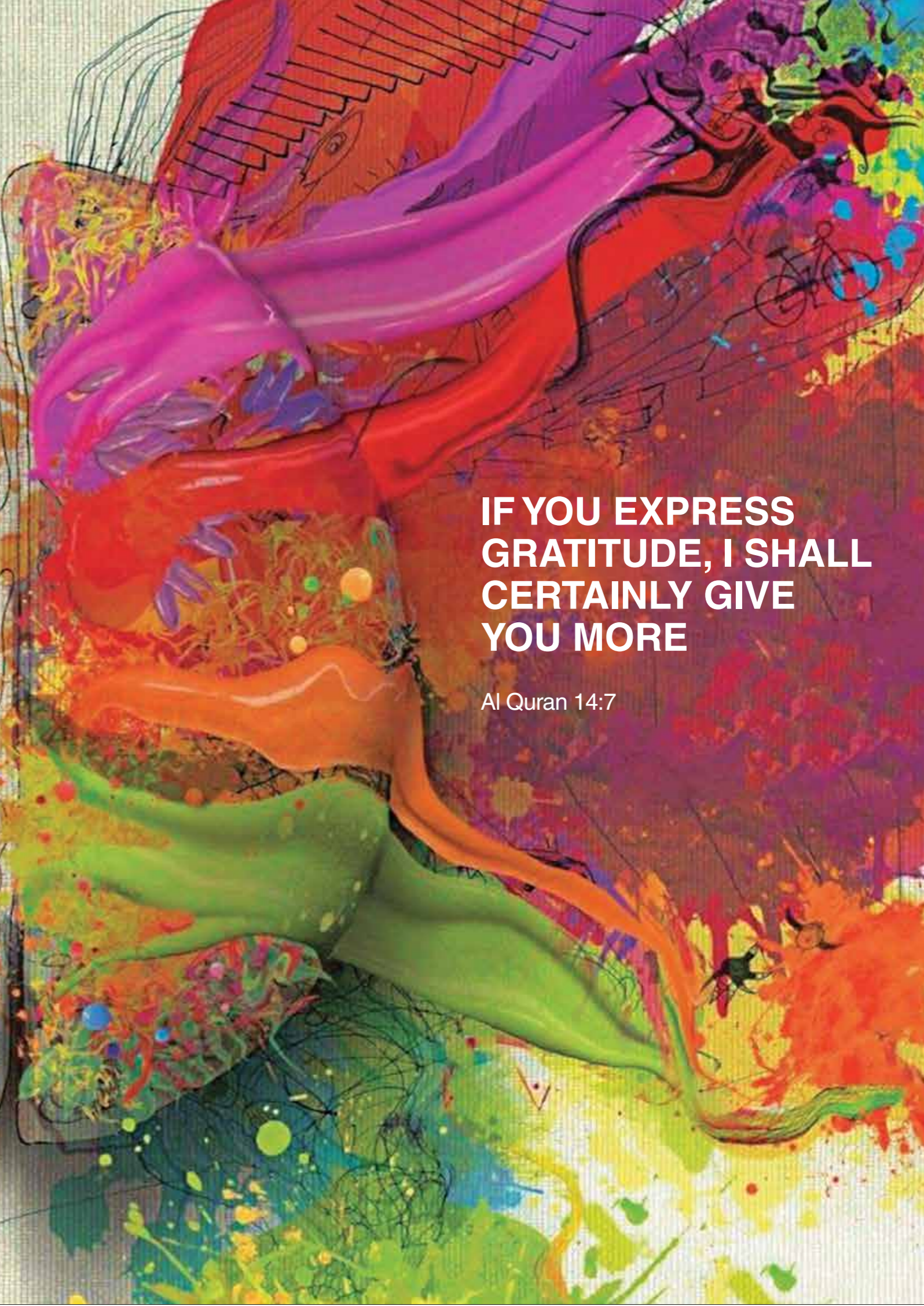
Stakeholder Group	Frequency of Engagement	Communication Mode	Topics Identified by Stakeholders	Company's Responses
Shareholders/ Investors	Regular	Annual Report, Company secretary, Corporate briefing sessions, AGMs and disclosure of material information etc.	Future prospects of the business, capacity enhancements and expansions, Country's export market performance etc.	The Company is committed towards transparency of financial and on-financial information, timely communication for sustainable business growth.
Employees	Regular	CEO's "Town hall" meeting, quarterly magazine, annual performance appraisals and internal communication etc.	Career and professional growth; and Training & development.	The Company gives utmost importance to transparency in employee related affairs; and simultaneously emphasize on capacity / skill development training programs.
Customers	Regular	Effective system to manage customer feedback and follow-up; visits of manufacturing sites.	Competitive prices, quality of products, timely deliveries and compliance of social, quality and environment related standards.	Attractive and competitive product offerings; Timely deliveries; Ensuring social, quality and environment related compliance.
Suppliers	Regular	Corporate level communications; visits of supplier's business facilities.	Favorable payment terms and conditions.	The Company has a transparent system that enables suppliers for discussion and negotiation of contract terms and conditions. The Company is committed toward its ethical trade philosophy.
Banks	Regular	Annual Report; Financial projections; On-on-one meetings; emails; phone calls.	Payment of loan's principle and interest on time; Maintaining different debt covenants.	The Company ensures on-time payment of principal and interest to its money lenders. Debt covenants performance is also closely monitored.
Government and other regulatory bodies	Case/need basis	Submission of data for compliance; meetings with Government officials.	Compliance with applicable statutory regulations and laws.	Company ensures compliance of all statutory and legal requirements in Company's affairs.
Local Community	Regular	Representative of plant's operations and CSR teams.	Negative impact of manufacturing sites; Employment opportunity for neighboring communities; and communal services.	Company ensures compliance of all legal and regulatory requirements and also possess multiple ISO certifications including EMS, QMS & OHS.
Education Institutions	Occasional	Mentoring sessions and Internship programs etc.	Job opportunities; working environment; and career growth prospects.	The Company regularly organizes mentoring sessions in collaboration with different universities. In addition to that Company also runs internship and recruitment programs for university students.



BREAK DOWN TO BREAK THROUGH

Don't give up though
the pace seems slow

You may succeed
with another blow!



IF YOU EXPRESS
GRATITUDE, I SHALL
CERTAINLY GIVE
YOU MORE

Al Quran 14:7

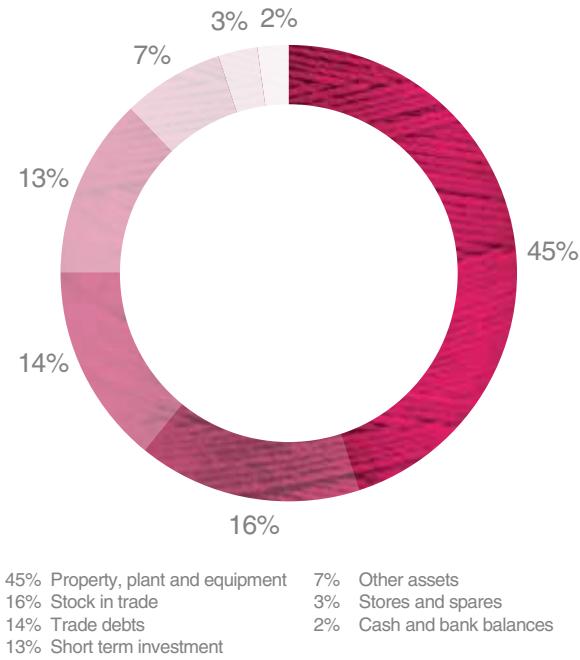
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// resolve is ...
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  [ appear, ... ]
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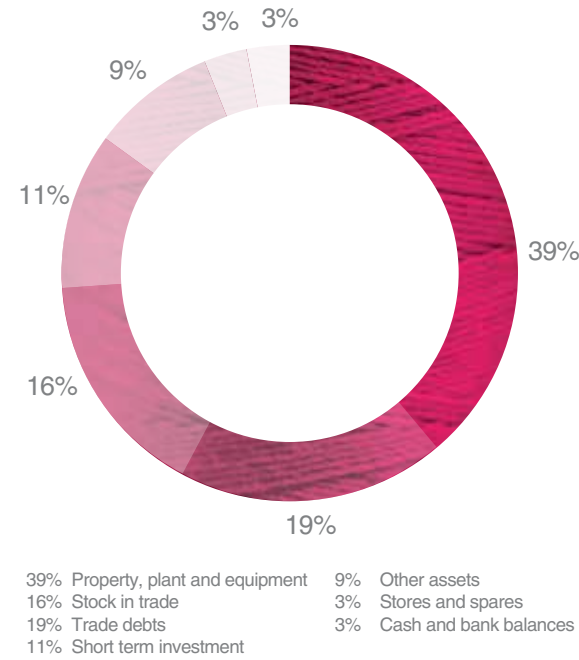
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FINANCIALS AT A GLANCE

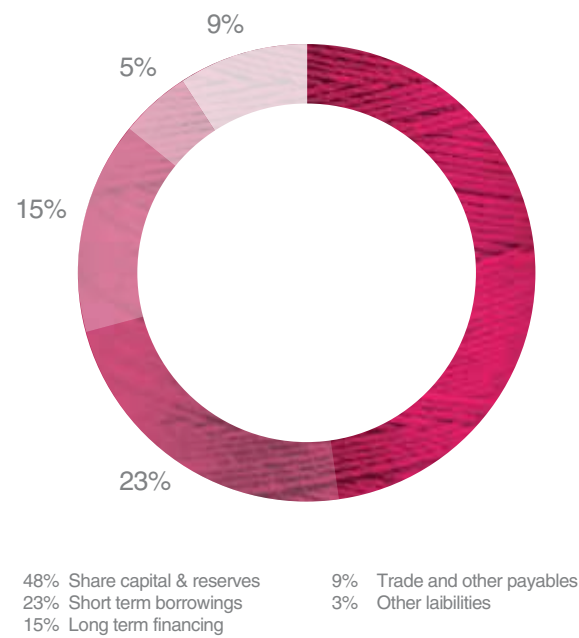
Assets - FY 2022
Percentage



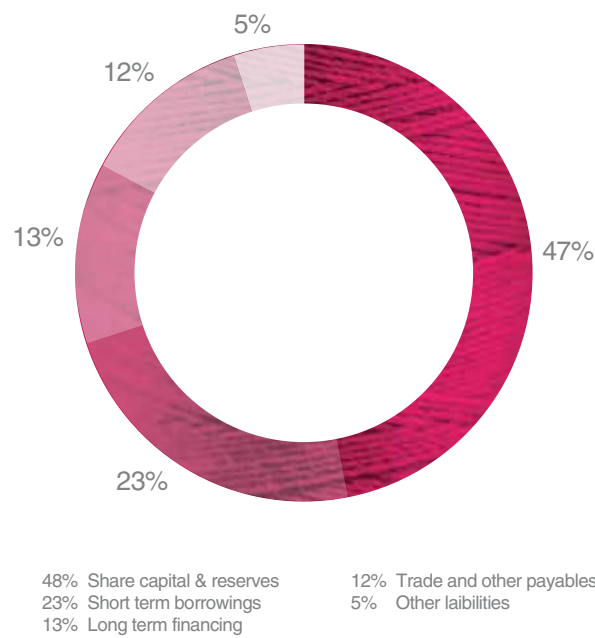
Assets - FY 2021
Percentage



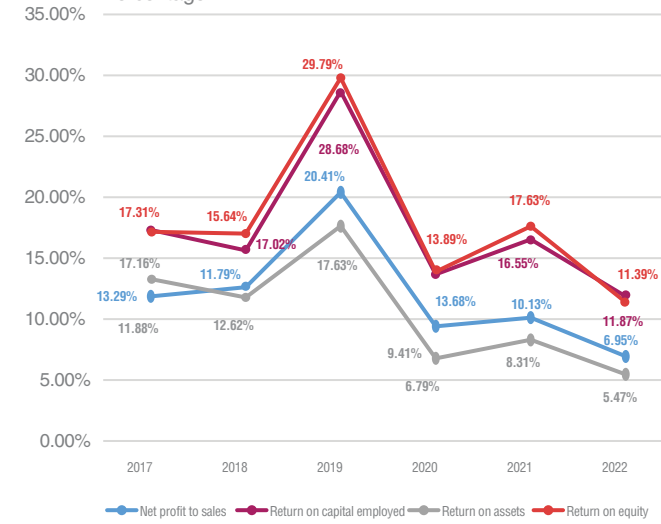
Equity and Liabilities - FY 2022
Percentage



Equity and Liabilities - FY 2022
Percentage



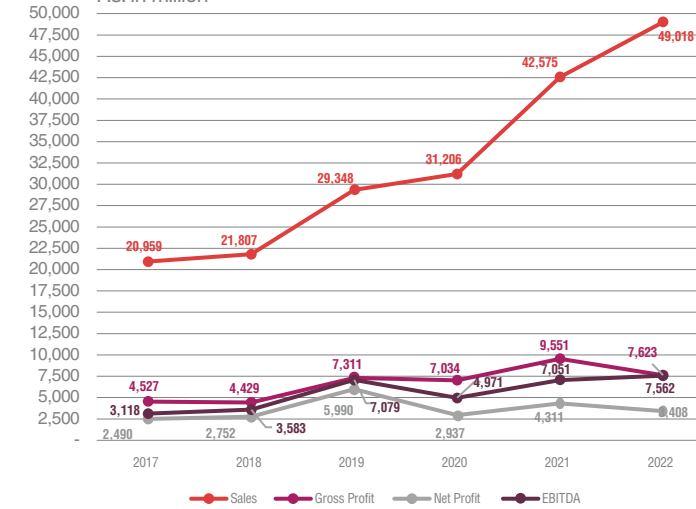
Profitability Ratio
Percentage



Liquidity Ratios
Times



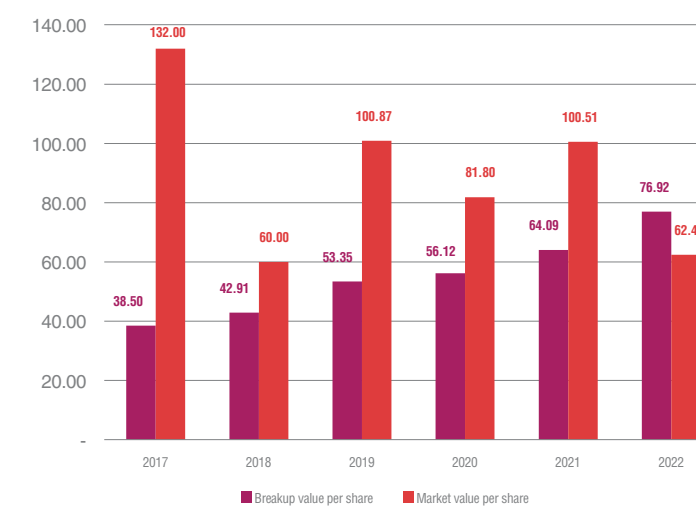
Turnover & Profitability
Rs. in million



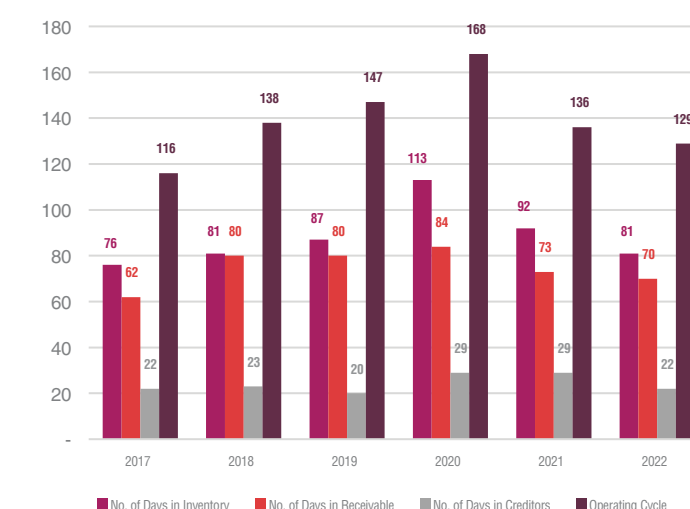
EPS vs Dividend per Share
Rupees



Market Value vs Book Value
Rupees



Operating Cycle
Days



RATIOS

		2022	2021	2020	2019	2018	2017
Profitability Ratios							
Gross profit ratio	%	15.55%	22.43%	22.54%	24.91%	20.31%	21.60%
Net profit to sales	%	6.95%	10.13%	9.41%	20.41%	12.62%	11.88%
Return on capital employed	%	11.87%	16.55%	13.68%	28.68%	15.64%	17.31%
Return on assets	%	5.47%	8.31%	6.79%	17.63%	11.79%	13.29%
EBITDA margin to sales	%	15.43%	16.56%	15.93%	24.91%	16.67%	14.69%
Return on equity	%	11.39%	17.63%	13.89%	29.79%	17.02%	17.16%
Operating leverage ratio	Times	(0.69)	1.30	(6.81)	3.49	3.80	(14.44)
Shareholders' Funds	Times	0.48	0.47	0.49	0.59	0.69	0.77
Return on Shareholders' Funds	%	11.39%	17.63%	13.89%	29.79%	17.02%	17.16%
Liquidity Ratios							
Current ratio	Times	1.57	1.61	1.53	1.73	1.94	2.76
Quick / acid test ratio	Times	1.03	1.11	0.98	1.11	1.24	1.67
Cash to current liabilities	Times	0.07	0.08	0.25	0.28	0.03	0.02
Cash flow from operation to sales	Times	0.11	0.05	0.12	0.11	0.10	0.07
Cash flow to capital expenditures	Times	0.61	0.51	0.70	0.92	0.63	0.79
Cash flow coverage ratio	Times	3.97	1.35	17.11	12.09	13.31	12.62
Activity / Turnover Ratio							
Average total asset turnover	Times	0.86	0.90	0.81	1.02	1.04	1.22
Average fixed asset turnover	Times	2.04	2.25	2.01	2.41	2.28	2.79
No. of Days in Inventory	Days	81	92	113	87	81	76
No. of Days in Receivable	Days	70	73	84	80	80	62
No. of Days in Creditors	Days	22	29	29	20	23	22
Operating Cycle	Days	129	136	168	147	138	116
Investment / Market ratio							
Earning per share - basic & diluted	PKR	8.76	11.30	7.80	15.90	7.30	6.61
Price earning ratio	Times	7.13	8.89	10.49	6.37	8.21	19.98
Cash dividend per share	PKR	4.27	3.43	2.34	6.35	3.65	2.70
Price to book ratio	Times	0.39	0.74	0.72	1.12	0.97	2.65
Dividend yield ratio	Times	0.07	0.03	0.03	0.06	0.06	0.02
Dividend payout ratio	Times	0.49	0.30	0.30	0.40	0.50	0.41
Dividend cover ratio	Times	2.05	3.29	3.33	2.50	2.00	2.45
Breakup value per share with surplus	PKR	76.92	64.09	56.12	53.35	42.91	38.50
Breakup value per share without surplus	PKR	69.19	60.19	52.18	49.37	38.93	34.52
Market value per share at the year end	PKR	62.43	100.51	81.80	100.87	60.00	132.00
Highest market value during the year	PKR	103.13	127.48	105.24	126.00	113.00	314.94
Lowest market value during the year	PKR	59.85	80.01	66.70	53.00	58.05	109.78
Capital Structure							
Debt to equity ratio (book value)	%	26.56%	22.12%	23.70%	9.91%	4.64%	3.01%
Debt to equity ratio (market value)	%	32.72%	14.11%	16.26%	5.22%	3.32%	0.88%
Interest cover ratio	Times	8.58	11.83	13.36	79.11	66.44	159.12
Financial leverage ratio	Times	1.08	1.07	1.05	0.69	0.44	0.29
Weighted average cost of debt	%	2.54%	2.61%	2.27%	1.32%	1.93%	2.12%
Net assets per share	Times	83.15	71.85	58.69	37.23	19.51	11.47
Employee Productivity Ratio							
Production per employee	Kg	3,656	4,122	3,351	3,756	3,655	3,668
Revenue per employee	PKR in '000	3,877	3,362	2,687	2,688	2,059	2,076
Non Financial Ratio							
% of plant availability	%	83%	95%	93%	96%	91%	94%
Others							
Spares inventory as % of Total Asset	%	0.33%	0.40%	0.44%	0.82%	1.35%	0.70%
Maintenance cost as % of operating expenses	%	1.89%	2.07%	2.14%	2.00%	1.97%	2.13%

HORIZONTAL ANALYSIS - STATEMENT OF FINANCIAL POSITION

	2022	2021	2020	2019	2018	2017
	Rupees in '000	Rupees in '000	Rupees in '000	Rupees in '000	Rupees in '000	Rupees in '000
Assets						
Non current assets						
Property, plant and equipment	27,798,524	44.63	20,308,105	39.15	17,595,012	40.67
Long-term investments	89,866	0.14	86,279	0.17	75,930	0.18
Other non-current assets	27,888,390	44.77	20,394,384	39.32	17,670,942	40.85
Current assets						
Store and spares	1,856,132	2.98	1,303,298	2.51	886,495	2.05
Stock-in-trade	9,896,667	15.89	8,437,202	16.27	8,269,628	19.12
Trade debts	8,766,599	14.07	10,115,920	19.50	6,809,503	15.74
Advances, deposits, prepayments and other receivables	3,938,956	6.32	4,106,247	7.92	3,117,789	7.21
Taxation - net	250,197	0.40	284,732	0.55	472,382	1.09
Short-term investments	8,165,334	13.11	5,598,019	10.79	3,787,643	8.76
Cash and bank balances	1,529,044	2.45	1,625,126	3.13	2,247,990	5.20
	34,402,929	55.23	31,472,544	60.68	25,591,430	59.15
Total assets	62,291,319	100.00	51,866,928	100.00	43,262,372	100.00
Share capital & reserves						
Issued, subscribed and paid-up capital	3,994,090	6.41	3,768,009	8.71	3,768,009	8.71
Reserves	25,939,234	41.64	20,684,867	39.88	17,379,049	40.17
	29,933,324	48.05	24,452,876	47.15	21,147,058	48.88
Liabilities						
Non-current liabilities	699,462	1.12	451,864	0.87	205,355	0.47
Deferred liabilities	7,949,533	12.76	5,409,360	10.43	5,012,562	11.59
Long-term financing	1,334,357	2.14	1,334,357	2.57	-	-
Provision for GIDC	417,640	0.67	660,502	1.27	171,678	0.40
Lease liabilities	10,400,992	16.70	7,856,083	15.15	5,389,595	12.46
Current liabilities						
Trade and other payables	5,796,268	9.31	5,958,050	11.49	6,646,839	15.36
Short-term borrowings	14,400,000	23.12	11,750,000	22.65	9,640,000	22.28
Current portion of non-current liabilities	1,609,962	2.58	1,669,712	3.22	346,524	0.80
Other current liabilities	150,773	0.24	180,207	0.35	92,356	0.21
	21,957,003	35.25	19,557,969	37.71	16,725,719	38.66
Total equity and liabilities	62,291,319	100.00	51,866,928	100.00	43,262,372	100.00
Assets						
Non current assets						
Property, plant and equipment	8,262,151	43.88	10,846,978	46.12	10,846,978	46.12
Long-term investments	608	0.00	-	-	-	-
Other non-current assets	10,078	0.05	10,203	0.04	10,203	0.04
Current assets						
Store and spares	498,033	2.64	632,710	2.69	908,514	2.66
Stock-in-trade	3,637,710	19.32	3,892,270	16.55	6,411,087	18.78
Trade debts	4,354,193	23.12	5,191,492	22.07	7,629,994	22.35
Advances, deposits, prepayments and other receivables	1,709,434	9.08	2,309,031	9.82	1,770,295	5.19
Taxation - net	265,920	1.41	431,649	1.84	482,195	1.41
Short-term investments	-	-	-	-	82,195	0.24
Cash and bank balances	92,931	0.49	203,364	0.86	3,267,698	9.57
	10,558,221	56.07	12,660,516	53.83	20,469,783	59.97
Total assets	18,831,058	100.00	23,517,697	100.00	34,133,050	100.00
Share capital & reserves						
Issued, subscribed and paid-up capital	3,768,009	20.01	3,768,009	16.02	3,768,009	11.04
Reserves	10,739,820	57.03	12,399,195	52.72	16,335,440	47.86
	14,507,829	77.04	16,167,204	68.74	20,103,449	58.90
Liabilities						
Non-current liabilities	-	-	-	-	143,494	0.42
Deferred liabilities	437,142	2.32	750,334	3.19	1,991,546	5.83
Long-term financing	-	-	-	-	-	-
Provision for GIDC	-	-	-	-	-	-
Lease liabilities	-	-	-	-	-	-
Current liabilities						
Trade and other payables	3,269,858	17.36	3,867,635	16.45	5,076,402	14.87
Short-term borrowings	500,000	2.66	2,550,000	10.84	6,490,000	19.01
Current portion of non-current liabilities	110,008	0.58	162,508	0.69	275,388	0.81
Other current liabilities	6,221	0.03	20,016	0.09	52,771	0.15
	3,886,087	20.64	6,600,159	28.06	11,894,561	34.85
Total equity and liabilities	18,831,058	100.00	23,517,697	100.00	34,133,050	100.00

VERTICAL ANALYSIS - STATEMENT OF FINANCIAL POSITION

	2022	2021	2020	2019	2018	2017
	Rupees in '000	Rupees in '000	Rupees in '000	Rupees in '000	Rupees in '000	Rupees in '000
	%	%	%	%	%	%
Assets						
Non current assets	27,798,524	20,308,105	17,595,012	13,458,882	10,846,978	8,262,151
Property, plant and equipment	-	-	-	186,153	-	608
Long-term investments	89,866	86,279	75,930	18,232	10,203	10,078
Other non current assets	27,888,390	20,394,384	17,670,942	13,663,267	10,857,181	8,272,837
	36.88	15.42	30.73	24.08	31.29	22.40
	4.16	13.63	(100.00)	100.00	(100.00)	100.00
	36.75	15.41	29.33	25.85	31.24	22.45
Current assets						
Store and spares	1,856,132	1,303,298	886,495	908,514	632,710	498,033
Stock-in-trade	9,896,667	8,437,202	8,269,628	6,411,087	3,892,270	3,637,710
Trade debts	8,766,599	10,115,920	6,809,503	7,629,994	5,191,492	4,354,193
Advances, deposits, prepayments and other receivables	3,938,956	4,108,247	3,117,789	1,770,295	2,309,031	1,709,434
Taxation – net	250,197	284,732	472,382	482,195	431,649	265,920
Short-term investments	8,165,334	5,598,019	3,787,643	482,195	431,649	265,920
Cash and bank balances	1,529,044	1,625,126	2,247,990	3,267,698	203,364	92,931
	(5.91)	(27.71)	(31.21)	1,506.82	118.83	(90.62)
	9.31	22.98	25.02	20,469,783	12,660,516	10,558,221
	20.10	19.89	26.75	34,133,050	23,517,697	18,831,058
	20.10	19.89	26.75	45.14	24.89	21.42
Share capital and reserves						
Issued, subscribed and paid-up capital	3,994,090	3,766,009	3,768,009	3,768,009	3,768,009	3,768,009
Reserves	25,939,234	20,684,867	17,379,049	16,335,440	12,399,195	10,739,820
	25.40	19.02	6.39	20,103,449	16,167,204	14,507,829
	22.41	15.63	5.19	24.35	11.44	13.63
Liabilities						
Non-current liabilities	699,462	451,864	205,355	143,494	-	-
Deferred liabilities	7,949,533	5,409,360	5,012,562	1,991,546	750,334	437,142
Long-term financing	1,334,357	1,334,357	-	-	-	-
Provision for GIDC	417,640	660,502	171,678	-	-	-
Lease liabilities	10,400,992	7,856,083	5,389,595	2,135,040	750,334	437,142
	32.39	45.76	152.44	184.55	71.65	0.69
Current liabilities						
Trade and other payables	5,796,268	5,958,050	6,646,839	5,076,402	3,867,635	3,269,858
Short-term borrowings	14,400,000	11,750,000	9,640,000	6,490,000	2,550,000	500,000
Current portion of non-current liabilities	1,609,962	1,669,712	346,524	275,388	162,508	110,008
Other current liabilities	150,773	180,207	92,356	52,771	20,016	6,221
	(16.33)	95.12	75.01	163.64	221.76	(18.18)
	12.27	16.93	40.62	11,894,561	6,600,159	3,886,087
	20.10	19.89	26.75	34,133,050	23,517,697	18,831,058
	20.10	19.89	26.75	45.14	24.89	21.42
Total equity and liabilities						
	62,291,319	51,866,928	43,262,372	34,133,050	23,517,697	18,831,058
	20.10	19.89	26.75	45.14	24.89	21.42

COMMENTS ON STATEMENT OF FINANCIAL POSITION

Assets

Non-Current Assets:

Non-current assets primarily includes property, plant and equipment, which have increased by PKR 19,616 million over the period of last six years at a CAGR of 27.51% on account of expansion, modernization and balancing of manufacturing facilities.

Current Assets:

Current assets primarily includes stock-in-trade, stores and spares, trade debts, other receivables and short-term investment. Stock-in-trade, and stores & spares have increased steadily over the period of last six years on account of growth in business operations, increase in material prices and rupee devaluation. Trade debts of the Company is directly correlated with growth in sales revenue over the periods. The Company has started investing its surplus cash flows on short-term investments since last three years and it is growing inline with the growth sales numbers.

Liabilities

Non-Current Liability:

Non current liabilities includes long term financing, deferred liabilities, Lease liabilities and non-current portion of GIDC provision. Long term financing has increased over the years due to long term finance obtained for acquisition of plant and machinery on account of expansion and modernization of production facilities. Non-current portion of GIDC provision has been reclassified from current liabilities in accordance with guidance issued by ICAP.

Current Liability:

The current liabilities have increased due to increase in short term borrowing and, trade and other payable which is in line with the growing business needs.

Equity

The shareholder's equity comprises of share capital and reserves. The equity has increased at a CAGR of 15.6% over the past six years, primarily due to increase in retained profits of the Company. Significant increase is observed in current year due to surplus on revaluation of land and issuance of Right share.

HORIZONTAL ANALYSIS - STATEMENT OF PROFIT OR LOSS

	2022		2021		2020		2019		2018		2017	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Sales - net	49,018,456	100.00	42,575,465	100.00	31,205,677	100.00	29,348,438	100.00	21,806,878	100.00	20,959,198	100.00
Cost of sales	(41,394,974)	(84.45)	(33,024,265)	(77.57)	(24,171,592)	(77.46)	(22,037,823)	(75.09)	(17,377,649)	(79.69)	(16,432,280)	(78.40)
Gross profit	7,623,482	15.55	9,551,200	22.43	7,034,085	22.54	7,310,615	24.91	4,429,229	20.31	4,526,918	21.60
Administrative costs	(796,350)	(1.62)	(707,938)	(1.66)	(648,153)	(2.08)	(569,770)	(1.94)	(474,310)	(2.18)	(398,159)	(1.90)
Distribution costs	(3,987,443)	(8.13)	(3,177,152)	(7.46)	(2,306,404)	(7.39)	(2,055,632)	(7.00)	(1,571,405)	(7.21)	(1,467,414)	(7.00)
Other expenses	(273,437)	(0.56)	(619,275)	(1.45)	(667,832)	(2.14)	(356,736)	(1.22)	(212,308)	(0.97)	(217,482)	(1.04)
	(5,057,230)	(10.32)	(4,504,365)	(10.58)	(3,622,389)	(11.61)	(2,982,138)	(10.16)	(2,258,023)	(10.35)	(2,083,055)	(9.94)
Other income	2,219,811	4.53	300,776	0.71	218,888	0.70	2,048,509	6.98	718,670	3.30	60,877	0.29
Operating profit	4,786,063	9.76	5,347,611	12.56	3,630,584	11.63	6,376,986	21.73	2,889,877	13.25	2,504,739	11.95
Finance costs	(665,374)	(1.36)	(558,327)	(1.31)	(346,959)	(1.11)	(155,892)	(0.53)	(85,729)	(0.39)	(55,039)	(0.26)
Profit before taxation	4,120,689	8.41	4,789,284	11.25	3,283,625	10.52	6,221,094	21.20	2,804,148	12.86	2,449,700	11.69
Taxation	(712,235)	(1.45)	(477,993)	(1.12)	(346,404)	(1.11)	(231,284)	(0.79)	(52,052)	(0.24)	39,977	0.19
Profit after taxation	3,408,454	6.95	4,311,291	10.13	2,937,221	9.41	5,989,810	20.41	2,752,096	12.62	2,489,677	11.88

VERTICAL ANALYSIS - STATEMENT OF PROFIT OR LOSS

	2022		2021		2020		2019		2018		2017	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Sales	49,018,456	15.13	42,575,465	36.43	31,205,677	6.33	29,348,438	34.58	21,806,878	4.04	20,959,198	2.69
Cost of sales	(41,394,974)	25.35	(33,024,265)	36.62	(24,171,592)	9.68	(22,037,823)	26.82	(17,377,649)	5.75	(16,432,280)	15.16
Gross profit	7,623,482	(20.18)	9,551,200	35.78	7,034,085	(3.78)	7,310,615	65.05	4,429,229	(2.16)	4,526,918	(26.30)
Administrative costs	(796,350)	12.49	(707,938)	9.22	(648,153)	13.76	(569,770)	20.13	(474,310)	19.13	(398,159)	(40.60)
Distribution costs	(3,987,443)	25.50	(3,177,152)	37.75	(2,306,404)	12.20	(2,055,632)	30.81	(1,571,405)	7.09	(1,467,414)	17.10
Other expenses	(273,437)	(55.85)	(619,275)	(7.27)	(667,832)	87.21	(356,736)	68.03	(212,308)	(2.38)	(217,482)	(18.49)
	(5,057,230)	12.27	(4,504,365)	24.35	(3,622,389)	21.47	(2,982,138)	32.07	(2,258,023)	8.40	(2,083,055)	(4.89)
Other income	2,219,811	638.03	300,776	37.41	218,888	(89.31)	2,048,509	185.04	718,670	1,080.53	60,877	(56.31)
Operating profit	4,786,063	(10.50)	5,347,611	47.29	3,630,584	(43.07)	6,376,986	120.670	2,889,877	15.38	2,504,739	(38.78)
Finance costs	(665,374)	19.17	(558,327)	60.92	(346,959)	122.56	(155,892)	81.84	(85,729)	55.76	(55,039)	(6.90)
Profit before taxation	4,120,689	(13.96)	4,789,284	45.85	3,283,625	(47.22)	6,221,094	121.85	2,804,148	14.47	2,449,700	(39.24)
Provision for taxation	(712,235)	49.01	(477,993)	37.99	(346,404)	49.77	(231,284)	344.33	(52,052)	(230.20)	39,977	(118.01)
Profit after taxation	3,408,454	(20.94)	4,311,291	46.78	2,937,221	(50.96)	5,989,810	117.65	2,752,096	10.54	2,489,677	(34.66)

COMMENTS ON STATEMENT OF PROFIT OR LOSS

Sales

Revenues steadily increased over the past six years from PKR 20.96 billion in 2017 to PKR 49.02 billion in 2022 at a CAGR of 18.52%. The increase in sales revenue is attributable to management's continuous focus to increase market share and customer base, while the rupee devaluation also impacted the net turnover positively. On the contrary, sales prices have been under pressure owing to competition in export market and showing decreasing trend over past six years. In the current year, the Company has recorded its highest ever sales revenue.

Cost of Sales

Cost of sales increased from PKR 16.06 billion in 2017 to PKR 41.39 billion in 2022. The increase in cost of sales is primarily attributable to growth in business operations. However, the substantial increase in raw material prices, increase in energy and fuel cost, and negative impact of rupee devaluation on imported materials create challenges to keep the cost under control.

Operating Profit

Operating profit increased over the past six years from PKR 2,504 million in 2017 to PKR 4,786 million in 2022 at a CAGR of 13.83%. However, the net operating profit margin of the company have decreased over the years due to the factors stated above. Despite of all challenges the management have put focused efforts to improve efficiencies and economies of scale. Income from short-term investemnt also increases over the past three years due to placement of surplus funds in open-ended shariah compliant mutual funds.

Profit After Tax

Profit after tax of the Company has increased over the period of last six years from PKR 2,489 million to PKR 3,408 million at a CAGR of 6.48%. The profit after tax is mainly impacted by increase in financing cost owing to higher short-term and long-term financing to fund the growing business needs.

SUMMARY OF CASH FLOW STATEMENT

	2022	2021	2020	2019	2018	2017
	Rupees in '000					
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before taxation	4,120,689	4,789,284	3,283,625	6,221,094	2,804,149	2,449,701
Adjustments for:						
Depreciation and Amortization	2,776,155	1,703,743	1,339,966	933,609	745,374	573,674
Loss / (gain) on disposal of operating fixed assets	(6,147)	20,821	47,595	15,026	46,530	54,688
Impairment	-	-	-	-	608	-
Operating fixed assets written off	2,028	-	13,379	-	-	-
Provision for slow moving and obsolete stores and spares	22,161	14,677	23,807	-	-	-
Provision for doubtful advances	-	-	104,969	-	-	-
Allowance for expected credit loss on trade debts	6,985	6,163	16,944	-	-	-
Finance costs	665,374	558,327	346,959	155,892	85,729	55,039
Provision for gratuity	291,073	217,839	111,680	143,494	-	-
Reversal of provision against doubtful advances	(39,878)	(62,901)	-	-	-	-
Interest on bank deposit	(64,539)	(49,237)	(59,801)	(55,627)	-	-
Dividend income on open ended mutual fund units	(373,304)	(188,638)	(159,087)	-	-	-
	3,279,908	2,220,794	1,786,411	1,192,394	878,241	683,401
Changes in working capital						
Stores and spares	(574,995)	(431,480)	(1,788)	(275,804)	(134,677)	69,389
Stock-in-trade	(1,459,465)	(167,574)	(1,858,541)	(2,518,817)	(254,560)	(590,742)
Trade debts	1,342,336	(3,312,580)	803,547	(2,438,502)	(837,300)	(1,571,562)
Advances, deposits, prepayments and other receivables	207,429	(933,706)	(1,290,618)	354,769	(526,449)	(252,084)
Trade and other payables	(189,248)	637,500	1,560,598	1,208,769	524,631	883,809
	(673,943)	(4,207,840)	(786,802)	(3,669,585)	(1,228,355)	(1,461,190)
Cash generated from operations	6,726,654	2,802,238	4,283,234	3,743,903	2,454,035	1,671,912
Finance costs paid	(599,004)	(485,281)	(307,408)	(123,636)	(72,229)	(51,579)
Income taxes paid	(677,700)	(290,343)	(336,591)	(281,830)	(217,780)	(230,902)
Long-term deposits	(9,174)	(16,580)	-	(8,047)	(1,230)	(707)
Gratuity paid	(123,107)	(41,175)	(26,888)	-	-	-
	(1,408,985)	(833,379)	(670,887)	(413,513)	(291,239)	(283,188)
Net cash generated from operating activities	5,317,669	1,968,859	3,612,347	3,330,390	2,162,796	1,388,724
CASH FLOWS FROM INVESTING ACTIVITIES						
Fixed capital expenditure	(8,761,292)	(3,827,021)	(5,253,765)	(3,633,853)	(3,441,082)	(1,762,999)
Proceeds from disposal of operating fixed assets	28,334	61,611	98,253	73,332	65,455	37,721
Long term investment made	-	-	-	-	-	(608)
Short-term investments made	(2,567,315)	(3,810,376)	(1,684,533)	-	-	-
Interest received on bank deposit	66,279	55,386	54,100	53,439	-	-
Dividend income received on open ended mutual fund units	373,304	188,638	55,977	-	-	-
Net cash used in investing activities	(10,860,690)	(7,331,762)	(6,729,968)	(3,507,082)	(3,375,627)	(1,725,886)
CASH FLOWS FROM FINANCING ACTIVITIES						
Dividends paid	(1,148,581)	(909,265)	(1,921,651)	(2,053,066)	(1,092,427)	(1,167,966)
Long-term financing obtained – net	2,618,337	1,705,579	2,975,446	1,354,092	365,691	107,150
Short-term borrowings obtained – net	2,650,000	2,110,000	3,150,000	3,940,000	2,050,000	500,000
Proceeds against right issue	1,571,748	-	-	-	-	-
Principal portion of lease liabilities paid	(244,565)	(166,275)	(105,882)	-	-	-
Net cash generated from financing activities	5,446,939	2,740,039	4,097,913	3,241,026	1,323,264	(560,816)
Net increase in cash and cash equivalents	(96,082)	(2,622,864)	980,292	3,064,334	110,433	(897,978)
Cash and cash equivalents at the beginning of the year	1,625,126	4,247,990	3,267,698	203,364	92,931	990,909
Cash and cash equivalents at the end of the year	1,529,044	1,625,126	4,247,990	3,267,698	203,364	92,931

COMMENTS ON STATEMENT OF CASH FLOW

Operating Activities:

Company's operating cash flow has constantly increased over the past six years. The Company has recorded its higher ever cash flow generated from operating activity in current year primarily owing to growth in sales revenue.

Investing Activities:

The cash used in investing activities primarily includes capital expenditure and short-term investment. The cash flows used in investing activities were PKR 10,861 Million in 2022 compared to PKR 1,726 Million in 2017. Investment in capital expenditure relates to continuous expansion, modernizing and replacement of existing manufacturing facilities which were the major constituents of cash outflows from investing activities. While Company have made short-term investment from it's surplus funds periodically during the year.

Financing Activities:

Financing activities comprises mainly of cash flows from long-term and short-term loans, dividends paid to shareholders. During the year, the Company have also issued right shares.

STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

Wealth generated

Sales including sales tax
Other operating income
Brought-in-material & services

Wealth distribution

To Employees

Salaries, benefit and other cost

To Government

Income tax, sales tax, excise duty and others

To Society

Donation towards education and health

To Provider of capital

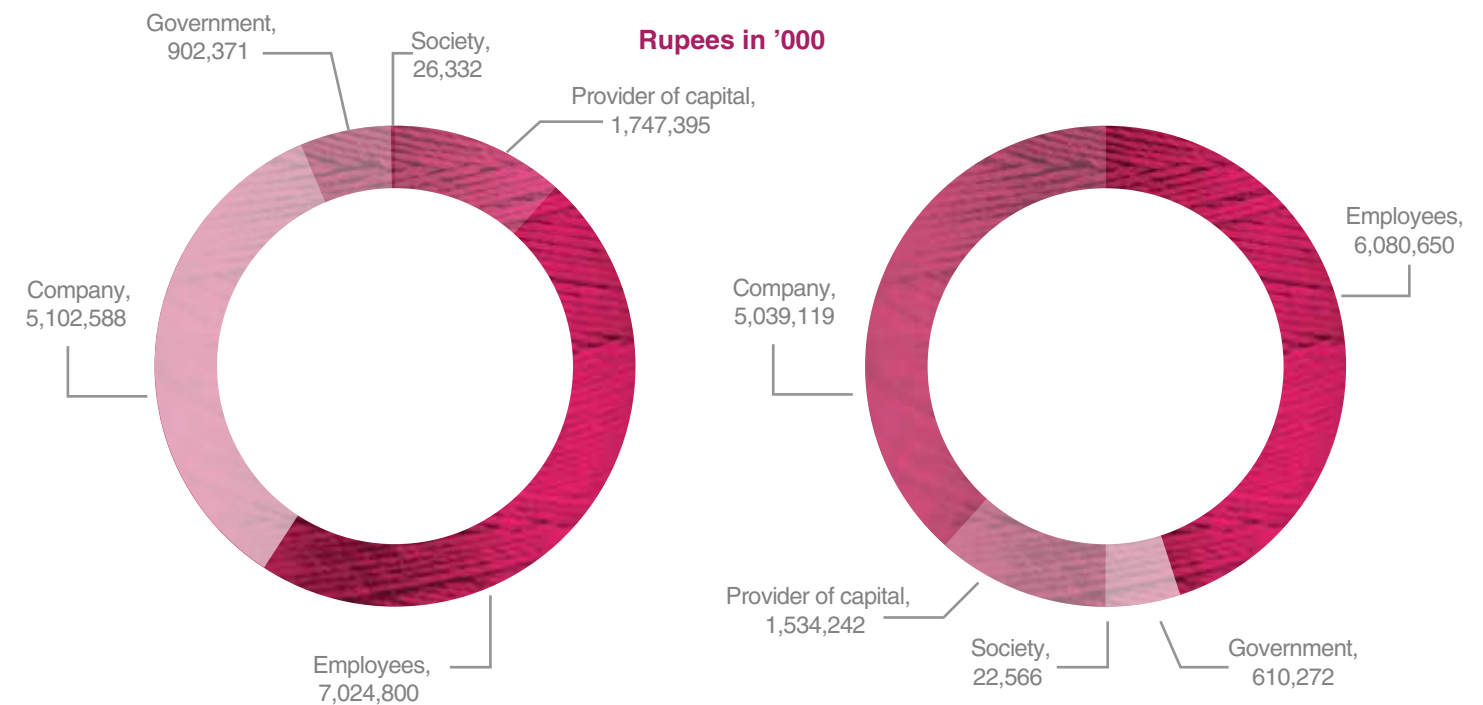
Cash dividend to shareholder

Finance cost

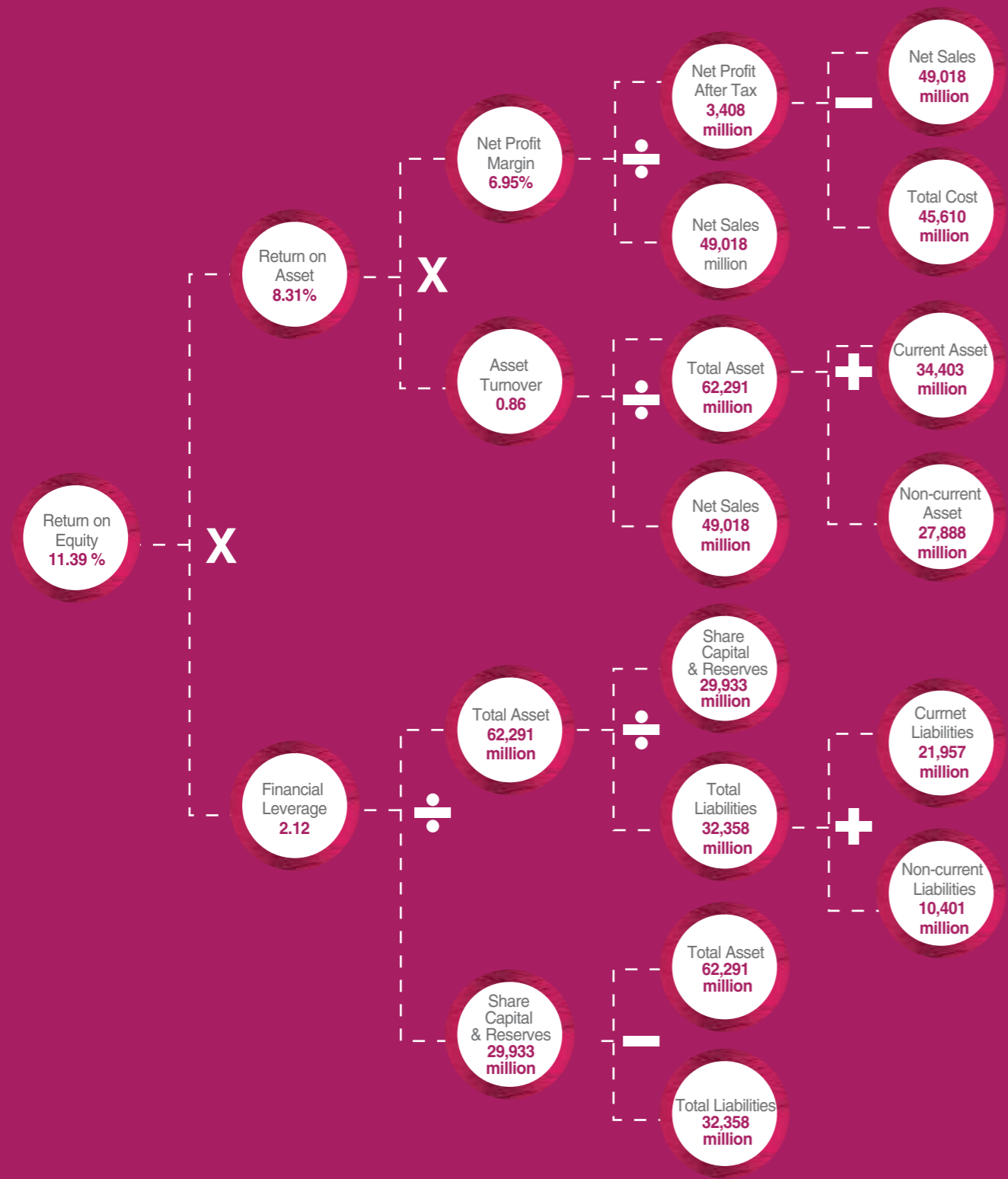
To Company

Depreciation, amortization & retained profit

2022		2021	
Rupees in '000	%	Rupees in '000	%
49,169,394		42,674,117	
2,219,811		300,776	
(36,585,719)		(29,688,044)	
14,803,486	100%	13,286,849	100%
Wealth distribution			
To Employees			
7,024,800	47.45%	6,080,650	45.76%
To Government			
902,371	6.10%	610,272	4.59%
To Society			
26,332	0.18%	22,566	0.17%
To Provider of capital			
1,082,021	7.31%	975,915	7.34%
665,374	4.49%	558,327	4.20%
To Company			
5,102,588	34.47%	5,039,119	37.93%
14,803,486	100%	13,286,849	100%



DUPONT ANALYSIS



Year	ROE	Profit Margin	Total asset turnover	Financial Leverage
2022	11.39%	6.95%	0.86	2.14
2021	17.63%	10.13%	0.90	2.12
2020	13.89%	9.41%	0.81	2.05
2019	29.79%	20.41%	1.02	1.69
2018	17.02%	12.60%	1.22	1.44
2017	17.16%	11.85%	1.45	1.29

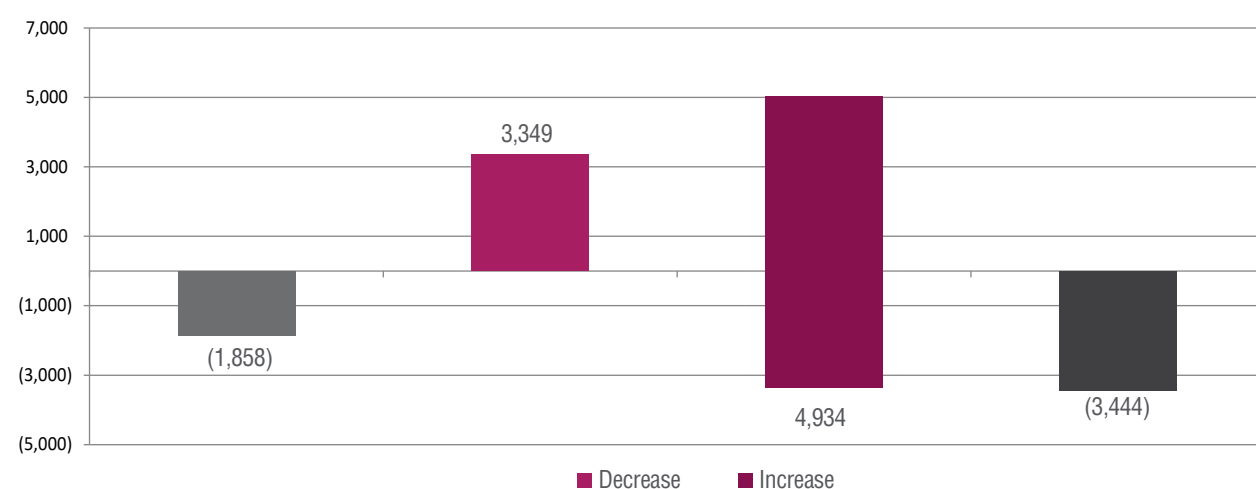
Comments on DuPont Analysis

- Profit margin of the Company decreased in the current year on account of increasing raw material and other cost amid slower economic growth and recession in global markets.
- The asset base of the Company has improved during the current year mainly on account of expansion, modernization and replacement of manufacturing facilities.
- The Financial Leverage ratio of the Company has increased due to long-term loans obtained to finance the acquisition of plant and machinery.

FREE CASH FLOW

Cash generated from operating activities
Less: Capital expenditure incurred

	2022	2021
	----- Rupees in '000 -----	
	5,317,669	1,968,859
	(8,761,292)	(3,827,021)
	<u>(3,443,623)</u>	<u>(1,858,162)</u>



Free cash flows for the year ended June 30, 2022 is negative, despite of increase in cash generated from operating activities, due to higher Capital expenditure on account of capacity enhancement and balancing and modernizing of machineries.

ECONOMIC VALUE ADDED

Net operating profit after tax
Cost of capital
Economic value added

Cost of capital

Total assets
Less: current liabilities
Invested capital
WACC
Cost of capital

	2022	2021
	----- Rupees in '000 -----	
	4,073,828	4,869,618
	(3,386,940)	(3,424,067)
	<u>686,888</u>	<u>1,445,551</u>
	62,291,319	51,866,928
	(21,957,003)	(19,557,969)
	<u>40,334,316</u>	<u>32,308,959</u>
	8.40%	10.60%
	<u>3,386,940</u>	<u>3,424,067</u>

STATEMENT OF CASH FLOW DIRECT METHOD

CASH FLOWS FROM OPERATING ACTIVITIES

Proceed from customers
Proceed from Government refundable

Payment to suppliers / service providers etc.
Payment to employees
Finance costs paid
Income taxes paid
Long-term deposits
Gratuity paid

Net cash generated from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed capital expenditure
Proceeds from disposal of operating fixed assets
Short-term investments made
Interest received on bank deposit
Dividend income received on open ended mutual fund units
Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Dividends paid
Proceeds against right issue
Issue cost of right shares
Long-term financing obtained – net
Short-term borrowings obtained – net
Principal portion of lease liabilities paid
Net cash generated from financing activities

Net increase in cash and cash equivalents

Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year

	2022	2021
	----- Rupees in '000 -----	
	52,201,395	38,287,333
	1,416,446	645,733
	<u>53,617,841</u>	<u>38,933,066</u>
	(40,880,784)	(30,828,439)
	(6,010,403)	(5,372,120)
	(599,004)	(485,281)
	(677,700)	(290,343)
	(9,174)	(16,580)
	(123,107)	(41,175)
	<u>(48,300,172)</u>	<u>(37,033,939)</u>
	<u>5,317,669</u>	<u>1,899,127</u>
	(8,761,292)	(3,827,021)
	28,334	61,611
	(2,567,315)	(3,810,376)
	66,279	55,386
	373,304	188,638
	<u>(10,860,690)</u>	<u>(7,331,762)</u>
	(1,148,581)	(909,265)
	1,582,564	-
	(10,816)	-
	2,618,337	1,705,579
	2,650,000	2,110,000
	(244,565)	(96,543)
	<u>5,446,939</u>	<u>2,809,771</u>
	(96,082)	(2,622,864)
	1,625,126	4,247,990
	<u>1,529,044</u>	<u>1,625,126</u>

QUARTERLY PERFORMANCE ANALYSIS

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		Annual	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Sales	11,356,102	100.0%	13,725,751	100.0%	14,334,566	100.0%	9,602,037	100.0%	49,018,456	100.0%
Cost of sales	(9,645,675)	-84.9%	(10,772,576)	-78.5%	(11,593,553)	-80.9%	(9,383,170)	-97.7%	(41,394,974)	-84.4%
Gross profit	1,710,427	15.1%	2,953,175	21.5%	2,741,013	19.1%	218,867	2.3%	7,623,482	15.6%
Administrative costs	(193,933)	-1.7%	(190,934)	-1.4%	(212,697)	-1.5%	(198,786)	-2.1%	(796,350)	-1.6%
Distribution costs	(896,542)	-7.9%	(1,207,769)	-8.8%	(1,044,545)	-7.3%	(838,587)	-8.7%	(3,987,443)	-8.1%
Other expenses	(41,013)	-0.4%	(115,797)	-0.8%	(98,025)	-0.7%	(18,602)	-0.2%	(273,437)	-0.6%
	(1,131,488)	-10.0%	(1,514,500)	-11.0%	(1,355,267)	-9.5%	(1,055,975)	-11.0%	(5,057,230)	-10.3%
	578,939	5.1%	1,438,675	10.5%	1,385,746	9.7%	(837,108)	-8.7%	2,566,252	5.2%
Other income	131,215	1.2%	183,832	1.3%	522,364	3.6%	1,382,400	14.4%	2,219,811	4.5%
Operating Profit	710,154	6.3%	1,622,507	11.8%	1,908,110	13.3%	545,292	5.7%	4,786,063	9.8%
Finance costs	(146,987)	-1.3%	(162,169)	-1.2%	(167,424)	-1.2%	(188,794)	-2.0%	(665,374)	-1.4%
Profit before taxation	563,167	5.0%	1,460,338	10.6%	1,740,686	12.1%	356,498	3.7%	4,120,689	8.4%
Taxation	(126,692)	-1.1%	(90,165)	-0.7%	(153,984)	-1.1%	(341,394)	-3.6%	(712,235)	-1.5%
Profit after taxation	436,475	3.8%	1,370,173	10.0%	1,586,702	11.1%	15,104	0.2%	3,408,454	7.0%
Earning per share	1.12		3.52		4.08		0.04		8.76	

Sales

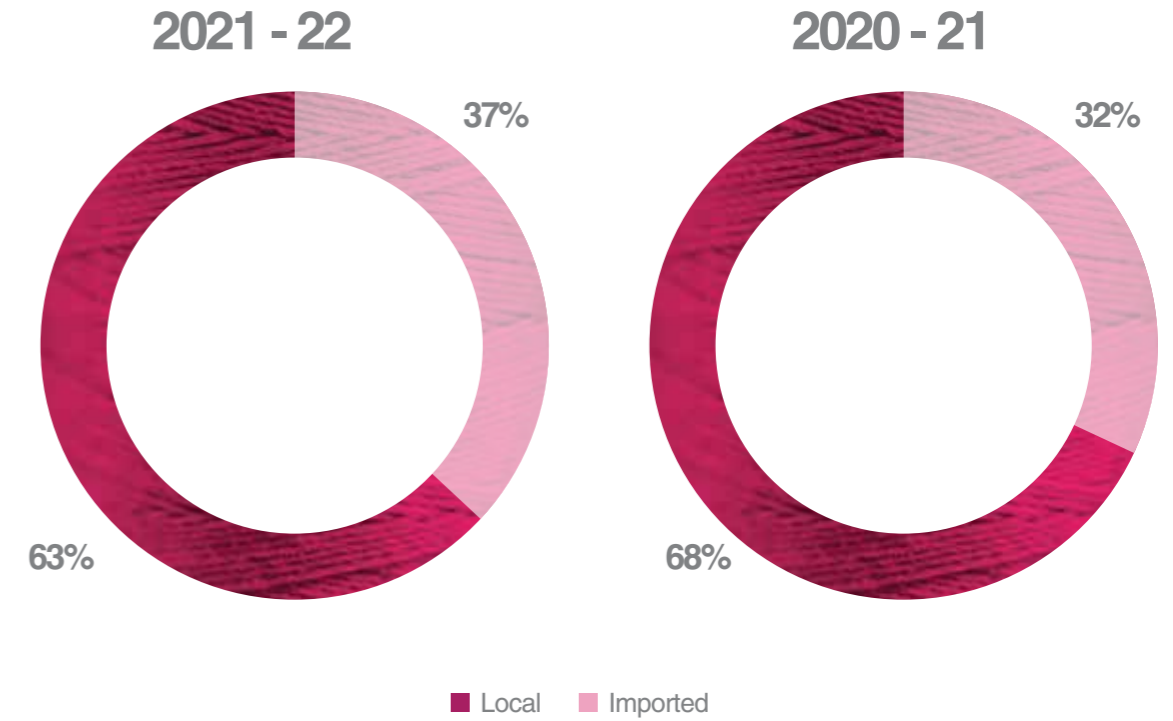
The revenue of the Company have remained stable during the first three quarters of the year under review, whereas the lowest revenue was recorded during fourth quarter. The impact in fourth quarter is double-folded because the revenue in this quarter is relatively lower due to the seasonality factor; and the sudden fall in consumer demand/spending in international markets which cause fall in sales volumes further worsen the situation.

Profitability

Quarter wise profitability of the Company shows variations during the year. Quarter two and three showed remarkable results with an increase of 62.32% in net profit from SPLY on account of increase in export sales, better mix of value-added product sales, improvement in selling prices, and positive impact from rupee devaluation. While, the net profits for quarter 1 was primarily impacted by the unfavorable selling prices and higher raw material cost. During the fourth quarter, revision in estimated useful life of plant and machinery, lower sales volumes and provision for imposition of super tax by the Government deteriorated the quarterly profit of the Company.

COMPOSITION OF IMPORTED MATERIAL VS. LOCAL RAW MATERIAL AND SENSITIVITY ANALYSIS

For the year ended June 30, 2022



The Company is the Country's leading Manufacturer and Exporter of Textile made-ups. Company's raw materials comprise of fibers, yarn, dyes & chemicals, packing materials, and commercial services. Imported raw material and local raw material represent 37% and 63% of Cost of Sales for the year ended June 30, 2022 and were 32% and 68% in the corresponding year, respectively.

Cost of sales of the Company will increase/decrease by 4% and 7% in case of foreign currency fluctuation by 10% and 20% respectively; hence cost of sales is highly sensitive to such fluctuation as it covers the substantial portion of cost of sales. This analysis assumes that all other variables, in particular, interest rates remain constant.

ANALYSIS ON FINANCIAL & NON-FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE

I. Financial Performance in comparison with Prior year

The Company has successfully managed to attain highest ever net sales revenue in its history of PKR 49,019 million, an increase of 15.14%, in the year under review as compared to PKR 42,575 million last year. However, on the cost front, the Company has faced multiple challenges from rising raw material prices, inflationary impacts on key cost components after rupee devaluation, global supply chain challenges and increasing fuel prices. Resultantly, the profit after tax during the year has deteriorated and stands at PKR 3,408 million as compared to PKR 4,311 million in prior year, a decrease of 20.94% over last year. Further, imposition of Super tax on large industries also hit the bottom line.

The comprehensive analysis of the Company's financial performance in comparison to the prior year has been reported in the financial and operations overview section of Directors' Report. Further details can also be viewed in the section six years analysis of financial statement of this Annual Report.

II. Financial performance in comparison with Budget

The management strictly follows the practice of preparation & monitoring of budgets to ensure that the financial, operational and capital plans that were developed and approved for implementation as part of the budget process are being implemented. After execution, budgets are rigorously monitored in order to enforce accountability related to spending. In addition, this regular & comprehensive monitoring exercise allows the management to evaluate service level provision, ensure new initiatives are making expected progress and learn more about trends that may impact future operations.

KEY PERFORMANCE INDICATORS

Key Performance Indicator is a measurable value that demonstrates how effectively the Company is achieving key business objectives. The Company use KPIs at multiple levels to evaluate their success at reaching targets. The KPIs evaluated to measure achievement against objectives has been detailed below:



NON-FINANCIAL INDICATORS

Capital Form	Objective	KPI Monitored
Manufactured Capital	Customer Satisfaction	Product quality is maintained at every stage of production cycle to ensure that our products meet the requirements of our customer at all times.
	Process improvement and innovation	Adoption of Kaizen techniques across all functional levels and several improvements in reduction of cycle time were observed.
Human Capital	Employee's engagement	The Company have regularly organized various activities and events for wellbeing, skills enhancement and growth of employees as a result Company has observed high ratio of employee retention.
	Health & Safety	The health and safety measures is at the very top of the Company's core philosophy. The Company has conducted regular refresher sessions to ensure health and safety of employees.
Natural Capital	Adopting and promoting environmental good practices	The Company has taken multiple steps to Reduce, Reuse and Recycle waste (3Rs), minimizing natural resource consumption and treat any harmful emissions before they are released to minimize environmental footprints.
Financial Capital	Maximizing market share and expanding customer base	Consistent growth in sales revenue has enabled the Company to increase its share in Country's terry exports and expanding its customer base.
Social and Relationship Capital	Responsibility & contribution towards society	The Company actively participated and contributed towards various CSR related activities.
Intellectual Capital	Recruitment, retention and development of employee competencies	Being one of the core values of the Company, various trainings sessions have been conducted to improve competencies and development of employees across all cadres.

Budget

The Company also gives importance and emphasis on its non-financial objectives and accordingly has allocated budget for the development of its manufactured / human / social / relationship capital for the upcoming year. The management continuously monitors the above KPIs and significant deviations from the previous year are investigated for corrective actions to be taken.

Methods and Assumptions used in compiling the Key Performance Indicators

A key performance indicator represents parameters and factors that may cast an impact of decisive nature on a Company's financial and non-financial performance. The Company uses different sets of methods and assumptions while compiling its financial and non-financial indicators. All the indicators are devised in the light of below stated basic assumptions and are periodically reviewed and monitored.

The key assumption used for compiling non-financial indicators are export market trends, building relationships with customers, stakeholder's expectation, and process improvement through variety of technological advancement.

The key assumptions used for compiling financial indicators are below:

Financial Position

- Appropriateness of capital mix of the Company.
- Change in operating cycle.
- Monitoring current ratio.

Financial performance

- Growth in export sales performance.
- Exploring opportunities to source best quality raw materials on competitive prices.
- Monitoring key components of variable cost.
- Initiating and maintaining techniques for optimal fixed cost absorption.

Liquidity Position

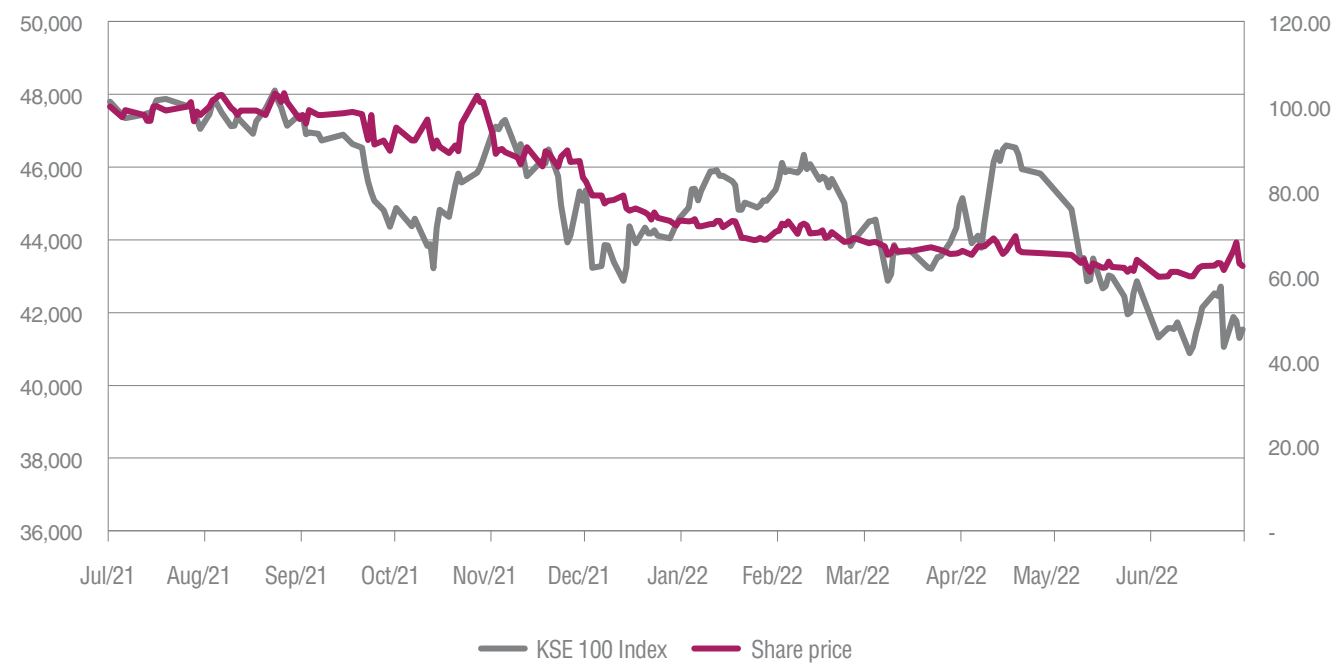
- Monitoring on funds used in / generated from operating, investing and financial cash flow activities.
- Reviewing funds used in working capital management.

SHARE PRICE INFORMATION AND SENSITIVITY ANALYSIS

Share price sensitivity analysis

Share prices depends on overall market performance, investor confidence in the economy and particular sector, the overall fundamentals of the company and policies issued/imposed by Governemnt and regulatory bodies. Positive sentiments, news flows prevailing in the market may result in fluctuation of the share price of the Company.

Being a responsible and law-compliant Company, Feroze1888 circulates price sensitive information to the stock exchange in accordance with the requirements of listing regulations on timely manner. FML's share price was PKR 100.51 per share on June 30, 2021 as compared to PKR 62.43 on June 30, 2022. During the year market price of the share observed fluctuation from the lowest of PKR 59.85 per share on June 03, 2022 to highest of PKR 103.13 per share on August 26, 2021.



LET PERSEVERANCE BE YOUR ENGINE, HOPE YOUR FUEL

So stick to the fight when you're
hardest hit

It's when things seem worst that you
mustn't quit!

INVARIABLY, HE
KNOWS WHAT
THEY CONCEAL
AND WHAT THEY
REVEALED.
SURELY, HE
DOES NOT LIKE
THE ARROGANT

Al Quran 93:4



ADOPTION AND STATEMENT OF ADHERENCE WITH THE INTERNATIONAL INTEGRATED REPORTING FRAMEWORK (IIRF)

Feroze1888 is working with a strategy of value creation for the organization and its stakeholders. Achieving sustainable corporate value by focusing economic, societal, technological and environmental factors and their impacts is Company's core strength. For users of this report, it is imperative to ensure, that the information is presented in such a way that it enables the stakeholders to better understand the activities of the Company. It also assures that the Company concisely reports material information depicting how well it is performing in non-financial dimensions that affect the quality of the Company's formulated strategy and its execution. The Company has adopted the Integrated Reporting Framework to give an overview of its philosophy to explain connection between financial and non-financial information. The business strategy information is linked directly to business activities and non-financial information, and provides explanations accordingly. Integration of financial, social and environmental information is one of the most effective way for an organization to report its performance and activities and to demonstrate, to the market and society, the importance of linking sustainability issues to business strategies.

Management Approach:

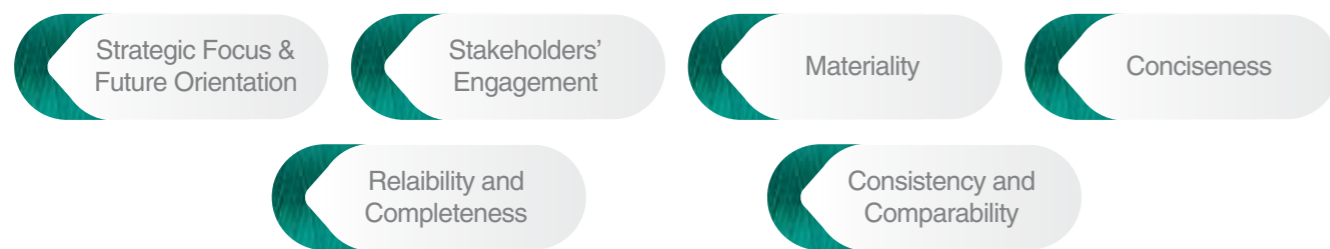
Feroze1888 is in the process of adopting and adhering to the International Integrated Reporting Framework (IIRF) and strives to follow the best corporate governance practices. The framework requires a strong commitment by the Company's management which is ultimately responsible for the message the Company is delivering to all of its stakeholders. Connectivity of the information is another aspect which needs to be addressed properly. Thus, the stakeholders are made aware of the Company's philosophy and attitude towards achieving the enhanced stakeholders' value and customer satisfaction. The stakeholders' value is maximized through returns on investment, which management believes can be achieved through revenue maximization and cost control measures.

Application of the Integrated Reporting Framework:

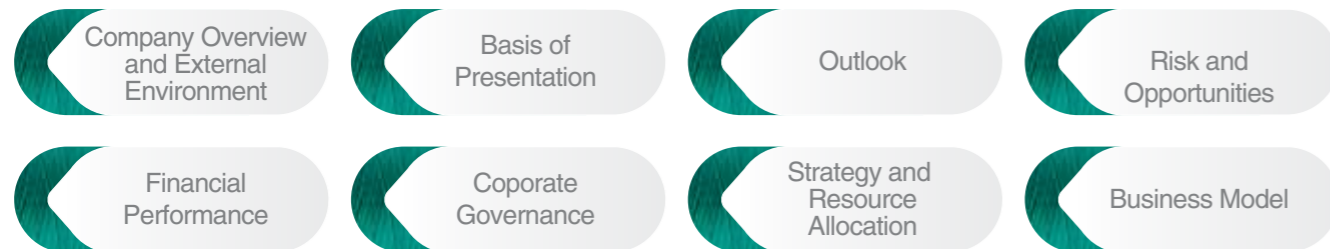
The Company adheres to the proper application of the Integrated Reporting Framework which is divided into two major segments:

- Guiding Principle of this Report
- Content Element of this Report

Guiding Principle of this Report

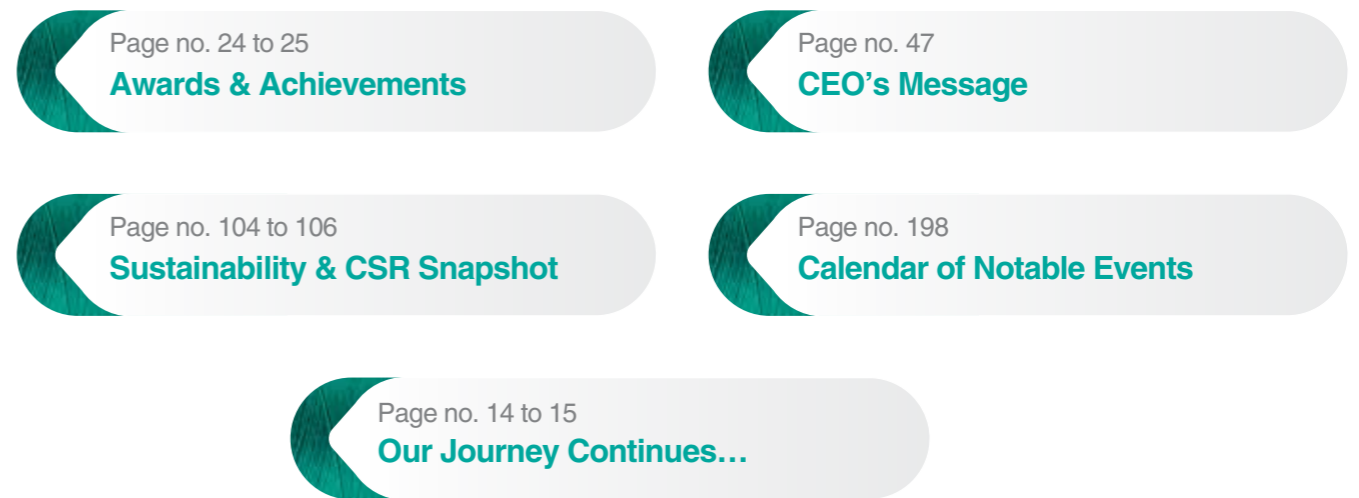


Guiding Principle of this Report



DISCLOSURES BEYOND BCR

The Company, to promote transparency in its dealings, has added certain additional information for its Stakeholders, which is beyond the required criteria of BCR. Details are as follows:



STATEMENT OF UNRESERVED COMPLIANCE

of International Financial Reporting Standards (IFRSs)

The Financial Statements of the Company have been prepared in accordance with the International Financial Reporting Standards issued by International Accounting Standards Board (IASB) as notified under the Companies Act, 2017.

Further, there are certain standards and interpretations which are yet to be effective in Pakistan and certain standards not adopted by SECP, as disclosed in note 4.2 of the financial statements. However, the management believes that these standards and interpretation do not have any material impact on the financial statements of the Company.

INDEPENDENT AUDITORS' REPORT

To the members of Feroze1888 Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Feroze1888 Mills Limited** (the Company), which comprise the statement of financial position as at **30 June 2022**, and the statement of profit or loss, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity 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 cash flows, the statement of changes in equity for the year then ended together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of the profit, other comprehensive income, its cash flows and the changes in equity 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Following are the key audit matters:

Key audit matters	How the matter was addressed in our audit
<p>1. Change in accounting estimate - revision in useful lives of plant and machinery</p> <p>As disclosed in note 4.4 to the financial statements, during the year, as a result of annual assessment of the review of remaining useful lives of plant and machinery, management identified that the same require a revision in useful lives. This annual assessment by the company involves a number of estimation techniques and judgement to determine the remaining expected useful lives of such assets.</p> <p>Given the significance of judgments and estimates involved in determination of the remaining useful lives of the aforementioned assets during the year, we have considered it to be a key audit matter.</p>	<p>Our audit procedures, amongst others, included:</p> <ul style="list-style-type: none"> - obtaining an understanding of the Company's estimation process and held discussions with the senior management about the assessment process undertaken and techniques used to determine the remaining useful lives. - tested the mathematical accuracy of depreciation expense based on the revised useful lives of the specified classes of operating fixed assets. - reviewed the adequacy of the disclosures made by the Company under the applicable financial reporting framework.
<p>2. Operating fixed assets - Revaluation, capital expenditure and related financing for capacity enhancement</p> <p>In accordance with the accounting policy of the Company as disclosed in note 4.3.1 and 6.2 to the financial statements, during the year, Company's freehold and leasehold land were revalued, resulting in surplus of revaluation aggregating to Rs. 1,524 million.</p> <p>Further, as disclosed in note 6 to the accompanying financial statements, the Company has incurred significant amount of capital expenditure during the year for enhancement of production capacity. To finance the above capital expenditures, the Company has obtained various modes of financings.</p> <p>Capital expenditures incurred during the year involves judgments in respect of capitalisation of elements of eligible components of costs, including borrowing costs. Further, financing agreements entail financial and non-financial covenants that the Company is subject to compliance.</p> <p>Accordingly, we have identified the operating fixed assets - revaluation, capital expenditure and related financing for capacity enhancement as a key audit matter.</p>	<p>Our procedures, amongst others, included:</p> <ul style="list-style-type: none"> - reviewed the management's expert revaluation report and also involved our expert for the review of assumptions and basis of such revaluation. - obtaining an understanding of the Company's process with respect to capital expenditure including determination of useful lives and testing the Company's controls in this area relevant to our audit. - considered whether the items of cost capitalised, including borrowing cost, meet the recognition criteria of an assets in accordance with the applicable financial reporting standards. - reviewed the timing of capitalisation by examining, on a sample basis, the completion certificates from the Company's technical departments. - evaluated the basis used by the management for determining the useful lives of the new assets and the depreciation charged in relation thereto, by considering factors such as the current depreciation, estimates for similar or comparable assets, expected utilization of the assets and the estimated

Key audit matters	How the matter was addressed in our audit
	<p>residual value at the end of the useful lives. Further, we challenged the useful lives with reference to the Company's historical experience and by reference to the depreciation policies and useful lives applied by Companies having business profile comparable with the Company operating similar assets.</p> <ul style="list-style-type: none"> - physically verified the newly acquired fixed assets and reviewed the relevant contracts and documents, including but not limited to, suppliers' invoices, delivery notes, international letter of credits and shipping documentation supporting various components of the capitalised cost. - obtained and reviewed the financing agreements executed and inquired from the management with respect to the compliance of the covenants and tested controls related to such compliance and circularized confirmations to the financing banks with respect to outstanding loan balances at year end. We also reviewed the maturity analysis of the financing to ascertain the classification of loans as per their remaining maturities. - assessed the adequacy of the disclosures as per the requirements set out in the applicable financial reporting framework.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditors' 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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 auditors' report is Mr. Shaikh Ahmed Salman.



Chartered Accountants

Place: Karachi

Date: 27 September 2022

UDIN Number: AR202210076Hq3WAZX0b



STATEMENT OF FINANCIAL POSITION

As at June 30, 2022

	Note	2022 ----- Rupees in '000 -----	2021 ----- Rupees in '000 -----
ASSETS			
Non-current assets			
Property, plant and equipment	6	27,798,524	20,308,105
Intangible assets	7	17,722	23,309
Long-term deposits	8	72,144	62,970
		27,888,390	20,394,384
Current assets			
Stores and spares	9	1,856,132	1,303,298
Stock-in-trade	10	9,896,667	8,437,202
Trade debts	11	8,766,599	10,115,920
Advances, deposits, prepayments and other receivables	12	3,938,956	4,108,247
Taxation - net		250,197	284,732
Short-term investments	13	8,165,334	5,598,019
Cash and bank balances	14	1,529,044	1,625,126
		34,402,929	31,472,544
TOTAL ASSETS		62,291,319	51,866,928
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 400,000,000 (2021: 400,000,000) ordinary shares of Rs 10/- each		4,000,000	4,000,000
Issued, subscribed and paid-up capital	15	3,994,090	3,768,009
Capital reserve	16	2,115,146	758,663
Revaluation surplus on property, plant and equipment		3,010,172	1,486,262
Revenue reserve - accumulated profit		20,813,916	18,439,942
		29,933,324	24,452,876
Liabilities			
Non-current liabilities			
Deferred liabilities	17	699,462	451,864
Long-term financing	18	7,949,533	5,409,360
Provision for GIDC	19	1,334,357	1,334,357
Lease liabilities	20	417,640	660,502
		10,400,992	7,856,083
Current liabilities			
Trade and other payables	21	5,796,268	5,958,050
Short-term borrowings	22	14,400,000	11,750,000
Accrued mark-up	23	148,777	111,651
Current portion of long-term financing	18	1,337,976	1,457,377
Current portion of lease liabilities	20	271,986	212,335
Unclaimed dividend		1,996	1,814
Unpaid dividend		-	66,742
		21,957,003	19,557,969
Contingencies and commitments	24		
TOTAL EQUITY AND LIABILITIES		62,291,319	51,866,928

The annexed notes 1 to 45 form an integral part of these financial statements.

JAVERIA SIDDIQUI
Chief Financial Officer

REHAN RAHMAN
Chief Executive Officer

JONATHAN R. SIMON
Chairman

JAVERIA SIDDIQUI
Chief Financial Officer

REHAN RAHMAN
Chief Executive Officer

JONATHAN R. SIMON
Chairman

STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2022

	Note	2022 ----- Rupees in '000 -----	2021 ----- Rupees in '000 -----
Sales - net	25	49,018,456	42,575,465
Cost of sales	26	(41,394,974)	(33,024,265)
Gross profit		7,623,482	9,551,200
Administrative cost	27	(796,350)	(707,938)
Distribution cost	28	(3,987,443)	(3,177,152)
Other expenses	29	(273,437)	(619,275)
		(5,057,230)	(4,504,365)
		2,566,252	5,046,835
Other income	30	2,219,811	300,776
Operating profit		4,786,063	5,347,611
Finance cost	31	(665,374)	(558,327)
Profit before taxation		4,120,689	4,789,284
Taxation	32	(712,235)	(477,993)
Profit after taxation		3,408,454	4,311,291
			----- Rupees -----
Earnings per share - basic and diluted	33	8.76	(Restated) 11.30

The annexed notes 1 to 45 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2022

	Note	2022 ----- Rupees in '000 -----	2021 -----
Profit after taxation		3,408,454	4,311,291
Other comprehensive income / (loss)			
Items that will not be subsequently reclassified to statement of profit or loss			
Actuarial gain / (loss) on post-employment benefits	17.1.4	58,357	(29,559)
Total comprehensive income for the period		3,466,811	4,281,732

The annexed notes 1 to 45 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended June 30, 2022

	Note	2022 ----- Rupees in '000 -----	2021 -----
CASH FLOW FROM OPERATING ACTIVITIES		4,120,689	4,789,284
Profit before taxation			
Adjustment for:			
Depreciation on operating fixed assets	6.5	2,544,416	1,479,055
Depreciation on right-of-use assets	6.9.1	225,462	218,457
Amortisation	7	6,277	6,231
Operating fixed assets written off	29	2,028	-
Provision for slow moving and obsolete stores and spares	29	22,161	14,677
Allowance for expected credit loss on trade debts	29	6,985	6,163
Finance cost	31	604,020	488,595
Interest on lease liabilities	31	61,354	69,732
Provision for gratuity	17.1.5	291,073	217,839
Interest on bank deposit	30	(64,539)	(49,237)
Dividend income on open ended mutual fund units	30	(373,304)	(188,638)
Reversal of provision against doubtful advances	30	(39,878)	(62,901)
(Gain) / loss on disposal of property, plant and equipment - net	29	(6,147)	20,821
		3,279,908	2,220,794
Increase in current assets			
Stores and spares		(574,995)	(431,480)
Stock in trade		(1,459,465)	(167,574)
Trade debts		1,342,336	(3,312,580)
Advances, deposits, prepayments and other receivables		207,429	(933,706)
		(484,695)	(4,845,340)
(Decrease) / Increase in current liability			
Trade and other payables		(189,248)	637,500
Net cash used in operations		6,726,654	2,802,238
Finance costs paid		(599,004)	(485,281)
Income taxes paid		(677,700)	(290,343)
Gratuity paid	17.1.1 / 17.1.2	(123,107)	(41,175)
Long-term deposits		(9,174)	(16,580)
Net cash generated from operating activities		5,317,669	1,968,859
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(8,761,292)	(3,827,021)
Proceeds from disposal of operating fixed assets	6.7	28,334	61,611
Short-term investments made		(2,567,315)	(3,810,376)
Interest received on bank deposit		66,279	55,386
Dividend income received on open ended mutual fund units		373,304	188,638
Net cash used in investing activities		(10,860,690)	(7,331,762)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(1,148,581)	(909,265)
Proceeds against right issue		1,582,564	-
Issue cost of right shares		(10,816)	-
Principal portion of lease liabilities paid		(244,565)	(166,275)
Short-term borrowings obtained - net		2,650,000	2,110,000
Long-term financing obtained - net		2,618,337	1,705,579
Net cash generated from financing activities		5,446,939	2,740,039
Net decrease in cash and cash equivalents		(96,082)	(2,622,864)
Cash and cash equivalents at beginning of the year		1,625,126	4,247,990
Cash and cash equivalents at end of the year	37	1,529,044	1,625,126

No non-cash items are included in cashflow from investing and financing activities.

The annexed notes 1 to 45 form an integral part of these financial statements.

JAVERIA SIDDIQUI
Chief Financial Officer

REHAN RAHMAN
Chief Executive Officer

JONATHAN R. SIMON
Chairman

JAVERIA SIDDIQUI
Chief Financial Officer

REHAN RAHMAN
Chief Executive Officer

JONATHAN R. SIMON
Chairman

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2022

	Share capital	Capital		Revaluation surplus on property, plant and equipment	Revenue Accumulated profit	Total
		Merger reserve	Share premium			
----- (Rupees '000) -----						
Balance as at June 30, 2020	3,768,009	543,413	215,250	1,486,262	15,134,124	21,147,058
Net profit for the year	-	-	-	-	4,311,291	4,311,291
Other comprehensive loss for the year	-	-	-	-	(29,559)	(29,559)
Total comprehensive income for the year	-	-	-	-	4,281,732	4,281,732
Final cash dividend for the year ended June 30, 2020 @ Re. 0.59 per share	-	-	-	-	(222,312)	(222,312)
Interim cash dividend for the year ended June 30, 2021 @ Rs. 2.00 per share	-	-	-	-	(753,602)	(753,602)
Balance as at June 30, 2021	3,768,009	543,413	215,250	1,486,262	18,439,942	24,452,876
Net profit for the year	-	-	-	-	3,408,454	3,408,454
Other comprehensive income for the year	-	-	-	-	58,357	58,357
Total comprehensive income for the year	-	-	-	-	3,466,811	3,466,811
Issue of right shares at premium - 22,608,058 shares at Rs. 70 per share	226,081	-	1,356,483	-	-	1,582,564
Issue cost of right shares	-	-	-	-	(10,816)	(10,816)
Revaluation surplus on property, plant and equipment (Note 6.1)	-	-	-	1,523,910	-	1,523,910
Final cash dividend for the year ended June 30, 2021 @ Rs. 1.43 per share	-	-	-	-	(538,825)	(538,825)
Interim cash dividend for the year ended June 30, 2022 @ Rs. 1.36 per share	-	-	-	-	(543,196)	(543,196)
Balance as at June 30, 2022	3,994,090	543,413	1,571,733	3,010,172	20,813,916	29,933,324

The annexed notes 1 to 45 form an integral part of these financial statements.

JAVERIA SIDDIQUI
Chief Financial Officer

REHAN RAHMAN
Chief Executive Officer

JONATHAN R. SIMON
Chairman

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

1 THE COMPANY AND ITS OPERATIONS

Feroze1888 Mills Limited (the Company) was incorporated in Pakistan as a Public Limited Company in October 1972 under the Companies Act, VII of 1913 (repealed with the enactment of the Companies Act, 2017). The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Company is principally engaged in the production and export of towels. The registered office of the Company is situated at H-23/4-A Scheme # 3, Landhi Industrial Area, Karachi.

1.1 Geographical location and address of business units

Registered Office	H-23/4A, Scheme # 3, Landhi Industrial Area, Karachi
Office building	Plot # 160, Bangalore Town, Shahrah-e-Faisal Road, Darwaish Colony, Karachi
Mill and Production Plant Karachi.	H-23/4-A & H-23/4-B and H- 23/3-II, Scheme No. 3, Landhi Industrial Area, Plot # B-4/A, SITE, Karachi Plot # A-5, SITE, Karachi Plot # C-3, SITE, Karachi Plot # C-31 SITE, Karachi Plot # F-89, SITE, Karachi Plot # F-125, SITE, Karachi Plot # F-342, SITE, Karachi Plot # PL-15, North Karachi Industrial Area, Karachi. Plot # ST-03, North Karachi Industrial Area, Karachi. Plot # 342/A, Haroonabad, SITE, Karachi Survey no. 81, 242, 72 to 75, 165, 166, 171, 172, 176 to 181, 186 to 190, 156, 210, 211, 243, Deh Moachko, Tapo Gabopat, Keamari Town, Karachi Plot # D-12 to D-17, K-1 to K-3, M-34, Plot # 43 (Survey # 564), HITE, Hub, Lasbela, Balochistan

2 STATEMENT OF COMPLIANCE

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

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

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

3 BASIS OF PREPARATION

- 3.1 These financial statements have been prepared under the historical cost convention except as otherwise disclosed in the accounting policies below.
- 3.2 These financial statements are prepared in Pak Rupees, which is the Company's functional and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

4 NEW STANDARDS, AMENDMENTS, IMPROVEMENTS TO APPROVED ACCOUNTING STANDARDS AND THE FRAMEWORK FOR FINANCIAL REPORTING

4.1 Amendments to approved accounting standards and the framework for financial reporting that became effective during the current year

The Company has adopted the following standards, amendments, interpretation and improvements to International Financial Reporting Standards (IFRSs) which became effective for the current year:

Amendment of Framework

IFRS 9 / IAS 39 / IFRS 7 / IFRS 4 / IFRS 16	Interest Rate Benchmark Reform (Amendments)
IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments)

The adoption of above amendments to the approved accounting standards do not have any material impact on the Company's financial statements.

4.2 Standards, amendments and improvements to the approved accounting standards that are not yet effective

The following amendments and improvements to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective amendment or improvements:

Amendment or Improvement	Effective date (annual periods beginning on or after)	
IFRS 3	Reference to the Conceptual Framework (Amendments)	January 01, 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	January 01, 2022
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	January 01, 2022
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)	January 01, 2023
IAS 1	Disclosure of Accounting Policies (Amendments)	January 01, 2023
IAS 8	Definition of Accounting Estimates (Amendments)	January 01, 2023
IAS 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	January 01, 2023
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022
IAS 41	Agriculture – Taxation in fair value measurements	01 January 2022
IFRS 16	Leases: Lease incentives	01 January 2022

The above standards and amendments and improvements are not expected to have any material impact on the Company's financial statements in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan and are not expected to have any material impact on the Company's financial statements in the period of initial application.

Standards	IASB Effective date (annual periods beginning on or after)	
IFRS 1	First-time Adoption of International Financial Reporting Standards	01 January 2004
IFRS 17	Insurance Contracts	01 January 2023

4.3 Significant accounting judgments, estimates and assumptions

The preparation of the financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgment, estimates and assumptions that affect the application of policies and the reported amounts of revenues, expenses, assets and liabilities and accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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 the carrying values of assets and liabilities that are not readily apparent from other sources.

Estimates, assumptions and judgments are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

4.3.1 Property, plant and equipment

The estimates for revalued amounts of freehold and leasehold land are based on valuation performed by external professional valuer and recommendation of in house technical department of the Company. The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation on an annual basis. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available to the Company. Any change in the estimates in the future might affect the carrying amount of respective item of operating property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

4.3.2 Stock-in-trade and stores and spares

The Company reviews the carrying amount of inventories on an ongoing basis and as appropriate, inventory is written down to its net realisable value (NRV) or provision is made for obsolescence. NRV is estimated with reference to the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

4.3.3 Staff gratuity

Certain actuarial assumptions have been adopted as disclosed in note 17.1 to the financial statements for the valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might affect gains and losses in those years.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

4.3.4 Impairment of financial assets

The Company uses a provision matrix to calculate ECLs for trade debts and other receivables. The provision rates are based on days past due for Company's various customer that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit losses experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's financial assets exposed to credit risk is disclosed in note 40.2.

4.3.5 Taxation

In applying the estimate for income tax payable, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past. Instance where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingency.

4.3.6 Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events.

4.3.7 Lease liabilities

Determining the lease term of contracts with renewal and termination options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

4.4 Change in accounting estimate

During the year, as a result of annual reassessment of the remaining useful lives of operating fixed assets, management identified that some items of plant and machinery require a revision in useful lives. Resultantly, depreciation rates for some items of plant and machinery have been revised, ranging from 10% to 35% (depending upon the useful life which lies between 22 years to 5 years) and such changes have been accounted for as a change in accounting estimate in accordance with IAS 8 'Accounting policies, Changes in accounting estimates and errors'. Had there been no change in the accounting estimate, the profit before tax for the year ended June 30, 2022 would have been higher by Rs. 820 million and carrying value of such operating fixed assets as at that date would have been higher by the same amount. Consequently, due to the above change in accounting estimate, future profits before tax would decrease by Rs. 390 million.

The impact of revision in the useful lives is applied from July 1, 2021. However, the impact has not been taken in the interim financial statements of the Company. Had the Company considered the impact of the change in the interim financial statements, the profit before tax would have been higher by Rs. 199 million, Rs. 199 million and Rs. 200 million for the quarter ended September 30, 2021, December 31, 2021 and March 31, 2022 respectively.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Property, plant and equipment

5.1.1 Operating assets

These are stated at cost less accumulated depreciation and impairment loss, if any, except for land which is stated at revalued amount less impairment, if any. Depreciation is charged to statement of profit or loss applying the reducing balance method at the rates mentioned in note 6.1 to the financial statements except for lease hold improvement and major overhauling cost of turbines and generators which are depreciated on straight line basis at the rates mentioned in note 6.1 to these financial statements. Depreciation is charged from the month in which an asset is available for use, while no depreciation is charged in the month in which an asset is disposed off.

Maintenance and repairs are charged to statement of profit or loss as and when incurred. Major overhauling which increase the asset's remaining useful economic life or the performance beyond the current estimated levels are capitalized and the assets so replaced, if any, are retired.

Gains or losses on disposals of operating assets, if any, represented by the difference between the sale proceeds and the carrying amount of an asset are recognised in the statement of profit or loss.

The assets residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each financial year end.

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

The carrying values of property, plant and equipment are reviewed at each statement of financial position date for impairment when events or changes in circumstances indicate that carrying values may not be recoverable. If such indication exists where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

5.1.2 Capital work-in-progress

These are stated at cost less accumulated impairment loss, if any, and represent expenditures incurred and advances made in respect of specific assets during the construction / installation year. These are transferred to relevant operating fixed assets as and when assets are available for use.

5.1.3 Right of use asset

The Company recognises a right-of-use asset at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

5.2 Intangible assets

These are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation is charged to statement of profit or loss on a straight line basis over its economic useful life at the rate given in note 7 to these financial statements. The Company reviews appropriateness of the rates of amortisation on an annual basis and amortisation on additions is charged from the month in which an intangible asset is available for use while no amortisation is charged for the month in which an intangible asset is disposed off.

The gain or loss on disposal or retirement of an intangible asset represented by the difference between the sale proceeds and the carrying amount is recognised in the statement of profit or loss in the period of disposal.

5.3 Stores and spares

These are valued at lower of moving average cost and estimated net realizable value (NRV), less provision for obsolete items (if any), except items in-transit, if any, are valued at cost comprising invoice value plus other charges incurred thereon up to the date of statement of financial position.

Provision, if required is made in the financial statements for slow moving, obsolete and unusable items. Stores and spares are assessed and provision is applied according to degree of ageing based on a specific criteria.

5.4 Stock-in-trade

Raw materials and finished goods are valued at lower of average cost and estimated NRV, except items in-transit, if any, are valued at cost comprising invoice value plus other charges incurred thereon up to the statement of financial position date.

Cost signifies in relation to:

Raw and packing material	Purchase cost on average basis
Finished goods and work-in-process	Cost of direct material, labour and proportion of manufacturing overheads
Stock-in-transit	Invoice value plus other charges paid thereon up to the date of statement of financial statement

Provision, if required is made in the financial statements for slow moving, obsolete and unusable items to bring their carrying value down to NRV.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

5.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in statement of profit or loss when the asset is derecognised, modified or impaired.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in statement of profit or loss.

This category also includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognised as other income in profit or loss when the right of payment has been established.

Derecognition

A financial asset is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For financial assets other than trade debts, the Company applies general approach in calculating ECL. It is based on the difference between the contractual cashflows due in accordance with the contract and all the cashflows that the Company expects to receive discounted at the approximation of the original effective interest rate. The expected cashflows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade debts, the Company applies a simplified approach where applicable in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix for large portfolio of customer having similar characteristics and default rates based on the credit rating of customers from which receivables are due that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product and consumer price index) are expected to deteriorate over the next year which can lead to an increased number of defaults in the economy, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

Financial liabilities at FVPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, only if the criteria in IFRS 9 are satisfied. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Derivatives that do not qualify for hedge accounting are recognised in the statement of financial position at estimated fair value with corresponding effect to the statement of profit or loss. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

Financial liabilities at amortised cost

After initial recognition, borrowings and payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). The EIR amortisation is included as finance costs in statement of profit or loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added to the carrying amount of the borrowing.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When 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 or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

5.6 Advances, deposits, prepayments and other receivables (excluding financial assets)

These are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Exchange gains or losses arising in respect of deposits, advances and other receivables in foreign currency are added to their respective carrying amounts and charged to statement of profit or loss.

5.7 Taxation

Current

The current income tax charge is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

Deferred

Since the major portion of income of the Company is subject to tax under Final Tax Regime, no deferred tax liability has been accounted for in these financial statements as the Company's tax liability will be assessed under the said regime and, hence, no temporary differences are likely to arise in respect of sales, whereas, temporary differences in respect of other income are expected to be negligible.

5.8 Cash and cash equivalents

These are carried at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise of cash in hand, bank balances, short-term running finance and trade deposit receipts.

5.9 Share Capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

5.10 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the termination option is reasonably certain to be exercised. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments at the lease commencement date, the Company uses the interest rate implicit in the lease. In case where the interest rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short term leases are recognised as expense on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

5.11 Staff benefits

Defined contribution plan

The Company operates an approved defined contribution provident fund for its eligible employees. Monthly contributions are made both by the Company and employees to the fund at the rate of 10% of basic salary. The amount contributed is charged in the statement of profit or loss.

Defined benefit plan

The Company operates an approved gratuity fund for all permanent employees who have completed the minimum qualifying year of service for entitlement of gratuity. The contributions to the fund are made in accordance with the independent actuarial valuation. Actuarial gains and losses are recognised in full in the period in which they occur in the other comprehensive income. All the past service costs are recognised at the earlier of when the amendments or curtailment occurs and when the Company has recognised related restructuring or termination benefits. The latest actuarial valuation was carried out as of June 30, 2022 using Projected Unit Credit method.

Employees' compensation absences

The Company accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provision to cover the obligation under the scheme is made based on the current leave entitlements of employees and by using the current salary levels of employees.

5.12 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. As the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

5.13 Contract liabilities

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liability are recognised as revenue when the Company performs under the contract.

5.14 Provisions

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

5.15 Unclaimed dividend

Dividend declared and payable prior to the preceding three years from the statement of financial position date are recognised as unclaimed dividend.

5.16 Unpaid dividend

Dividend declared by the Company, in the preceding three years, which remains unclaimed or unpaid as on the statement of financial position date is recognised as unpaid dividend.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

5.17 Contingencies

Contingencies are disclosed when the Company has a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

5.18 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

5.19 Impairment of non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flow have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Reversal of an impairment loss is recognised immediately in the statement of profit or loss.

5.20 Revenue recognition

Revenue is recognised at amounts that reflect the consideration that the Company expects to be entitled to in exchange for transferring goods or services to a customer. Revenue is measured at the fair value of the consideration received or receivable.

The Company recognises revenue when performance obligation is fulfilled, at a point in time, when control of goods have been transferred to a customer either on dispatch / acceptance of goods for local sales or issuance of the bill of lading in case of export sales. Control, depending on contractual terms, is considered to be transferred either when the product is directly uplifted by customer from Company premises or when it is delivered by the Company at customer premises.

The Company generally enters into an agreement with its customers for supply of its products, including delivery of product. As the transportation of product coincides with actual delivery, sale of product and transportation is considered single performance obligation. Generally, the normal credit term is 30 to 120 days upon shipment.

5.21 Other income

Other income is recognised to the extent that it is probable that the economic benefits will flow to the Company and the income can be measured reliably. Other income is measured on the following basis:

- Return on short-term deposits and investments at amortised cost are accounted for using the effective interest rate method.

- Dividend income is recognised when the right to receive the dividend is established.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

5.22 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.23 Foreign currency transactions and translation

Transactions in foreign currencies are translated into Pakistani Rupees at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into Pakistani Rupees at the foreign exchange rate prevailing at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

5.24 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5.25 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in which these are approved. Transfer between reserves made subsequent to the statement of financial position date is considered as a non-adjusting event and is recognised in the financial statements in the period in which such transfers are made.

5.26 Segment reporting

The activities of the Company are organized into one operating segment i.e., manufacturing, marketing and export of towels and other textile products. The Company operates in the said reportable operating segment based on the nature of the product, risks and returns, organizational and management structure, and internal financial reporting system. Accordingly, the figures reported in the financial statements are related to the Company's only reportable segment.

5.27 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Note	2022	2021
	Rupees in '000	
6 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	19,830,208	17,440,686
Capital work-in-progress	7,471,524	2,145,165
Right of use asset	496,792	722,254
	27,798,524	20,308,105

6.1 Operating fixed assets

	Free hold land	Building on freehold land	Lease hold land	Building on freehold land	Leasehold improvements	Plant and machinery	Electric fittings / equipments	Office equipment	Computers	Furniture and fixtures	Vehicles	Arms and ammunitions	Total
As at July 01, 2020													
Cost / revalued amount	441,808	148,250	1,526,268	4,028,641	229,671	13,086,082	399,507	142,240	147,100	61,239	207,499	32	20,418,337
Accumulated depreciation	-	(109,271)	-	(1,062,957)	(223,366)	(4,489,031)	(158,197)	(69,557)	(101,150)	(29,059)	(103,620)	(32)	(6,346,240)
Net book value	441,808	38,979	1,526,268	2,965,684	6,305	8,597,051	241,310	72,683	45,950	32,180	103,879	-	14,072,097
Year ended June 30, 2021													
Opening net book value	441,808	38,979	1,526,268	2,965,684	6,305	8,597,051	241,310	72,683	45,950	32,180	103,879	-	14,072,097
Additions / transfers during the year	-	-	817,007	587,659	3,586	3,217,294	161,895	71,837	8,181	33,300	29,317	-	4,930,076
Disposals / transfers													
Cost	-	-	-	-	-	(228,320)	-	(1,595)	-	-	(51,562)	-	(281,477)
Accumulated depreciation	-	-	-	-	-	164,351	-	1,207	-	-	33,487	-	199,045
Net book value	-	-	-	-	-	(63,969)	-	(388)	-	-	(18,075)	-	(82,432)
Reclassification													
Cost	-	-	-	-	-	(3,765)	743	3,537	(557)	42	-	-	-
Accumulated depreciation	-	-	-	-	-	1,020	(630)	(917)	557	(30)	-	-	-
Net book value	-	-	-	-	-	(2,745)	113	2,620	-	12	-	-	-
Depreciation for the year	-	(3,898)	-	(325,494)	(6,663)	(1,050,802)	(35,135)	(16,421)	(14,783)	(4,945)	(20,914)	-	(1,479,055)
Closing net book value	441,808	35,081	2,343,275	3,227,849	3,228	10,696,829	368,183	130,331	39,348	60,547	94,207	-	17,440,686
As at June 30, 2021													
Cost / revalued amount	441,808	148,250	2,343,275	4,616,300	233,257	16,071,291	562,145	216,019	154,724	94,581	185,254	32	25,066,936
Accumulated depreciation	-	(113,169)	-	(1,388,451)	(230,029)	(5,374,462)	(193,962)	(85,688)	(115,376)	(34,034)	(91,047)	(32)	(7,626,250)
Net book value	441,808	35,081	2,343,275	3,227,849	3,228	10,696,829	368,183	130,331	39,348	60,547	94,207	-	17,440,686
Year ended June 30, 2022													
Opening net book value	441,808	35,081	2,343,275	3,227,849	3,228	10,696,829	368,183	130,331	39,348	60,547	94,207	-	17,440,686
Additions / transfers during the year	41,600	-	-	549,284	-	2,696,052	26,433	32,968	19,875	40,538	27,493	-	3,434,243
Surplus on revaluation	65,321	-	1,458,589	-	-	-	-	-	-	-	-	-	1,523,910
Disposals / write offs													
Cost	-	-	-	-	-	(39,268)	(8,513)	(1,649)	(1,048)	(179)	(35,967)	-	(86,624)
Accumulated depreciation	-	-	-	-	-	29,845	7,313	1,162	840	122	23,127	-	62,409
Net book value	-	-	-	-	-	(9,423)	(1,200)	(487)	(208)	(57)	(12,840)	-	(24,215)
Reclassification													
Cost	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Net book value	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	(3,508)	-	(364,518)	(359)	(2,074,122)	(38,626)	(19,120)	(14,769)	(8,963)	(20,431)	-	(2,544,416)
Closing net book value	548,729	31,573	3,801,864	3,412,615	2,869	11,309,336	354,790	143,692	44,246	92,065	88,429	-	19,830,208
As at June 30, 2022													
Cost / revalued amount	548,729	148,250	3,801,864	5,165,584	233,257	18,728,075	580,065	247,338	173,551	134,940	176,780	32	29,938,465
Accumulated depreciation	-	(116,677)	-	(1,752,969)	(230,388)	(7,418,739)	(225,275)	(103,646)	(129,305)	(42,875)	(88,351)	(32)	(10,108,257)
Net book value	548,729	31,573	3,801,864	3,412,615	2,869	11,309,336	354,790	143,692	44,246	92,065	88,429	-	19,830,208
Annual rates of depreciation	-	10%	-	10%	40% - 65%	Note 6.1.1	10%	15%	30%	10%	20%	15%	

6.1.1 Depreciation is charged based on expected useful life of asset at the rate, ranging from 10% to 35% (2021: 10%) on reducing balance method except for major overhauling cost of turbines and generators which is depreciated at the rate of 33% on straight line basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

6.1.2 Operating assets include items having an aggregate cost of Rs.379.23 thousand (2021: Rs.87.89 thousand) which have been fully depreciated and are still in use of the Company.

6.2 During the year, four of the Company's plots of land were revalued resulting in surplus of Rs. 1,524 million. The valuation was carried out by an independent valuer - M/s. Iqbal A. Nanjee & Co. (Private) Limited on June 30, 2022 on the basis of present market values for similar sized plots in the vicinity of land and replacement values of similar type of land based on present cost (level 2) (refer note 40.5).

Had there been no revaluation the net book value of freehold and leasehold land would have been Rs.187.28 million (2021: Rs.145.68 million) and Rs. 183.83 million (2021: Rs.183.83 million), respectively.

6.3 Forced Sale value as per the last revaluation report as of June 30, 2022 of freehold and lease hold land is Rs.535.67 million and Rs.3,514.13 million respectively.

6.4 Particular of Immovable Asset in the name of the Company are as follows:

Particular	Location	Total area (in acres)
Production Plant	H- 23/4-A & H- 23/4-B and H- 23/3-II, Scheme no. 3, Landhi Industrial Area, Karachi.	34.47
Production Plant	Survey no. 81, 242, 72 to 75, 165, 166, 171, 172, 176 to 181, 186 to 190, 156, 210, 211, 243, Deh Moachko, Tapo Gabopat, Keamari Town, Karachi	124.23
Production Plant	Plot no. 342-A, Haroonabad Industrial Area.	0.04
Production Plan	Plot # D-12 to D-17, K-1 to K-3, M-34, Plot # 43 (Survey # 564), HITE, Hub, Lasbela, Baluchistan.	19.25

6.5 Depreciation charge for the year has been allocated as under:

	Note	2022 Rupees in '000	2021 Rupees in '000
Cost of sales	26.1	2,484,300	1,404,224
Administrative cost	27	60,116	74,831
		<u>2,544,416</u>	<u>1,479,055</u>

6.6 Leasehold improvements include assets at an aggregate cost of Rs. 233.26 million (2021: Rs. 233.26 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

6.7 The detail of disposals of property, plant & equipment having book value of more than Rs. 500,000 during the year are as follows:

Particular	Cost	Accumulated Depreciation	Book Value	Sale Proceed	Gain / (Loss)	Mode of Disposal	Particulars of Purchasers & Relationship with the Company
	----- Rupees in '000 -----						
Plant and machinery							
Corrugated Machine	2,976	766	2,210	333	(1,877)	Negotiation	Muhammad Asghar
Hoist Crane	6,524	4,636	1,888	100	(1,788)	Negotiation	Muhammad Faisal Adnan
Economizer for DDFC Label Cutting & Folding machine	2,150	633	1,517	164	(1,353)	Negotiation	
	1,130	612	518	41	(477)	Negotiation	Muhammad Aleem Khan
	<u>12,780</u>	<u>6,647</u>	<u>6,133</u>	<u>638</u>	<u>(5,495)</u>		
Vehicles							
Toyota Hiace - (JF-7995)	3,787	2,608	1,179	1,590	411	Negotiation	Muhammad Aslam Saleem Ahmed
Toyota Corolla - (BPK-567)	2,379	1,077	1,302	2,100	798	Negotiation	Khazada (Employee)
Toyota Corolla - (BHE-051)	1,863	1,245	618	610	(8)	As per Company's Policy	Aijaz Ahmed (Employee)
Honda Civic - (BGZ-449)	2,438	1,644	794	803	9	As per Company's Policy	Kashif Rahman (Employee)
	<u>10,467</u>	<u>6,574</u>	<u>3,893</u>	<u>5,103</u>	<u>1,210</u>		
Electric Fittings							
Transformer & Panels	6,618	5,784	834	-	(834)	Write-off	-
	<u>6,618</u>	<u>5,784</u>	<u>834</u>	<u>-</u>	<u>(834)</u>		
Items having book value of less than Rs. 500,000							
	<u>56,759</u>	<u>43,404</u>	<u>13,355</u>	<u>22,593</u>	<u>9,238</u>		
Total for the year ended June 30, 2022							
	<u>86,624</u>	<u>62,409</u>	<u>24,215</u>	<u>28,334</u>	<u>4,119</u>		
Total for the year ended June 30, 2021							
	281,477	199,045	82,432	61,611	(20,821)		

6.8 Capital work-in-progress

	Note	2022 Rupees in '000	2021 Rupees in '000
Building on leasehold land		3,415,748	1,153,482
Plant and machinery		3,741,455	677,236
Furniture and fixtures		21,101	542
Equipment		188,027	118,277
Leasehold improvement		-	640
	6.8.1	<u>7,366,331</u>	<u>1,950,177</u>
Advance against fixed assets		88,619	175,998
Stand-by equipment		16,574	18,990
		<u>7,471,524</u>	<u>2,145,165</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	Note	2022 ----- Rupees in '000 -----	2021 ----- Rupees in '000 -----
6.8.1 The movement is as follows:			
Balance at the beginning of the year		1,950,177	1,999,112
Capital expenditure during the year			
Building on leasehold land		2,829,537	1,118,491
Plant and machinery		5,657,626	2,410,609
Leasehold improvement		-	99
Furniture and fixtures		18,901	2,895
Equipment		65,295	279,368
		8,571,359	3,811,462
Transferred to operating fixed assets			
Building on leasehold land		(549,025)	(585,252)
Plant and machinery		(2,547,769)	(2,995,904)
Leasehold improvement		-	(3,586)
Furniture and fixtures		(2,235)	(4,002)
Equipment		(40,194)	(221,745)
		(3,139,223)	(3,810,489)
Transferred to expenses / adjustment			
		(15,982)	(49,908)
		7,366,331	1,950,177
6.9 Right-of-use assets			
As at July 01			
Cost		1,075,262	409,246
Accumulated depreciation		(353,008)	(134,551)
Closing balance		722,254	274,695
Year ended June 30			
Opening net book value		722,254	274,695
Additions during the year		-	91,842
Lease modifications during the year		-	574,174
Less: Depreciation charge for the year	6.9.1	(225,462)	(218,457)
Closing net book value		496,792	722,254
As at June 30			
Cost		1,075,262	1,075,262
Accumulated depreciation		(578,470)	(353,008)
Net book value		496,792	722,254
6.9.1 Depreciation charge for the year on right-of-use assets has been allocated as follows:			
Cost of sales	26.1	189,178	178,619
Administrative cost	27	36,284	39,838
		225,462	218,457

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

6.9.2	Lease obligations of the Company comprises of lease arrangements giving it the right-of-use over premises utilized as office and factory building and equipment.		
6.9.3	The right-of-use assets are depreciated over a life of 2 - 5 years.		
7 INTANGIBLE ASSETS			
Cost			
As at July 01		64,416	64,416
Additions during the year		690	-
As at June 30	7.1	65,106	64,416
Accumulated amortisation			
As at July 01		(41,107)	(34,876)
Charge for the year	7.2	(6,277)	(6,231)
As at June 30		(47,384)	(41,107)
Net book value as at year end		17,722	23,309
Annual rates of amortisation		20%	20%
7.1	Includes intangible asset at a cost of Rs. 28.72 million (2021: Rs. 28.72 million) in respect of implementation and development of Enterprise Resource Planning (ERP). The Company's ERP was fully amortised , however, it is still in active use.		
7.2	This represents the amortisation charged to cost of sales.		
8 LONG-TERM DEPOSITS			
Includes the amounts due from the following related parties:			
UTI Industries (Private) Limited		11,318	17,525
Nigehban (Private) Limited		9,295	9,295
M&N Impex (Private) Limited		18,403	13,005
Frieden Management (Private) Limited		13,889	6,765
		52,905	46,590
Other than related parties		19,239	16,380
		72,144	62,970
9 STORES AND SPARES			
General stores		318,035	333,234
Chemicals		724,360	479,324
Packing stores		739,292	380,439
		1,781,687	1,192,997
Stores and spares in transit		114,659	148,785
Less: Provision for slow moving and obsolete stores and spares	9.1	(40,214)	(38,484)
		1,856,132	1,303,298

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	Note	2022 ----- Rupees in '000 -----	2021 ----- Rupees in '000 -----
9.1 Movement of provision for slow moving and obsolete stores and spares			
Balance at the beginning of the year		38,484	23,807
Charge for the year	29	22,161	14,677
Write-off during the year		(20,431)	-
Balance at the end of the year		40,214	38,484
10 STOCK-IN-TRADE			
Raw material			
- in hand	10.1	4,461,886	2,126,332
- in transit		178,638	631,090
		4,640,524	2,757,422
Work-in-progress	10.2 & 10.3	2,511,302	3,136,835
Finished goods	10.4 & 10.5	2,744,841	2,542,945
		9,896,667	8,437,202
10.1			
Includes items costing Rs. 22.81 million (2021: Rs. 13.38 million) which have been valued at their net realizable value of Rs. 8.86 million (2021: Rs. 3.82 million).			
10.2			
Includes inventory of Rs. 64.43 million (2021: Rs. 523.11 million) held with various parties for processing.			
10.3			
Includes items costing Rs. 24.52 million (2021: Rs. 43.70 million) which have been valued at their net realizable value of Rs. 10.75 million (2021: Rs. 20.77 million).			
10.4			
Includes items costing Rs. 1,042.79 million (2021: Rs. 767.82 million) which have been valued at their net realizable value of Rs. 787.42 million (2021: Rs. 568.27 million).			
10.5			
Includes stock in transit of Rs. 435.85 million (2021: Rs. 661.16 million).			
11 TRADE DEBTS			
Export			
Considered good	11.1	8,682,495	10,103,623
Considered doubtful		30,092	23,107
		8,712,587	10,126,730
Less: allowance for expected credit loss	11.2	(30,092)	(23,107)
		8,682,495	10,103,623
Local			
Considered good		84,104	12,297
		8,766,599	10,115,920

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	Note	2022 ----- Rupees in '000 -----	2021 ----- Rupees in '000 -----
11.1			
Includes an amount of Rs. 830.96 million (2021: Rs. 349.57 million) due from 1888 Mills LLC which was neither past due nor impaired. The maximum amount due from related parties, at the end of any month during the year was Rs. 1,127.97 million (2021: Rs. 349.57 million).			
11.2 Movement of allowance for expected credit losses is as follows:			
Balance at the beginning of the year		23,107	16,944
Charge for the year	29	6,985	6,163
Balance at the end of the year		30,092	23,107
12 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances			
Suppliers			
Considered good	12.1	756,104	737,090
Considered doubtful		2,190	42,068
		758,294	779,158
Provision for doubtful advances	12.2	(2,190)	(42,068)
		756,104	737,090
Employees			
Considered good		165	401
		756,269	737,491
Deposits		525,407	61,371
Prepayments		9,307	10,975
Other receivables			
Sales tax refundable		1,542,698	1,378,338
Export rebate / duty drawback		201,004	167,674
Due from government	12.3	849,958	1,662,318
Others		54,313	90,080
		2,647,973	3,298,410
		3,938,956	4,108,247
12.1			
Includes interest free advances to major foreign suppliers having maturity latest by September 2022.			
Jurisdiction	Name		
Asia	Afro Asian International Trading (Dmcc)		
	ASM Chemical Industries Ltd		
	Changle Donggang Textile Co. Ltd		
	Chengdu Shichen Trading Co. Ltd		
	Dystar Singapore Pte Ltd		
	E.G.C.T.FZE		
	Galaxy Cargo Logistics		
	Galaxy Cotton Corporation		
	Great Link Shipping		
	H And Y Industry Limited		
	Heilongjiang Kingdom Enterprise Co. Ltd		
	Mainetti R2 (Shanghai) Limited		
	Marhaba Services		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

Jurisdiction	Name
	Nuryagdi Thr Teks San Vetic Ltd. Sti Pegasus Sewing Machine Pte Ltd. Qatar Chemical And Petrochemical Marketing And Distribution Company (Muntajat) Q.J.S.C. Saudi Basic Industries Corporation Shandong Three Thai Textile Co. Ltd. Shandong Zhoushun International Trade Co. Limited Tianjin Baolai International Trade Co. Ltd Tianjin Glory Tang Textile Co. Ltd Toyota Industries Corporation
America	Omnicotton, Inc Morito Scovill Americas, LLC Merrow Sewing Machine Company Mouser Electronics Inc.
Europe	Atlas Copco Airpower N.V. Better Cotton Initiative Cam Negoce Division Cotton Cdi Cotton Distributors Inc. Electro Jet S.L Faircot S.A Graf + Cie AG Groz-Beckert KG J.Zimmer Maschinenbau Gmbh Karl Mayer Stoll Textilmaschinenfabrik Gmbh Marzoli Machines Textile Srl Maschinenfabrik Rieter AG Mashin Shokai Netherlands B.V. Mcs Officina Meccanica S.P.A Mesdan S.P.A, Italy Saurer Technologies Gmbh & Co. KG Sondex A/S Trutzschler Card Clothing Gmbh Trutzschler Group Se Turbomach Gmbh Uster Technologies AG Van Putten Instruments B.V.
Africa	El Madawy Co. For Cotton Trading

12.2 Movement of provision for doubtful advances is as follows:

Note	2022	2021
	----- Rupees in '000 -----	----- Rupees in '000 -----
Balance at the beginning of the year	42,068	104,969
Reversal during the year	(39,878)	(62,901)
Balance at the end of the year	2,190	42,068

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

Note	2022	2021
	----- Rupees in '000 -----	----- Rupees in '000 -----
12.3 Due from government		
Drawback of local taxes and levies (DLTL) receivable	641,623	1,442,853
Technology upgradation fund scheme	89,278	89,278
Mark-up receivable	119,057	130,187
	849,958	1,662,318
13 SHORT-TERM INVESTMENTS		
Fair value through profit or loss:		
Islamic:		
Open ended shariah compliant money market fund	13.1	8,165,334
		5,598,019
		8,165,334
		5,598,019
13.1 Represents investment in 185.01 million units (2021: 260.22 million units) of Open Ended Shariah Compliant mutual funds units.		
14 CASH AND BANK BALANCES		
Conventional:		
On current account		
- Local currency		99,575
- Foreign currency		70,878
		170,453
On savings account		
- Local currency	14.1	840,770
		1,011,223
		1,011,223
Islamic:		
On current account		
- Local currency		441,204
- Foreign currency		73,170
		514,374
		1,525,597
		1,622,063
Cash in hand		3,447
		1,529,044
		1,625,126

14.1 This carries interest rate ranging from 5.75% to 12.25% (2021: 5.50% to 6.22%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

15 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2022		2021	
----- Number of Shares -----		----- Rupees in '000 -----	
116,728,612	116,728,612	1,167,286	1,167,286
859,020	859,020	8,590	8,590
259,213,336	259,213,336	2,592,133	2,592,133
22,608,058	-	226,081	-
399,409,026	376,800,968	3,994,090	3,768,009

Reconciliation between the issued, subscribed and paid-up share capital at the beginning and end of the year is as follows:

2022		2021	
----- Rupees in '000 -----		----- Rupees in '000 -----	
376,800,968	376,800,968	3,768,009	3,768,009
22,608,058	-	226,081	-
399,409,026	376,800,968	3,994,090	3,768,009

15.1 As at June 30, 2022, institutions and others held 124,702,800 and 274,706,226 shares, respectively (June 30, 2021: 124,778,017 and 252,022,951). Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.

15.2 Associated Company and undertakings held an aggregate of 94,960,880 (2021: 87,863,959) ordinary shares in the Company as at year end.

15.3 The Board of Directors in their meeting held on October 29, 2021 approved to raise further capital by issuance of right shares at a value of Rs. 70 per share (premium of Rs. 60 per share) to its existing shareholders in the proportion of 6 right shares for every 100 ordinary shares held. The process of rights issue was completed during the year and a total of 22,608,058 shares were issued. Through this issue, an amount of Rs. 1,582,564 thousand was raised comprising of Rs. 226,081 thousand and Rs. 1,356,483 thousand in respect of ordinary share capital and share premium, respectively. The right issue was conducted in order to expand the existing business in order to enhance the profitability of the Company.

	Note	2022	2021
		----- Rupees in '000 -----	----- Rupees in '000 -----
16 CAPITAL RESERVE			
Merger reserve	16.1	543,413	543,413
Share premium	16.2	1,571,733	215,250
		2,115,146	758,663

16.1 The merger reserve represents merger surplus created at the time of merger between Feroze1888 Mills Limited and Feroze Textile Industries (Private) Limited in the year 2011-12.

16.2 The share premium reserve is a capital reserve and can be utilised only in accordance with provisions of section 81 of the Companies Act, 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

17 DEFERRED LIABILITIES

	Note	2022	2021
		----- Rupees in '000 -----	----- Rupees in '000 -----
Defined benefit obligation - approved gratuity fund	17.1	516,045	406,436
Government grant	17.2	183,417	45,428
		699,462	451,864

17.1 In accordance with the requirements of IAS-19 "Employee Benefits", actuarial valuation was carried out as at June 30, 2022, using the "Projected Unit Credit Method". Provision has been made in the financial statements to cover obligation in accordance with the actuarial recommendations. Details of significant assumptions used for the valuation and disclosures in respect of above mentioned fund is as follows:

	Note	2022	2021
		----- Rupees in '000 -----	----- Rupees in '000 -----
Amounts recognised in the statement of financial position as follows:			
Present value of defined benefit obligation	17.1.1	536,045	406,436
Fair value of plan assets	17.1.2	(20,000)	-
		516,045	406,436

17.1.1 Movement in the present value of defined benefit obligation

	Note	2022	2021
		----- Rupees in '000 -----	----- Rupees in '000 -----
Opening balance		406,436	200,213
Current service cost		223,643	101,789
Past service cost		-	93,725
Interest cost		67,430	22,325
Actuarial loss / (gain) on remeasurement	17.1.4	(58,357)	29,559
Payment made during the year		(103,107)	(41,175)
Closing balance		536,045	406,436

17.1.2 Movement in the fair value of plan assets

	Note	2022	2021
		----- Rupees in '000 -----	----- Rupees in '000 -----
Opening balance		-	-
Interest income on plan assets		-	-
Contribution by the Company		20,000	-
Closing balance		-	-
	17.1.3	20,000	-

17.1.3 The plan assets comprise of cash and cash equivalents.

17.1.4 Represents actuarial loss / (gain) arising on remeasurement recognised in other comprehensive income due to:

	Note	2022	2021
		----- Rupees in '000 -----	----- Rupees in '000 -----
Change in financial assumption		9,176	1,725
Change in demographic assumption		-	(659)
Change in experience adjustment		(67,533)	28,493
		(58,357)	29,559

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

Note	2022	2021
	Rupees in '000	
17.1.5 Amounts have been charged in the statement of profit or loss in respect of these benefits:		
Current service cost	223,643	101,789
Past service cost	-	93,725
Interest cost	67,430	22,325
	291,073	217,839
17.1.6 Significant actuarial assumptions		
Valuation discount rate per annum	13.25%	10.00%
Salary increase rate per annum	13.25%	10.00%
Normal retirement age of employees	60 years	60 years
17.1.7 Sensitivity analysis for actuarial assumptions		
The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:		
	Impact on defined benefit obligation	
	0.5% increase	0.5% decrease
	Rupees in '000	
Assumptions		
Effect of change in discount rate	611,455	660,111
Effect of change in future salary increase	661,451	610,004

17.1.8 As of June 30, 2022, a total of 6,153 employees (2021: 8,966) have been covered under the above fund.

17.1.9 As per the recommendation of the actuary, the charge for the year ending June 30, 2023 amounts to Rs. 242.05 million.

17.1.10 Weighted average duration of the obligation is 7.65 years (2021: 7.85 years).

17.1.11 Risks on account of defined benefit plan

Final salary risk

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases proportionately with the increase in salary.

Discount rate fluctuation

The plan liabilities are calculated using a discount rate determined by reference to market yields (at the statement of financial position date) on government bond. A decrease in government bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

Withdrawal risk

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

Inflation fluctuation

The salary inflation is the major risk that the funds carry. In a general economic sense and in a longer view, there is a case that if bond yields increase, the change in salary inflation generally offsets the gains from the decrease in discounted benefit obligations. But viewed with the fact that the plan have no asset, the impact of salary inflation might be significant.

Mortality risk

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.

Note	2022	2021
	Rupees in '000	
17.2 Government grant		
Balance at beginning of the year	63,334	14,980
Received during the year	197,565	66,242
Released to the statement of profit or loss	(32,110)	(17,888)
Balance at end of the year	228,789	63,334
Current portion of government grant	45,372	17,906
Non-current portion of government grant	183,417	45,428
	228,789	63,334

17.2.1 Government grants have been recorded against reduced rate loan obtained from commercial banks pursuant to a refinance scheme introduced by State Bank of Pakistan; Refinance Scheme for Payment of Wages and Salaries and Temporary Economic Refinance Facility at concessional mark-up rates for businesses to finance salary expense during the COVID-19 outbreak and to import plant and machinery respectively.

Note	2022	2021
	Rupees in '000	
18 LONG-TERM FINANCING - secured		
Conventional		
Long Term Finance Facility (LTFF)	18.1	4,316,938
Temporary Economic Refinance Facility (TERF)	18.2	3,908,330
Refinance Scheme for Payment of Wages and Salaries	18.3	198,770
Current portion		(1,271,875)
		7,152,163
Islamic		
Long Term Finance Facility (LTFF)	18.1	200,903
Temporary Economic Refinance Facility (TERF)	18.2	662,568
Current portion		(66,101)
		797,370
		7,949,533

18.1 Represent financing facilities obtained from various conventional and Islamic banks for import of machinery under LTFF Scheme by State Bank of Pakistan (SBP) repayable in four, five, six and eight years through semi-annually and quarterly installments latest by May 2032. These carry mark-up at the SBP rate plus spread ranging from 0.45% to 1% (2021: 0.45% to 1%) per annum. These facilities are secured against specific charge on plant and machinery of the Company. As of June 30, 2022, unutilized portion of the facility is Rs.5,210 million (2021: nil).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

18.2 Represent financing facilities obtained from various conventional and Islamic banks for import of machinery under TERF Scheme by SBP repayable in five, six and eight years through semi-annually and quarterly installments latest by June 2032 and has been recognised at present value discounted at the effective rate of interest. These carry mark-up at the SBP rate plus spread ranging from 0.75% to 1% (2021: 0.75% to 1%) per annum. The differential mark-up has been recognised as government grant which will be amortised over the period of facility. These facilities are secured against specific charge on plant and machinery of the Company. As of June 30, 2022, undisbursed portion of the facility is Rs.1,326 million (2021: Rs.5,015 million).

18.3 Represent financing facilities obtained from a conventional bank for payment of wages and salaries under the Refinance Scheme by SBP repayable in 8 equal quarterly installments latest by December 2022 and has been recognised at present value discounted at the effective rate of interest. These carrying mark-up at the rate of SBP rate plus spread 0.50% per annum (2021: 0.50%). The differential mark-up has been recognised as government grant (as mentioned in note 17.2) which will be amortised over the period of facility. The facility is secured against first pari-passu hypothecation charge over current assets. As of June 30, 2022, unutilized portion of the facility is nil (2021: Nil).

19 PROVISION FOR GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC)

Represents non-current portion of provision for GIDC. During the year 2021, the Honorable Supreme Court of Pakistan (SCP) has upheld the Gas Infrastructure Development Cess Act, 2015 to be constitutional and intra vires allowing settlement of GIDC over a period of forty-eight monthly installments. However, the Company has filed an appeal before the Honorable High Court of Sindh (the Court) on the grounds that no burden of GIDC had been passed to its customers and thus, the Company is not liable to pay GIDC under GIDC Act 2015. The Court vide its order dated September 18, 2020 has granted stay to the Company.

The Company without prejudice to the suit filed, has provided provision amounting to Rs. 1,524 million under the relevant accounting standards.

	Note	2022 ----- Rupees in '000 -----	2021 ----- Rupees in '000 -----
20 LEASE LIABILITIES			
Lease liabilities		689,626	872,837
Current portion of lease liabilities		(271,986)	(212,335)
	20.1	<u>417,640</u>	<u>660,502</u>
20.1 Reconciliation of the carrying amount is as follows:			
Balance at beginning of the year		872,837	303,364
Additions during the year		-	91,842
Lease modifications during the year		-	574,174
Accretion of interest		61,354	69,732
Lease rental payments made during the year		(244,565)	(166,275)
Lease Liability as at June 30		<u>689,626</u>	<u>872,837</u>
Current portion of lease liabilities		<u>(271,986)</u>	<u>(212,335)</u>
Long-term lease liabilities as at June 30		<u>417,640</u>	<u>660,502</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

20.2 The amount of future payment under the lease arrangements and the period in which these payments will become due are as follows:

	Note	2022 ----- Rupees in '000 -----	2021 ----- Rupees in '000 -----
Maturity analysis			
Gross lease liabilities - minimum lease payments:			
Not later than one year		323,353	320,342
Later than one year but not later than five years		429,616	675,098
		<u>752,969</u>	<u>995,440</u>
Future finance charge		(63,343)	(122,603)
Present value of finance lease liabilities		<u>689,626</u>	<u>872,837</u>

21 TRADE AND OTHER PAYABLES

	Note	2022 ----- Rupees in '000 -----	2021 ----- Rupees in '000 -----
Creditors		2,040,467	2,958,739
Accrued liabilities	21.1	3,158,358	2,338,025
Derivative financial instruments		39,755	105,613
Workers' profits participation fund	21.2	172,383	217,383
Workers' welfare fund		42,710	33,627
Contract liabilities		50,778	37,067
Current portion of government grant		45,372	17,906
Current portion of provision for GIDC		190,622	190,622
Payable to provident fund		24,646	25,343
Others		31,177	33,725
		<u>5,796,268</u>	<u>5,958,050</u>

21.1 Includes an amount of Rs. 516.11 million (2021: Rs. 516.11 million) in respect of Gas tariff provision and Rs. 321 million (2021: Rs. 273.87 million) in respect of RLNG provision.

21.2 Workers' profits participation fund

	Note	2022 ----- Rupees in '000 -----	2021 ----- Rupees in '000 -----
Opening balance		217,383	148,096
Interest on workers' profits participation fund		78	137
Charge for the year	29	172,383	217,246
		<u>389,844</u>	<u>365,479</u>
Less: Payment during the year		(217,461)	(148,096)
Closing balance		<u>172,383</u>	<u>217,383</u>

22 SHORT-TERM BORROWINGS - secured

	Note	2022 ----- Rupees in '000 -----	2021 ----- Rupees in '000 -----
Export re-finance			
Conventional		9,400,000	8,750,000
Islamic		5,000,000	3,000,000
	22.1	<u>14,400,000</u>	<u>11,750,000</u>

22.1 Represents utilized portion of export re-finance facilities from various conventional and Islamic banks of Rs. 14,400 million (2021: Rs. 11,750 million) carrying mark-up at the rates ranging from SBP Export re-finance rate plus 0.25% to 1% (2021: 0.25% to 1%) per annum and will expire by October 2022. These are secured against first pari-passu charge over stock-in-trade, receivables and other current assets of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

22.2 The Company also has unutilized running finance facilities of Rs. 180 million (2021: Rs. 180 million). These carry mark-up at the rates ranging from 1 month KIBOR plus 0.5% to 3 month KIBOR plus 1.50% (2021: 1 month KIBOR plus 1.5% to 3 month KIBOR plus 0.50%) per annum. This is secured against first pari passu charge over stock-in-trade, receivables and other current assets of the Company.

	Note	2022 ----- Rupees in '000 -----	2021 -----
23 ACCRUED MARK-UP			
Long-term financing		50,193	37,079
Short-term borrowings		98,584	74,572
		<u>148,777</u>	<u>111,651</u>

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

No contingencies exist as at the reporting date.

24.2 Commitments

	Note	2022 ----- Rupees in '000 -----	2021 -----
Outstanding letter of credit		4,595,923	2,970,714
Outstanding letter of guarantee		1,390,025	1,146,442
Capital expenditure		4,184,280	5,044,343
Post dated cheques	24.2.1	4,781,418	4,328,717

24.2.1 This represents post dated cheques issued to Custom Authorities in respect of duties on imported items.

	Note	2022 ----- Rupees in '000 -----	2021 -----
25 SALES - net			
Local		941,371	629,434
Export	25.1	47,661,820	41,502,746
		48,603,191	42,132,180
Export rebate		569,068	547,363
		49,172,259	42,679,543
Less:			
Sales tax		150,938	98,652
Trade discounts		2,865	5,426
		153,803	104,078
		<u>49,018,456</u>	<u>42,575,465</u>

25.1 Represents sales made to the following geographical regions:

	2022	2021
America	39,484,979	35,429,781
Europe	7,600,447	5,571,973
Asia	365,355	271,889
Australia	111,134	146,212
Africa	99,905	82,891
	<u>47,661,820</u>	<u>41,502,746</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

25.2 Revenue recognised during the year from contract liabilities as at the beginning of the year amounted to Rs.37.07 million (2021: Rs. 26.03 million).

	Note	2022 ----- Rupees in '000 -----	2021 -----
26 COST OF SALES			
Opening stock of finished goods		2,542,945	1,588,230
Add: Cost of goods manufactured	26.1	41,596,870	33,978,980
		44,139,815	35,567,210
Less: Closing stock of finished goods	10	(2,744,841)	(2,542,945)
		<u>41,394,974</u>	<u>33,024,265</u>
26.1 Cost of goods manufactured			
Raw material consumed	26.1.1	23,914,945	20,303,171
Stores and spares consumed		4,879,385	4,220,109
Salaries, wages and other benefits	26.1.2/26.1.3	5,998,091	5,146,397
Fuel, power and water		3,018,041	2,765,273
Insurance expense		94,801	66,009
Repairs and maintenance		155,148	217,795
Communication and transportation		124,403	100,620
Rent	26.1.4	21,470	13,626
Depreciation on operating fixed assets	6.5	2,484,300	1,404,224
Depreciation on right-of-use assets	6.9.1	189,178	178,619
Amortisation	7.2	6,277	6,231
Quality control and inspection		67,216	75,478
Others		18,082	20,483
		40,971,337	34,518,035
Opening work-in-process		3,136,835	2,597,780
Closing work-in-process	10	(2,511,302)	(3,136,835)
		<u>41,596,870</u>	<u>33,978,980</u>
26.1.1 Raw material consumed			
Opening stock		2,757,422	4,083,618
Purchases during the period		25,798,047	18,976,975
		28,555,469	23,060,593
Less: Closing stock	10	(4,640,524)	(2,757,422)
		<u>23,914,945</u>	<u>20,303,171</u>

26.1.1 Raw material consumed

	Note	2022 ----- Rupees in '000 -----	2021 -----
Opening stock		2,757,422	4,083,618
Purchases during the period		25,798,047	18,976,975
		28,555,469	23,060,593
Less: Closing stock	10	(4,640,524)	(2,757,422)
		<u>23,914,945</u>	<u>20,303,171</u>

26.1.2 Includes an amount of Rs. 95.96 million (2021: Rs. 108.35 million) in respect of staff provident fund and Rs. 291.07 million (2021: Rs. 217.84 million) in respect of staff gratuity fund.

26.1.3 Salaries, wages and other benefits aggregating to Rs. 550.53 million (2021) are reclassified from administrative cost to cost of goods manufactured for the purpose of better presentation.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

26.1.4 The Company has recognised charge of Rs. 6.55 million (2021: 6.35 million) in respect of short-term leases not included in the measurement of lease liabilities

	Note	2022 ----- Rupees in '000 -----	2021
27 ADMINISTRATIVE COST			
Director fee		15,420	12,720
Salaries and benefits	27.1	538,111	456,177
Utilities		22,947	25,663
Repairs and maintenance		21,685	26,074
Communication		10,556	7,658
Rent, rates, taxes and license fee		19,234	14,249
Conveyance and traveling		14,995	2,345
Printing and stationery		669	955
Legal and professional		14,246	15,517
Fees and subscriptions		16,290	15,236
Depreciation on operating fixed assets	6.5	60,116	74,831
Depreciation on right-of-use assets	6.9.1	36,284	39,838
Security and janitorial services		2,276	2,641
Training and development expense		9,212	4,477
Others		14,309	9,557
		796,350	707,938

27.1 Includes amount of Rs. 22.21 million (2021: Rs. 19.90 million) in respect of staff provident fund.

	Note	2022 ----- Rupees in '000 -----	2021
28 DISTRIBUTION COST			
Salaries and benefits	28.1	300,795	248,110
Freight and insurance		1,329,488	644,636
Inspection and forwarding charges		383,960	299,825
Marketing and other related expenses		1,814,132	1,888,036
Export development surcharge		124,442	92,022
Others		34,626	4,523
		3,987,443	3,177,152

28.1 Includes amount of Rs. 13.39 million (2021: Rs. 10.16 million) in respect of staff provident fund.

	Note	2022 ----- Rupees in '000 -----	2021
29 OTHER EXPENSES			
Loss on disposal of operating fixed asset - net		-	20,821
Property, plant and equipment - write-off	6.7	2,028	-
Workers' profit participation fund		172,383	217,246
Workers' welfare fund		39,198	33,627
Allowance for expected credit loss	11.2	6,985	6,163
Provision for slow moving and obsolete stores and spares - net	9.1	22,161	14,677
Net exchange differences on export receivables, trade payables and derivative financial instruments		-	300,304
Donations	29.1 / 29.2	26,332	22,566
Auditors' remuneration	29.3	4,350	3,871
		273,437	619,275

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

29.1 Includes donation to following organizations exceeding Rs 1,000,000 or 10% of total donation whichever is higher.

Name of Donee	2022 ----- Rupees in '000 -----	2021
The Indus Hospital	4,999	4,000
Kiran Foundation	4,302	1,000
Pakistan Textile Council	3,000	-
Karachi Down Syndrome Program	2,000	1,000
Pakistan Eye Bank Society	2,000	2,000
Burns Center	1,300	1,000
Network of Organizations Working For People With Disabilities Pakistan	1,280	-
Family Education Services Foundation	1,000	1,000
BnB Enterprises	1,000	1,000
Health Care and Social Welfare Association	1,000	1,000
Patron of Expo 2021 Pakistan	-	10,000
	21,881	22,000

29.2 Includes the following in which a director or their spouse were interested:

Name of Directors	Name and address of donee	Interest in Donee
Mr. Nasim Hyder	The Indus Hospital Plot C-76, Sector 31/5, Korangi Crossing, Karachi	Director

	Note	2022 ----- Rupees in '000 -----	2021
29.3 Auditors' remuneration			
Audit fee		1,925	1,625
Half yearly review		750	675
Out of pocket expenses		497	426
Other certification / assignments and taxes		1,178	1,145
		4,350	3,871

30 OTHER INCOME

	Note	2022	2021
Interest on bank deposit		64,539	49,237
Gain on disposal of operating fixed asset - net	6.7	6,147	-
Dividend income on open ended mutual fund units		373,304	188,638
Reversal of provision against doubtful advances		39,878	62,901
Net exchange differences on export receivables, trade payables and derivative financial instruments		1,735,943	-
		2,219,811	300,776

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	Note	2022 ----- Rupees in '000 -----	2021 ----- Rupees in '000 -----
31 FINANCE COST			
Mark-up / interest on:			
- Long-term financing			
Conventional		169,321	137,240
Islamic		19,015	10,946
		<u>188,336</u>	<u>148,186</u>
- Short-term borrowings			
Conventional		205,714	184,901
Islamic		102,438	48,983
		<u>308,152</u>	<u>233,884</u>
- Lease liability		61,354	69,732
- Workers' profits participation fund		78	137
		<u>557,920</u>	<u>451,939</u>
- Bank charges		107,454	106,388
		<u>665,374</u>	<u>558,327</u>
32 TAXATION			
Current		764,589	460,054
Prior		(52,354)	17,939
		<u>712,235</u>	<u>477,993</u>

32.1 The Company has filed its return of income up to tax year 2022. The return so filed is deemed to be an assessment order issued by the Taxation Authorities on the date the complete return is filed. The Company is subject to Final Tax Regime under Section 169 of the Income Tax Ordinance, 2001, therefore, relationship between income tax expense and accounting profit has not been presented.

	Note	2022 ----- Rupees in '000 -----	2021 ----- Rupees in '000 -----
33 EARNINGS PER SHARE – basic and diluted			
Net profit for the year		<u>3,408,454</u>	<u>4,311,291</u>
		----- (Number of shares) -----	
Weighted average number of ordinary shares in issue	33.1	<u>389,129,472</u>	<u>381,542,183</u>
		----- Rupees -----	
Earnings per share - basic and diluted	33.2	<u>8.76</u>	<u>11.30</u>
			(Restated)

33.1 The weighted average number of shares takes into account the weighted average effect of issue of right shares during the year.

33.2 There is no dilutive effect on the basic earnings per share of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

34 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particular	2022			2021		
	Chief Executive	Executives	Total	Chief Executive	Executives	Total
	----- Rupees in '000 -----					
Managerial remuneration	43,200	1,161,983	1,205,183	36,000	965,999	1,001,999
Bonus	3,600	92,944	96,544	3,000	77,074	80,074
Retirement benefits	2,864	70,157	73,021	2,387	58,746	61,133
Leave encashment	-	23,695	23,695	-	17,997	17,997
Other benefits	1,800	89,180	90,980	1,500	63,879	65,379
	<u>51,464</u>	<u>1,437,959</u>	<u>1,489,423</u>	<u>42,887</u>	<u>1,183,695</u>	<u>1,226,582</u>
Numbers	<u>1</u>	<u>380</u>	<u>381</u>	<u>1</u>	<u>318</u>	<u>319</u>

34.1 The chief executive and certain executives are provided with Company maintained cars and are also covered under Company's Health Insurance Plan along with their dependents.

34.2 Meeting fee of Rs.15.42 million (2021: Rs. 12.72 million) has been paid to 10 (2021:10) directors.

34.3 As per the Act, an executive means an employee, other than the chief executive and director, whose salary exceeds twelve hundred thousand rupees in a financial year.

	2022 Un-audited	2021 Audited
	----- Rupees in '000 -----	
Size of the trust	1,062,458	1,028,675
Cost of investment	1,041,590	990,761
Fair value of investment	1,041,590	1,007,713

35 PROVIDENT FUND DISCLOSURES

	2022 ----- Percentage -----	2021 ----- Percentage -----
Percentage of investment made	98%	96%

Major categories of investment of provident fund are as follows:

	2022 Unaudited		2021 Audited	
	Rs. in '000	%	Rs. in '000	%
Shares in listed Companies	-	-	8,682	0.86
Mutual fund	672,668	64.58	514,673	51.07
Investment in fixed deposit	318,385	30.57	301,845	29.95
Sukuk and ijarah certificates	-	-	136,210	13.52
Others	50,537	4.85	46,303	4.60
	<u>1,041,590</u>	<u>100.00</u>	<u>1,007,713</u>	<u>100.00</u>

35.1 Investments out of provident fund have been made in accordance with the provisions of section 218 of the Act and the rules formulated for this purpose.

36 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of companies with common directorship, associates, directors, major shareholders of the Company, key management personnel, staff gratuity fund and staff provident fund. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements are as follows:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

Note	2022	2021
	----- Rupees in '000 -----	
36.1 Nature of transaction		
Transaction with associates		
Sale of goods	5,881,495	2,438,577
Sale of fixed asset	-	-
Purchases and services	40,867	358,779
Marketing fee	1,588,869	1,722,630
Lease rental	185,575	118,994
Rent expense	7,416	6,350
Donation	4,999	4,000
Transaction with directors		
Meeting fee	15,420	12,720
Transaction with key management personnel		
Remuneration paid	66,144	54,084
Post-employment benefits	3,760	3,083
Transaction with other related party		
Contribution To Staff Gratuity Fund	20,000	-
Contribution To Staff Provident Fund	131,562	140,492

36.1.1 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place

Particular	Relationship	Aggregate % of shareholding
1888 Mills LLC, USA	Common Directorship	0.5800%
Premier 1888 Limited	Common Directorship	-
The Indus Hospital	Common Directorship	-
M&N Impex (Private) Limited	Common Directorship	-
Frieden Management (Private) Limited	Common Directorship	0.10%
Nigheban (Private) Limited	Common Directorship	-
UTI Industries (Private) Limited	Common Directorship	-
Liberty Mills Limited	Common Directorship	12.6949%
Feroze1888 Mills Limited - Provident Fund	Retirement benefit fund	-
Feroze1888 Mills Limited - Gratuity Fund	Retirement benefit fund	-
Mr. Rehan Rahman	Chief Executive / Director	2.2443%
Mr. Jonathan R. Simon	Director	0.05%
Mr. Khaleequr Rahman	Director	3.5600%
Mr. Shabbir Ahmed	Director	15.0400%
Mr. Perwez Ahmed	Director	5.8900%
Mr. Anas Rahman	Director	1.6424%
Mr. Abdul Rehman Yaqub	Director	-
Mr. Zain Ashraf Mukaty	Director	-
Mr. Nasim Hyder	Director	0.0001%
Ms. Huma Pasha	Director	0.0001%
Ms. Aminah Zahid Zaheer	Director	0.0001%
Ms. Javeria Siddiqui	Key Management Personnel	-
Mr. Mudassir Moten	Key Management Personnel	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

36.1.2 All transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Company.

36.2 Associated companies incorporated outside Pakistan

Name	Basis of Association	Country of Incorporation
1888 Mills LLC, USA	Common Directorship	United States of America
Premier 1888 Limited	Common Directorship	Bangladesh

37 CASH AND CASH EQUIVALENTS

Note	2022	2021
	----- Rupees in '000 -----	
Cash and bank balances	1,529,044	1,625,126
	1,529,044	1,625,126

38 PRODUCTION CAPACITY

Spinning

Total number of spindles installed	48,072	48,072
Average number of spindles worked	48,072	47,404
Total number of rotors installed	2,116	2,116
Average number of rotors worked	2,116	2,116
Installed capacity after conversion into 12/s lbs.	75,399,757	75,410,178
Actual production after conversion into 12/s lbs.	67,393,597	67,382,160

Weaving

Total number of looms installed	447	371
Average number of looms worked	402	366
Installed capacity meters	177,677,189	154,149,648
Actual production meters	142,473,386	150,612,635

The production capacity and its comparison with actual production of Processing and Stitching is impracticable to determine due to varying manufacturing processes, run length of order lots and various other factors.

38.1 Production is lower as compared to capacity due to variation in production mix and various technical and market factors.

39 FINANCIAL INSTRUMENTS BY CATEGORY

39.1 Financial assets as per statement of financial position

Financial assets measured at amortised cost

Note	2022	2021	
	----- Rupees in '000 -----		
- Long-term deposits	8	72,144	62,970
- Trade debts	11	8,766,599	10,115,920
- Deposits and other receivables	12	3,173,380	3,359,781
- Cash and bank balances	14	1,529,044	1,625,126
		13,541,167	15,163,797

Financial assets measured at fair value through profit or loss

- Short-term investments	13	8,165,334	5,598,019
		21,706,501	20,761,816

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	Note	2022 ----- Rupees in '000 -----	2021 ----- Rupees in '000 -----
39.2 Financial liabilities as per statement of financial position			
Financial liabilities measured at amortised cost			
- Long-term financing	18	7,949,533	5,409,360
- Provision for GIDC	19	1,334,357	1,334,357
- Lease liabilities	20	417,640	660,502
- Trade and other payables	21	5,756,513	5,852,437
- Short-term borrowings	22	14,400,000	11,750,000
- Accrued mark-up	23	148,777	111,651
- Current portion of long-term financing	18	1,337,976	1,457,377
- Current portion of lease liabilities	20	271,986	212,335
- Unclaimed dividend		1,996	1,814
- Unpaid dividend		-	66,742
		<u>31,618,778</u>	<u>26,856,575</u>
Financial liabilities measured at fair value through profit or loss			
- Derivative financial instrument	21	39,755	105,613
		<u>31,658,533</u>	<u>26,962,188</u>

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks i.e. market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Company's senior management oversees the management of these risks. The Company's senior management provides policies for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, and credit risk, use of financial derivatives, financial instruments and investment of excess liquidity. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors review and agree policies for managing each of these risks which are summarized below:

40.1 Market risk

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market prices. Market prices comprise three types of risks which includes interest rate risk, currency risk and other price risk, such as equity risk. There has been no change in the Company's exposure to market risk or the manner in which this risk is managed and measured.

40.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. The Company's interest rate risk arises from term deposit receipts, long-term financing and short-term borrowings obtained with floating rates. All the borrowings of the Company are obtained and investments made in the functional currency.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	Note	2022 ----- Rupees in '000 -----	2021 ----- Rupees in '000 -----
Financial asset			
Local currency - savings account	14	840,770	182,015
		<u>840,770</u>	<u>182,015</u>
Financial liabilities			
Financing		9,287,509	6,866,737
Short-term borrowings	22	14,400,000	11,750,000
		<u>23,687,509</u>	<u>18,616,737</u>

The Company analyses its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into account various other financing options available.

The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Company's profit before tax:

	Increase / decrease in basis points	Effect on profit before tax Rs' in 000
2022		
Change in interest rate	+100	(228,467)
Change in interest rate	-100	228,467
2021		
Change in interest rate	+100	(184,347)
Change in interest rate	-100	184,347

40.1.2 Currency risk

Currency risk is the risk that the value of financial assets or financial liabilities will fluctuate due to a change in a foreign exchange rate. It arises mainly where receivables and payables exist due to transactions in foreign currency. The Company's exposure to the risk of changes in foreign exchange rates relate primarily to the Company's operating activities (when revenue or expenses are denominated in a different currency from the Company's functional currency).

Exposure to currency risk

The Company's exposure to foreign currency risk is as follows:

	2022 ----- AED in '000 -----	2021 ----- AED in '000 -----
Trade and other payables	(389)	(150)
Closing exchange rate	56.35	43.40
Average exchange rate	48.31	43.56
2022		
----- EUR in '000 -----		
Trade debts	192	78
Trade and other payables	(40)	(6)
	<u>152</u>	<u>72</u>
Closing exchange rate	215.23	188.12
Average exchange rate	199.49	190.74

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	2022	2021
	----- USD in '000 -----	
Trade debts	46,246	68,805
Foreign currency bank balances	708	6,877
Trade and other payables	(4,451)	(4,959)
	<u>42,503</u>	<u>70,723</u>
Closing exchange rate	<u>205.50</u>	<u>157.80</u>
Average exchange rate	<u>177.45</u>	<u>160.02</u>

Sensitivity Analysis

The sensitivity to a reasonably possible change in the exchange rates, with all other variables held constant, of the Company's profit before taxation is as follows:

		2022	2021
Change in exchange rate	+ / -	10%	10%
Effect on profit before tax (Rupees in '000)	+ / -	874,516	1,116,712

The Company manages its currency risk by close monitoring of currency markets.

40.1.3 Equity price risk

Equity price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk). The Company does not have investment in equity shares.

40.2 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company's management is regularly conducting detailed analysis on sectors.

The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy. The maximum exposure to credit risk at the reporting date is:

	2022	2021
	----- Rupees in '000 -----	
Long-term deposits	72,144	62,970
Trade debts	8,766,599	10,115,920
Deposits and other receivables	3,173,380	3,359,781
Short-term investment	8,165,334	5,598,019
Bank balances	1,525,597	1,622,063
	<u>21,703,054</u>	<u>20,758,753</u>

Credit quality of financial assets

The credit quality of financial assets that can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	2022	2021
	----- Rupees in '000 -----	
Bank balances		
Ratings		
A1+	1,492,466	1,622,000
A1	33,131	63
	<u>1,525,597</u>	<u>1,622,063</u>
Short-term investments		
Ratings		
AAA	203,900	-
AA+	1,021,796	-
AA	6,939,638	5,598,019
	<u>8,165,334</u>	<u>5,598,019</u>

Trade debts

The aging of trade debts at the statement of financial position date was:

	2022				
	Not past due	Past due 1-60 days	Past due 61 days - 90 days	More than 90 days	Total
	----- Rupees in '000 -----				
Total gross carrying amount	8,703,725	62,235	639	30,092	8,796,691
Expected credit loss	-	-	-	30,092	30,092
Expected credit loss effective rate	0%	0%	0%	100%	0.34%
	2021				
	Not past due	Past due 1-60 days	Past due 61 days - 90 days	More than 90 days	Total
	----- Rupees in '000 -----				
Total gross carrying amount	8,730,184	1,325,589	3,170	80,084	10,139,027
Expected credit loss	-	-	-	23,107	23,107
Expected credit loss effective rate	0%	0%	0%	29%	0.23%

40.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company applies prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

2022	Upto 1 year	1 – 5 years	More than 5 years	Total
	----- Rupees in '000 -----			
Financing	1,337,976	6,205,780	1,865,576	9,409,332
Lease liabilities	323,353	429,616	-	752,969
Trade and other payables	5,254,648	-	-	5,254,648
Short-term borrowings	14,400,000	-	-	14,400,000
Accrued mark-up	148,777	-	-	148,777
Unclaimed dividend	-	1,996	-	1,996
Unpaid dividend	-	-	-	-
	21,464,754	6,637,392	1,865,576	29,967,722

2021	Upto 1 year	1 – 5 years	More than 5 years	Total
	----- Rupees in '000 -----			
Financing	1,597,620	5,370,915	395,000	7,363,535
Lease liabilities	320,342	675,098	-	995,440
Trade and other payables	5,355,832	-	-	5,355,832
Short-term borrowings	11,750,000	-	-	11,750,000
Accrued mark-up	111,651	-	-	111,651
Unclaimed dividend	-	1,814	-	1,814
Unpaid dividend	66,742	-	-	66,742
	19,202,187	6,047,827	395,000	25,645,014

The effective interest / mark-up rates for the monetary financial assets and liabilities are mentioned in the respective notes to these financial statements.

40.3.1 Changes in liabilities from financing activities

	July 01, 2021	Net cash flows	Non cash flow	June 30, 2022
----- Rupees in '000 -----				
Financing	6,930,071	2,618,337	(32,110)	9,516,298
Short-term borrowings	11,750,000	2,650,000	-	14,400,000
Lease liabilities	872,837	(244,565)	61,354	689,626
Dividends payable	68,556	(66,560)	-	1,996
	19,621,464	4,957,212	29,244	24,607,920

40.4 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholders value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, less cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

The gearing ratios as at June 30, 2022 and 2021 are as follows:

Note	2022	2021
	----- Rupees in '000 -----	
Deferred liabilities	17	451,864
Long-term financing	18	5,409,360
Provision for GIDC	19	1,334,357
Lease liabilities	20	660,502
Trade and other payables	21	5,958,050
Short-term borrowings	22	11,750,000
Accrued mark-up	23	111,651
Current portion of long-term financing	18	1,457,377
Current portion of lease liabilities	20	212,335
Unclaimed dividend		1,814
Unpaid dividend		66,742
Total debt		32,357,995
Short-term investments	13	(5,598,019)
Cash and bank balances	14	(1,625,126)
Net debt		22,663,617
Share capital		3,768,009
Reserves		20,684,867
Total capital		29,933,324
Capital and net debt		52,596,941
Gearing ratio		43.09%

The Company finances its operations through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

40.5 Fair value measurement

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.

The carrying values of all financial assets and liabilities reflected in these financial statements approximate fair values.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

The following table shows assets recognised at fair value, analyzed between those whose fair value is based on:

Level 1: Quoted prices in active markets for identical assets or liabilities,

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

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

	2022			Total
	Level 1	Level 2	Level 3	
----- Rupees in '000 -----				
Assets measured at fair value:				
Freehold and leasehold land	-	4,350,593	-	4,350,593
Short-term investment	-	8,165,334	-	8,165,334
Liability measured at fair value:				
Derivative financial instruments	-	39,755	-	39,755
----- Rupees in '000 -----				
	2021			Total
	Level 1	Level 2	Level 3	
----- Rupees in '000 -----				
Assets measured at fair value:				
Freehold and leasehold land	-	2,785,083	-	2,785,083
Short-term investment	-	5,598,019	-	5,598,019
Liability measured at fair value:				
Derivative financial instruments	-	105,613	-	105,613

During the year, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurement.

The valuation techniques used and the inputs used in the fair value measurement of free hold land and lease hold land are given in note 6.2 to these financial statements. Specific valuation techniques used to value derivative financial instruments include the use of quoted market prices or dealer quotes for similar instruments and the market price of mutual fund units have been obtained from Mutual Funds Association of Pakistan.

41 OPERATING SEGMENTS

These financial statements have been prepared on the basis of a single reportable segment.

Revenue from export sales represents 98.06% (2021: 98.51%) of the total gross revenue of the Company.

All non-current assets of the Company at June 30, 2022 are located in Pakistan.

Sales made by the Company to two customers which constitutes 30% (2021: 33%) and 19% (2021: 23%), respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

42 DIVIDEND AND APPROPRIATIONS

Subsequent to year ended June 30, 2022, the Board of Directors in its meeting held on August 29, 2022 has proposed final cash dividend @ Rs.2.91/- per share amounting to Rs.1,162.28 million (2021: Rs. 1.43/- per share amounting to Rs. 538.83 million) for approval of the members at the Annual General Meeting. This is in addition to the interim cash dividend @ Rs. 1.36/- per share amounting to Rs. 543.20 million (2021: Rs. 2.00/- per share amounting to Rs. 753.60 million) approved by the Board of Directors for the year ended June 30, 2022.

43 NUMBER OF PERSONS EMPLOYED

Number of persons employed as at June 30, 2022 were 12,643 (2021: 13,354) and average number of persons employed during the year were 12,999 (2021: 12,663). Number of persons employed at factory as at June 30, 2022 were 12,483 (2021: 11,381) and average number of persons employed at factory during the year were 11,932 (2021: 10,774).

44 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on August 29, 2022 by the Board of Directors of the Company.

45 GENERAL

45.1 Corresponding figures have been rearranged and reclassified, wherever necessary. However, other than those disclosed in these financial statements, there were no significant reclassifications to report.

45.2 All figures in these financial statements are rounded off to the nearest thousand, unless otherwise stated.

JAVERIA SIDDIQUI
Chief Financial Officer

REHAN RAHMAN
Chief Executive Officer

JONATHAN R. SIMON
Chairman



**HOPELESS END OR
AN ENDLESS HOPE -
BE THE CHANGE!**

Let all your dreams Fly,
Give them wings to soar high

Push them with so much faith,
A bright future awaits!

**SURELY WE WILL
TEST YOU WITH A BIT
OF FEAR AND
HUNGER, AND LOSS
IN WEALTH AND LIFE
AND FRUITS, AND
GIVE GOOD TIDINGS
TO THE PATIENT**

Al Quran 2:155

CALENDAR OF NOTABLE EVENTS

Calendar of Corporate events July-2021 to June-2022

August 2021	BOD Meeting for Annual Accounts June 30 2021	Monday & Tuesday 30 & 31 August 2021
September 2021	BOD Meeting for Annual Budget for Financial Year 2021-2022	Tuesday, 14 September 2021
October 2021	49th Annual General Meeting	Thursday, 28 October 2021
	BOD Meeting for the 1st Quarter Ended September 30 2021	Friday, 29 October 2021
November 2021	Corporate Briefing Session 2021	Thursday, 18 November 2021
February 2022	BOD Meeting for the 2nd Quarter/Half Year Ended December 31 2021	Monday, 28 February 2022
April 2022	BOD Meeting for the 3rd Quarter Ended March 31 2022	Wednesday, 27 April 2022
June 2022	BOD Meeting for Annual Budget for Financial Year 2022-2023	Thursday, 30 June 2022

Calendar of other events July-2021 to June-2022

August-2021	Independence Day Celebration (*)	Saturday, August 14, 2021
September-2021	The KIN – Company's 1st Quarter Magazine	Thursday, September 30, 2021
	World Heart Day (29) (**)	Wednesday, September 29, 2021
October-2021	World Mental Health Day (10) (*)	Sunday, October 10, 2021
November-2021	World Quality Day (11) (**)	Thursday, November 11, 2021
	World Diabetes Day (14) (**)	Sunday, November 14, 2021
December-2021	The KIN – Company's 2nd Quarter Magazine	Friday, December 31, 2021
	Human Rights Day (10) (*)	Friday, December 10, 2021
February-2022	World Cancer Day (04) (*)	Friday, February 04, 2022
March-2022	The KIN – Company's 3rd Quarter Magazine	Thursday, March 31, 2022
	World Water Day (22) (*)	Tuesday, March 22, 2022
	Pakistan Day (23) (*)	Wednesday, March 23, 2022
April-2022	World Health Day (07) (**)	Thursday, April 07, 2022
	Earth Day (22) (*)	Friday, April 22, 2022
May-2022	Health & Safety Day (28) (*)	Thursday, April 28, 2022
	World Firefighters Day (04) (**)	Wednesday, May 04, 2022
	Mother's Day (08) (*)	Sunday, May 08, 2022
	World Hypertension Day (17) (**)	Tuesday, May 17, 2022
	World No Tobacco Day (31) (**)	Tuesday, May 31, 2022
June-2022	The KIN – Company's 4th Quarter Magazine	Thursday, June 30, 2022
	World Environment Day (05) (**)	Sunday, June 05, 2022
	World Blood Donor Day (14) (**)	Tuesday, June 14, 2022

(*) Flyer

(**) Activity / Flyer

FORM 34 PATTERN OF HOLDINGS OF THE SHARES HELD BY THE SHAREHOLDERS

Shareholders as at 30 June 2022

No of Shareholders		Shareholdings		Total shares held	
493	From	1	to	100	12,175
268	From	101	to	500	84,427
126	From	501	to	1000	106,017
172	From	1001	to	5000	408,091
51	From	5001	to	10000	368,370
14	From	10001	to	15000	174,111
6	From	15001	to	20000	107,848
8	From	20001	to	25000	184,830
4	From	25001	to	30000	116,500
4	From	30001	to	35000	135,600
1	From	35001	to	40000	38,690
2	From	40001	to	45000	86,390
2	From	45001	to	50000	95,898
1	From	50001	to	55000	53,000
1	From	60001	to	65000	63,600
1	From	65001	to	70000	70,000
1	From	80001	to	85000	82,468
3	From	95001	to	100000	300,000
1	From	105001	to	110000	105,546
1	From	115001	to	120000	115,040
2	From	140001	to	145000	287,750
1	From	145001	to	150000	150,000
1	From	195001	to	200000	200,000
1	From	210001	to	215000	211,682
1	From	220001	to	225000	222,600
1	From	235001	to	240000	236,066
1	From	250001	to	255000	253,340
1	From	300001	to	305000	304,500
1	From	390001	to	395000	393,913
1	From	400001	to	405000	403,000
1	From	530001	to	535000	531,171
1	From	625001	to	630000	630,000
1	From	1470001	to	1475000	1,474,086
1	From	2075001	to	2080000	2,079,019
1	From	2310001	to	2315000	2,310,404
1	From	2375001	to	2380000	2,378,056
2	From	2745001	to	2750000	5,500,000
1	From	3175001	to	3180000	3,180,000
1	From	4230001	to	4235000	4,230,566
1	From	6480001	to	6485000	6,482,020
1	From	6550001	to	6555000	6,550,231
2	From	6890001	to	6895000	13,780,790
1	From	6915001	to	6920000	6,917,699
1	From	7030001	to	7035000	7,030,032
1	From	7345001	to	7350000	7,347,618
2	From	7370001	to	7375000	14,747,592
1	From	7625001	to	7630000	7,625,688
1	From	8005001	to	8010000	8,009,796
1	From	8960001	to	8965000	8,963,796
1	From	9185001	to	9190000	9,187,796
1	From	11490001	to	11495000	11,491,135
1	From	14040001	to	14045000	14,044,901
1	From	14225001	to	14230000	14,226,672
1	From	18445001	to	18450000	18,447,546
1	From	20130001	to	20135000	20,134,285
1	From	23255001	to	23260000	23,259,900
1	From	23540001	to	23545000	23,541,494
1	From	39190001	to	39195000	39,192,607
1	From	50685001	to	50690000	50,685,900
1	From	60055001	to	60060000	60,056,774

1204

399,409,026

PATTERN OF SHAREHOLDING

As at 30 June 2022

Categories of Shareholders	Number of shareholders	Shares Held	Percentage
Associated Companies, undertaking and related parties	5	94,960,880	23.78
Investment Companies and Mutual Funds	8	2,032,798	0.51
Directors, Chief Executive Officer and their Spouse	12	136,860,296	34.19
Joint Stock Companies	16	7,970,599	2.00
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance and others	12	23,941,923	5.99
Individuals	1151	133,951,530	33.54
	1,204	399,409,026	100.00

PATTERN OF SHAREHOLDING

As at 30 June 2022

Shareholders' Category	Number of Shareholders	Number of Shares held	
Associated Companies, undertaking and related parties	5	94,960,880	
Investment Companies, Mutual Funds and Other			
M/s. Shirazi Investment Ltd	1	13	
CDC - Trustee Meezan Balanced Fund	1	82,468	
CDC - Trustee Al Meezan Mutual Fund	1	211,682	
CDC - Trustee Meezan Islamic Fund	1	1,474,086	
CDC - Trustee Meezan Tahaffuz Pension Fund - Equity Sub Fund	1	144,500	
CDC - Trustee Meezan Asset Allocation Fund	1	63,600	
CDC - Trustee Meezan Dedicated Equity Fund	1	45,898	
Trustee National Bank of Pakistan Employees Pension Fund	1	10,551	
Directors and their Spouse(s)			
Mr. Jonathan R.Simon	Director/Chairman	1	200,000
Mr. Rehan Rahman	Chief Executive	1	8,963,796
Mr. Khaleequr Rahman	Director	1	14,226,672
Mr. Shabbir Ahmed	Director	1	60,056,774
Mr. Abdul Rehman Yaqub	Director	-	-
Mr. Perwez Ahmed	Director	1	23,541,494
Mr. Anas Rahman	Director	1	6,565,231
Mr. Zain Ashraf Mukaty	Director	-	-
Mr. Nasim Hyder	Director	1	530
Ms. Huma Pasha	Director	1	530
Ms. Aminah Zahid Zaheer	Director	1	530
Mrs. Shahnaz Rahman (Spouse)	Spouse	1	9,187,796
Mrs. Saba Perwez (Spouse)	Spouse	1	6,917,699
Mrs. Sana Rehan (Spouse)	Spouse	1	6,890,244
Executives	2	26,073,234	
Joint Stock Companies	16	7,970,599	
Bank, Development Finance Institutions, Non-Banking Finance Companies	3	527,171	
Insurance Companies, Takaful, Modarabas and Pension Fund	9	23,414,752	
Shareholders holding 5% or more voting interest:			
M/s. EFU Life Assurance Ltd	1	23,259,900	
M/s. Grangeford USA Inc	1	39,192,607	
M/s. Liberty Mills Limited	1	50,685,900	
Mr. Omair Rehman	1	20,134,285	
Mr. Shabbir Ahmed	1	60,056,774	
Mr. Perwez Ahmed	1	23,541,494	

NOTICE OF 50TH ANNUAL GENERAL MEETING

Notice is hereby given to the Members that the 50th Annual General Meeting of the Company will be held on Wednesday, 26 October 2022 at 09:30 a.m. at C-3, SITE, Karachi / video link to transact the following businesses:

ORDINARY BUSINESS:

- To confirm the minutes of Annual General Meeting of the company held on 28 October 2021.
- To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 30 June, 2022 together with the Chairman's Review, Directors' and Auditors' report thereon.
- To consider and, if thought fit, approve as recommended by the Board of Directors, final cash dividend at the rate of Rs. 2.91 per share i.e. (29.10%) to all shareholders of the company. This is in addition to Rs. 1.36 per share i.e. (13.6%) interim cash dividend already declared/paid for the year 30 June 2022.
- To appoint statutory auditors for the year ending 30 June 2023 and to fix their remuneration. The present auditors M/s. EY Ford Rhodes, Chartered Accountants retire and being eligible, have offered themselves for Re-appointment.

ANY OTHER BUSINESS:

- To transact any other business with the permission of the Chair.

By order of the Board
(Mudassir Moten)
Company Secretary

Karachi:
03 October 2022

NOTES:

- Share Transfer Books of the Company will remain closed from Thursday, 20 October 2022 to Wednesday, 26 October 2022 (both days inclusive). Transfer received at the office of Share Registrar at the close of business on Wednesday, 19 October 2022 will be considered in time to attend and vote at the meeting and for the purpose of above entitlement to the transferees.
- A member of the Company entitled to attend and vote at this meeting may appoint a proxy to attend, speak and vote instead of him/her. A proxy must be a member of the company. An instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of authority to be valid must be received at the Registered Office of the Company or at the Office of the Share Registrar not later than forty eight hours before the time for the Meeting. A member shall not be entitled to appoint more than one proxy. If a member appoints more than one proxy and more than one instrument of proxy are deposited by a member with the Company, all such instruments shall be rendered invalid. The proxy shall produce his/her Original National Identify Card or Passport to prove his/her identity.
- Members are requested to submit copies of their CNICs and promptly notify any change in their address by writing to the office of share registrar.
- Members should quote their Folio/CDC number in all correspondence and at the time of attending the Meeting.

- The shareholders interested in attending the General Meeting through video link facility ("Zoom" which can be downloaded from Google Play or Apple App Store) are requested to get themselves registered with the Company Secretary office at least two working days before the holding of the time of the AGM at secretary@feroze1888.com or through share registrar of the company M/s. FAMCO Associates (Pvt.) Ltd, 8-F, Next to Hotel Faran, Nursery Block-6, PECHS, Shahrah-e-Faisal, Karachi by providing the following details:

Name of Shareholders	CNIC No.	Folio / CDC	Cell No.	Email Address

- Upon receipt of the above information from interested shareholders, the Company will send the login details at their email addresses.
 - On the AGM day, the shareholders will be able to login and participate in the AGM proceedings through their smart phone or computer devices from their any convenient location.
 - The login facility will be opened twenty (20) minutes before the meeting time to enable the participants to join the meeting after identification and verification process.
- In pursuance of section 242 of the Companies Act, 2017 which mandates all listed companies to pay dividend only by way of electronic mode directly into the bank account of entitle shareholder designated by them. Therefore, through this notice all shareholders are requested to update their bank account details in the Central Depository System through respective participants. In case holding physical shares, provide bank account details to Company's Share Registrar, M/s. Famco Associates (Pvt.) Ltd.
- Please note that all dividends declared by the Company will only be remitted to designated bank accounts and not otherwise, so please ensure an early update of your particulars to avoid any inconvenience in future.
- Shareholders are informed that the Government of Pakistan has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the Companies. These tax rates are as under:
 - Rate of tax deduction for persons who are appearing in the active taxpayers list: 15%.
 - Rate of tax deduction for persons who are not appearing in the active taxpayers list: 30%.

Shareholders are advised to provide their valid and updated CNIC/NTN to CDC Participants and our Share Registrar for availing the benefit of withholding tax rate applicable to filers.

In case of joint account, shareholders are requested to please furnish the shareholding ratio details of themselves as Principal shareholder and their Joint Holders to the Company's Share Registrar enabling the Company to compute withholding tax of each shareholder accordingly. The required information must reach the Company's Share Registrar by Wednesday, October 19, 2022, otherwise each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

- Section 72 of the Companies Act 2017 (the 'Act') requires all companies to replace shares issued in physical form to book-entry form within four years of the promulgation of the Act. The shareholders having physical shares are encouraged to convert their shares into book-entry form at the earliest. The shareholders of the Company may contact the Share Registrar, namely M/s. Famco Associates (Pvt.) Ltd for the conversion of physical shares into book-entry form.
- In compliance of section 244 of the Companies Act, 2017, an updated list for unclaimed shares/dividend declared by Feroze1888 Mills Limited ("the Company") details whereof are appearing on the Company's website at (<https://feroze1888.com/investor/investor-relations/others/>), have remained unclaimed or unpaid. Claims can be lodged either at the Company's Office or submitted to the Company's Share Registrar, M/s. FAMCO Associates (Private) Limited for receipt of dividend / shares.

10. Pursuant to the provisions of section 223(6) of the Act, all listed companies are permitted to circulate their Annual Financial Statements, along with Auditor's Report, Directors' Report along with notice of Annual General Meetings, to its shareholders through email subject to the written consent of the shareholders.

Shareholders who wish to receive the Company's Annual Report by email are requested to provide the completed Consent Form available on the Company's website (<https://feroze1888.com/investor/investor-relations/others/>), to the Company's Share Registrar.

11. Notice of the Annual General Meeting and Annual Report of the Company for the year ended 30th June 2022 have been placed on the website of the Company (<https://feroze1888.com/investor>).

12. Members can also exercise their right of e-Voting subject to the requirements of Section 143 and 144 of the Companies Act, 2017 and the applicable clause of the Companies (Postal Ballot) Regulations, 2018.

13. GUIDELINES FOR CDC ACCOUNT HOLDERS ISSUED BY SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

For attending the Meeting:

- In case of individual, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original National Identity Card at the time of attending the meeting.
- In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

For appointing proxy:

- In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- The proxy form must be witnessed by two persons whose names, addresses and Computerized National Identity Card (CNIC) number shall be mentioned on the form.
- Attested copies of CNIC or the passport of the beneficial owners and of the proxy shall be furnished with the proxy form.
- The proxy shall produce his/her Original CNIC or Original Passport at the time of the meeting.
- In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless is has been provided earlier) alongwith proxy form to the Company.

Registered Office

Feroze1888 Mills Limited
H-23/4A, Scheme # 3
Landhi Industrial Area, Karachi

Share Registrar

FAMCO Associates (Pvt.) Ltd
8-F, Next to Hotel Faran, Nursery
Block-6 PECHS, Shahrah-e-Faisal, Karachi

7- شیئر ہولڈرز کو مطلع کیا جاتا ہے کہ حکومت پاکستان نے انکم ٹیکس آرڈی نینس 2001ء کی دفعہ 150 میں چند ترمیمات کی ہیں جس کے ذریعہ کمپنی کی جانب سے ادا کیا جانے والا منافع منقسمہ

کی رقم پر وہ ہولڈنگ ٹیکس کی منہائی کیلئے مختلف ریٹ مقرر کئے گئے ہیں۔ ٹیکس ریٹس مندرجہ ذیل ہیں

(a) ان افراد کے لیے ٹیکس کوٹہ کی شرح جو فعال ٹیکس و ہولڈنگ کی فہرست میں شامل ہیں 15%

(b) ان افراد کے لیے ٹیکس کوٹہ کی شرح جو فعال ٹیکس و ہولڈنگ کی فہرست میں ظاہر نہیں ہو رہے ہیں 30%

شیئر ہولڈرز کو ہدایت کی جاتی ہے کہ وہ فائلرز کیلئے قابل اطلاق و ہولڈنگ ٹیکس ریٹ کا فائدہ حاصل کرنے کے لیے C D C کے شرکاء اور ہماری کمپنی کے شیئر رجسٹرار کو اپنا درست اور اپ ڈیٹ CNIC/NTN فراہم کریں۔

مشتہر کہ اکاؤنٹ کی صورت میں شیئر ہولڈرز سے درخواست ہے کہ وہ اپنے پاس موجود شیئر ہولڈنگ کے تناسب کی تفصیل بطور پرنسپل شیئر ہولڈرز ان کے مشترکہ ہولڈرز کمپنی کے شیئر رجسٹرار کو فراہم کر دیں تا کہ کمپنی اس کے مطابق ہر ایک شیئر ہولڈر کے و ہولڈنگ ٹیکس کا تعین کر سکے۔ مطلوبہ معلومات بدھ اکتوبر 19, 2022 تک کمپنی کے شیئر رجسٹرار تک پہنچی چاہئے بصورت دیگر ہر شیئر ہولڈر کے پاس حصص کا مساوی تناسب فرض کیا جائے گا اور اس کے مطابق ٹیکس کاٹ لیا جائے گا۔

8- کمپنی ایکٹ 2017 کا سیکشن 72 (ایکٹ) تمام کمپنیوں سے مطالبہ کرتا ہے کہ وہ ایکٹ کے نفاذ کے چار سالوں کے اندر فریکل فارم میں جاری کردہ شیئر کو بک انٹری فارم میں اندراج کروائیں فریکل شیئر رکھنے والے شیئر ہولڈرز کی حوصلہ افزائی کی جاتی ہے۔ کہ وہ اپنے شیئر کو جلد از جلد بک انٹری فارم میں تبدیل کریں۔ کمپنی کے شیئر ہولڈرز شیئر رجسٹرار M/s. Famco Associates (Private) Limited یعنی فریکل شیئر کو بک انٹری فارم میں تبدیل کرنے کے لئے رابطہ کر سکتے ہیں۔

9- بحوالہ کمپنی ایکٹ 2017 کے سیکشن 244 کے تحت، فیروز 1888 ملز لمیٹڈ (کمپنی) کی جانب سے فیروز دعویٰ دار حصص / ڈیویڈنڈ کی تازہ ترین فہرست اور تفصیلات کمپنی کی ویب

سائٹ (<https://feroze1888.com/investor/investor-relations/others/>) پر جاری کر دی گئی ہیں۔ حصص / ڈیویڈنڈ کی وصولی درمید کے لیے دعویٰ یا تو کمپنی کے دفتر یا پھر کمپنی کے شیئر رجسٹرار، میسرز ٹیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، میں جمع کرائے جاسکتے ہیں۔

10- سیکشن (6) 223 کی دفع کے تحت تمام لیکچر کمپنیوں کو اجازت ہے کہ وہ اپنے سالانہ مالیاتی گوشوارے جمع آڈیٹرز رپورٹ، ڈائریکٹرز رپورٹ، اور سالانہ مجلس عامہ کا نوٹس، شیئر ہولڈرز کی تحریری اجازت کے ساتھ، انہیں ای میل پر ارسال کیں۔ جو شیئر ہولڈرز کمپنی کی سالانہ رپورٹ بذریعہ ای میل وصول کرنا چاہتے ہیں ان سے درخواست کی جاتی ہے کہ وہ کمپنی کی ویب سائٹ (<https://feroze1888.com/investor/investor-relations/others/>) پر موجود مکمل رضامندی کا فارم کمپنی کے شیئر رجسٹرار کو فراہم کریں۔

11- 30 جون 2022 کو ختم ہونے والے سال کے لیے کمپنی کی سالانہ رپورٹ اور سالانہ مجلس عامہ کا نوٹس کمپنی کی ویب سائٹ (<https://feroze1888.com/investor>) پر موجود ہیں۔

12- کمپنی ایکٹ 2017 کی شق 143 اور 144 اوکٹینیز (پرنسپل بیلٹ) ریکولیشن 2018 کے تحت ممبران ای۔وونگ کا حق بھی استعمال کر سکتے ہیں۔

13. سیکیورٹیز اینڈ ایکسچینج کمیشن کی جانب سے CDC اکاؤنٹ ہولڈرز کے لیے جاری کردہ ہدایات :-

اجلاس میں شرکت کیلئے :-

(i) انفرادی حیثیت میں اکاؤنٹ ہولڈر یا سب ہولڈر اور / یا وہ فرد جس کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور اس کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ ہوں، وہ اجلاس میں شرکت کے وقت اپنا قومی شناختی کارڈ پیش کر کے اپنی شناخت کو ثابت کر سکتا / کر سکتی ہے۔

(ii) کاروباری ادارے کی صورت میں اجلاس کے وقت بورڈ آف ڈائریکٹرز کی قرارداد اختیار نامہ، نامزد کردہ شخص کے دستخط کے نمونے کیساتھ (اگر پہلے فراہم نہ کیا ہو) پیش کرنا ہوگا۔

پراکسیز نامزد کرنے کے لئے :-

(i) انفرادی حیثیت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور / یا ایسا فرد جس کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور اس کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ ہوں، کو درج ذیل مطلوبہ شرائط کے تحت پراکسی فارم جمع کرانا ہوگا۔

(ii) پراکسی فارم کی دو افراد کی جانب سے گواہی دی گئی ہو جن کا نام، پتہ اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم میں درج کرنا ہوگا۔

(iii) تصدیق شدہ اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاپا سپورٹ کی مصدقہ نقل پراکسی فارم کے ہمراہ پیش کرنی ہوں گی۔

(iv) اجلاس کے وقت اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل سپورٹ پیش کرنا ہوگا۔

(v) کاروباری ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد اختیار نامہ، نامزد کردہ شخص کے دستخط کے نمونے کیساتھ (اگر پہلے فراہم نہ کیا گیا ہو تو) کمپنی کو پراکسی فارم کے ہمراہ پیش کرنا ہوگا۔

رجسٹرڈ آفس:

فیروز 1888 ملز لمیٹڈ
H-23/4، اسکیم نمبر 3
لانڈھی انڈسٹریل ایریا، کراچی

شیئر رجسٹرار:

ٹیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ
8-F فاران ہوٹل کے فوری بعد، نرسری،
پلاک-6 PECHS، شاہراہ فیصل، کراچی

BCR CRITERIA CONTENT INDEX

No.	Best Corporate Report Awards 2022 Self Assessment Checklist	Page Reference
Name of Company: Feroze1888 Mills Limited		
1	Organizational Overview and External Environment What does the organization do and circumstances under which it operates	
1.01	Principal business activities and markets (local and international) including key brands, products and services.	Page no. 11
1.02	Geographical location and address of all business units including sales units and plants.	Page no. 10
1.03	Mission, vision, code of conduct, culture, ethics and values.	Page no. 4 to 9
1.04	Ownership, operating structure and relationship with group companies (i.e. subsidiary, associated, undertaking etc.) and number of countries in which the organization operates. Also name and country of origin of the holding company/subsidiary company, if such companies are a foreign company.	N/A
1.05	Organization chart indicating functional and administrative reporting, presented with legends.	Page no. 20 & 21
1.06	Identification of the key elements of the business model of the company through simple diagrams supported by a clear explanation of the relevance of those elements to the organization. (The key elements of business model are Inputs, Business activities, Outputs and Outcomes).	Page no. 12 & 13
1.07	Position of the reporting organization within the value chain showing connection with other businesses in the upstream and downstream value chain. (This disclosure shall be provided by the companies in service and non-service sector organizations through graphical presentation).	Page no. 22 & 23
1.08	Significant factors affecting the external environment and the associated organization's response. Also describe the effect of seasonality on business in terms of production and sales. (External environment includes commercial, political, economic, social, technological, environmental and legal environment).	Page no. 26 & 27
1.09	The legitimate needs, interests of key stakeholders and industry trends.	Page no. 72
1.10	SWOT Analysis of the company.	Page no. 35
1.11	Competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, relative strengths and weaknesses of competitors and customer demand and the intensity of competitive rivalry).	Page no. 34
1.12	The legislative and regulatory environment in which the organization operates.	Page no. 40
1.13	The political environment where the organization operates and other countries that may affect the ability of the organization to implement its strategy.	Page no. 40
1.14	Significant changes from prior years (regarding the information disclosed in this section).	Page no. 41
1.15	History of major events.	Page no. 198
1.16	Details of significant events occurred during the year and after the reporting period.	Page no. 198
2	Strategy and Resource Allocation Where does the organization want to go and how does it intend to get there	
2.01	Short, medium and long term strategic objectives.	Page no. 38 & 39
2.02	Strategies in place or intended to be implemented to achieve the strategic objectives.	Page no. 38 & 39
2.03	Resource allocation plans to implement the strategy and financial capital structure. Resource mean CAPITALS including: a. financial capital (e.g. liquidity, cash flows, financing arrangements); human capital; b. manufactured capital (e.g. building, equipment, infrastructure); c. intellectual capital (e.g. patents, copyrights, software, licenses, knowledge, system, procedures); d. human capital; e. social and relationship capital; and f. natural capital. Explanation: Disclosures about the capitals should include the factors that affect the availability, quality and affordability of relevant capitals and the organization's expectations of its ability to produce flows from them to meet future demand. Demonstrating the connectivity of financial performance with performance and outcomes regarding the other capitals & how the organization's strategy and resource allocation plans affect key capitals and risk management arrangements related to them should be included under capital reporting.	Page no. 38 & 39
2.04	Key resources and capabilities of the company which provide sustainable competitive advantage.	Page no. 38 & 39
2.05	Value created by the business, and for whom, using these resources and capabilities.	Page no. 38 & 39
2.06	The effect of technological change, societal issues such as population and demographic changes, human rights, health, poverty, collective values and educational systems, environmental challenges such as climate change, the loss of ecosystems, and resource shortages on the company strategy and resource allocation.	Page no. 38 & 39
2.07	Specific processes used to make strategic decisions and to establish and monitor the culture of the organization, including its attitude to risk and mechanisms for addressing integrity and ethical issues.	Page no. 38 & 39
2.08	Key performance indicators (KPIs) to measure the achievement against strategic objectives including statement as to whether the indicators used will continue to be relevant in the future.	Page no. 38 & 39
2.09	Board's statement on the following: a) significant plans and decisions such as corporate restructuring, business expansion, or discontinuance of operations; b) business rationale of major capital expenditure or projects started during the year and those planned for next year etc.	Page no. 41
2.10	Significant changes in objectives and strategies from prior years.	Page no. 41

50 واں سالانہ اجلاس عام کانوٹس

بذریعہ مطلع کیا جاتا ہے کہ کمپنی کے ممبران کا 50 واں سالانہ اجلاس عام بروز بدھ، 26 اکتوبر، 2022ء بوقت صبح 09:30 بجے C-3 سائٹ کراچی اوپن لائننگ کے ذریعے مندرجہ ذیل امور کی انجام دہی کے لئے منعقد کیا جائیگا۔
عمومی امور:

- 1- 28 اکتوبر 2021ء کو منعقدہ کمپنی کے سالانہ اجلاس عام کی کاروائی کی توثیق۔
- 2- 30 جون 2022ء کو ختم شدہ سال کے لیے کمپنی کے سالانہ آڈٹ شدہ مالیاتی اسٹیٹمنٹس بشمول ان پرچیز مین کا جائزہ، ڈائریکٹرز اور آڈیٹرز کی رپورٹ وصول کرنا، غور کرنا اور اختیار کرنا۔
- 3- 30 جون 2022ء کو ختم شدہ سال کے لیے بورڈ آف ڈائریکٹرز کی سفارش کردہ کمپنی کے تمام شیئرز ہولڈرز کو Rs. 2.91 فی شیئر (29.10%) نقد منافع منقسمہ پر غور کرنا اور اگر مناسب سمجھے تو منظور کرنا۔ بشمول Rs. 1.36 فی شیئر (13.6%) کے عبوری نقد منافع منقسمہ جو کہ پیبلہ ہی ادا کیا گیا ہے۔
- 4- 30 جون 2023ء کو ختم ہونے والے سال کے لیے قانونی آڈیٹرز کا تقرر اور ان کا اعزاز یہ مقرر کرنا۔ حالیہ آڈیٹر ز میسرز EY Ford Rhodes چارٹرڈ اکاؤنٹنٹ نے سبکدوش اور اہل ہونے کی بناء پر خود کو دوبارہ تقرر کے لیے پیش کیا ہے۔
دیگر امور:
- 5- چیئرمین مجلس کی اجازت سے دیگر امور پر کاروائی۔

حسب الحکم بورڈ

(مدثر موٹن)

کمپنی سیکریٹری

کراچی: 03 اکتوبر 2022ء

نوٹس:

- 1- کمپنی کی شیئرز ٹرانسفرنگس جمعرات 20 اکتوبر 2022ء تا بدھ 26 اکتوبر 2022ء (بشمول دونوں ایام) بند رہیں گی، شیئرز رجسٹرار کے آفس میں بدھ 19 اکتوبر 2022ء کو کاروبار کے اختتام پر موصول ہونے والے ٹرانسفر اجلاس میں شرکت اور ووٹ دینے اور ٹرانسفر فریز کے مندرجہ بالا استحقاق کے مقصد کے لیے بروقت تصور ہوں گے۔
- 2- کمپنی کا ایک رکن جو اجلاس میں اپنا حق رائے فہم استعمال نہیں کرتا، وہ اپنی جگہ اجلاس میں شرکت، گفتگو اور ووٹ دینے کے لیے کسی دوسرے کو اپنا مجاز مقرر کر سکتا ہے، مجاز فرد لازمی طور پر کمپنی کا رکن ہونا چاہئے، مجاز مقرر کئے جانے والے دستاویز اور پاور آف اٹارنی یا دیگر اتھارٹی (اگر ہو) کہ جس کی جانب سے وہ دستخط شدہ ہو یا اس پاور آف اتھارٹی کی notarially سرٹیفائیڈ کاپی اجلاس کے مقررہ وقت سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس یا شیئرز رجسٹرار کے دفتر میں لازمی موصول ہونا چاہئے، ایک رکن ایک سے زائد مجاز مقرر کرنے کا حقدار نہیں، اگر کوئی رکن ایک سے زائد مجاز مقرر کرے گا یا مجاز فرد سے متعلق ایک سے زائد دستاویز کمپنی میں جمع کرائے گا ایسی تمام دستاویز ناقابل عمل تصور ہوں گی۔ مجاز فرد کو اپنی شناخت ثابت کرنے کے لیے اپنا اصل شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا۔
- 3- اراکین سے درخواست ہے کہ وہ اپنی کمپیوٹرائزڈ شناختی کارڈ کی نقل جمع کروائیں اور اپنے پتے میں کسی بھی تبدیلی کی صورت میں شیئرز رجسٹرار آفس میں فوری طور پر مطلع کریں۔
- 4- اراکین کو مرسلت کے لیے اور اجلاس میں شرکت کے وقت اپنا فوئیوایو CDC نمبر درج کرنا ہوگا۔
- 5- شیئرز ہولڈرز جو اجلاس عام (AGM) میں ویڈیو لائننگ سہولت (زوم) کے ذریعے شرکت کرنے کے خواہشمند ہیں (جو کہ گولڈ پلے اسٹور اور اپیل اسٹور سے ڈاؤن لوڈ کیا جاسکتا ہے)، ان سے درخواست ہے کہ کمپنی سیکریٹری کے آفس میں AGM کے انعقاد سے کم از کم دو کاروباری روز قبل ای میل secretary@feroze1888.com پر یا کمپنی کے شیئرز رجسٹرار میلو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ واقع F-8 متصل ہوٹل فاران، نرسری بلاک PECHS6 شاہراہ فیصل کراچی میں مندرجہ ذیل تفصیلات فراہم کر کے اپنا اندراج کرائیں:

شیئرز ہولڈر کا نام	CNIC نمبر	فوئیوایو ڈی سی	موبائل نمبر	ای میل

- ✓ خواہشمند شیئرز ہولڈرز سے مذکورہ بالا تفصیلات کی وصولی کے بعد کمپنی لاگ ان تفصیلات ان کے ای میل ایڈریس پر ارسال کر دیں گی۔
- ✓ AGM کے موقع پر شیئرز ہولڈرز بذریعہ اپنے اسمارٹ فون اور کمپیوٹر آلات سے اپنے سہولت کے مقام سے AGM کی کاروائی میں لاگ ان کر کے شرکت کر سکتے ہیں۔
- ✓ لاگ ان سہولت اجلاس کے وقت سے 20 منٹ قبل کھول دی جائیگی تاکہ شناخت اور تصدیق کے عمل کے بعد شرکاء کی اجلاس میں شرکت کو یقینی بنایا جاسکے۔
- 6- کمپنیز ایکٹ 2017ء کی شق 242 کی تعمیل میں جس کا مینڈیٹ ہے کہ تمام فہرست شدہ کمپنیوں کو ان کی جانب سے نامزد کردہ حقدار شیئرز ہولڈر کے بینک اکاؤنٹ میں براہ راست الیکٹرونک طریقے سے ڈیویڈنڈ ادا کئے جائیں، لہذا، اس نوٹس کے ذریعے تمام شیئرز ہولڈرز سے درخواست کی جاتی ہے کہ اپنے متعلقہ شرکاء کے ذریعے سینٹرل ڈیپازٹری سسٹم میں اپنے بینک اکاؤنٹ کی تفصیلات اپ ڈیٹ کر لیں۔ فوئیوایو شیئرز کی صورت میں بینک اکاؤنٹ کی تفصیلات کمپنی شیئرز رجسٹرار میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو فراہم کریں۔
براہ مہربانی نوٹ فرمائیں کہ کمپنی کے اعلان شدہ ڈیویڈنڈ صرف نامزد کردہ بینک اکاؤنٹس میں جمع کروائے جائیں گے، اس لئے برائے مہربانی مستقبل میں زحمت سے بچنے کے لیے اپنی تفصیلات جلد از جلد اپ ڈیٹ کرائیں۔

3	Risks and Opportunities Specific risks and opportunities that affect the organization's ability to create value over the short, medium and long term.	
3.01	Key risks and opportunities affecting availability, quality and affordability of CAPITALS in the short, medium and long term.	Page no. 29 to 33
3.02	Risk Management Framework including risk management methodology and principal risk and uncertainties facing the company.	Page no. 29 to 33
3.03	Sources of risks and opportunities (internal and external).	Page no. 29 to 33
3.04	The initiatives taken by the company in promoting and enabling innovation.	Page no. 29 to 33
3.05	Assessment of the 'likelihood' that the risk or opportunity will come to fruition and the 'magnitude' of its effect if it does.	Page no. 29 to 33
3.06	Specific steps being taken to mitigate or manage key risks or to create value from key opportunities by identifying the associated strategic objectives, strategies, plans, policies, targets and KPIs.	Page no. 29 to 33
3.07	Board's efforts for determining the company's level of risk tolerance by establishing risk management policies.	Page no. 56
3.08	Statement from the board that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten the business model, future performance and solvency or liquidity.	Page no. 56
3.09	Strategy to overcome liquidity problem and the company's plan to manage its repayment of debts and meet operational losses.	Page no. 40
3.10	Inadequacy in the capital structure and plans to address such inadequacy.	Page no. 29
4	Sustainability and Corporate Social Responsibility	
4.01	Highlights of the company's performance, policies, initiatives and plans in place relating to the various aspects of sustainability and corporate social responsibility as per best business practices including: a) environment related obligation applicable on the company; b) company progress towards environmental, social and & governance initiatives during the year; and c) company's responsibility towards the staff, health & safety.	Page no. 86 to 109
4.02	Status of adoption/compliance of the Corporate Social Responsibility (Voluntary) Guidelines, 2013 issued by the SECP or any other regulatory framework as applicable.	Page no. 88
4.03	Certifications acquired and international standards adopted for best sustainability and CSR practices.	Page no. 90
5	Governance How does the organization's governance structure support its ability to create value in the short, medium and long term?	
5.01	Board composition: a) Leadership structure of those charged with governance. b) Name of independent directors indicating justification for their independence. c) Diversity in the board i.e. competencies, requisite knowledge & skills, and experience. d) Profile of each director including education, experience and involvement/engagement of in other entities as CEO, Director, CFO or Trustee etc. e) No. of companies in which the executive director of the reporting organization is serving as non-executive director.	Page no. 64 Page no. 64 Page no. 64 Page no. 48 to 53 Page no. 68
5.02	Chairman's Review Report on the overall performance of the board and effectiveness of the role played by the board in achieving the company's objectives.	Page no. 46
5.03	A statement of how the board operates, including a high-level statement of which types of decisions are to be taken by the board and which are to be delegated to management.	Page no. 65 & 66
5.04	Annual evaluation of performance, along with description of criteria used for the members of the board including CEO, Chairman and board's committees.	Page no. 66
5.05	Disclosure if the board's performance evaluation is carried out by an external consultant once in three years.	Page no. 66
5.06	Details of formal orientation courses for directors.	Page no. 66
5.07	Directors' Training Program (DTP) attended by directors, female executive and head of department from the institutes approved by the SECP and names of those who availed exemptions during the year.	Page no. 66
5.08	Description of external oversight of various functions like systems audit or internal audit by an external specialist and other measures taken to enhance credibility of internal controls and systems.	Page no. 69
5.09	a) Approved policy for related party transactions. b) Details of all related parties transactions, along with the basis of relationship describing common directorship and percentage of shareholding. c) Contractor arrangement with the related party other than in the ordinary course of business on an arm's length basis, if any along with the justification for entering into such contract or arrangement. d) Disclosure of director's interest in related party transactions. e) In case of conflict, disclosure that how such a conflict is managed and monitored by the board.	Page no. 70 Page no. 186 Page no. 187 Page no. 186 & 187 N/A

5.10	Disclosure of Board's Policy on the following significant matters: a) Governance of risk and internal controls. b) Diversity (including gender), any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives. c) Disclosure of director's interest in significant contracts and arrangements. d) Remuneration of non-executive directors including independent directors for attending board meetings and general meetings. e) Retention of board fee by the executive director earned by him against his services as non-executive director in other companies. f) Security clearance of foreign directors. g) Board meetings held outside Pakistan. h) Human resource management including preparation of succession plan. i) Social and environmental responsibility. j) Communication with stakeholders. k) Investors' relationship and grievances. l) Employee health, safety and protection. m) Whistle blowing policy including mechanism to receive and handle complains in a fair and transparent manner and providing protection to the complainant against victimization and reporting in Audit Committee's report. n) Safety of records of the company. o) Providing reasonable opportunity to the shareholder for participation in the AGM.	Page no. 70 Page no. 70 Page no. 186 & 187 Page no. 70 Page no. 70 Page no. 70 Page no. 67 Page no. 71 Page no. 71 Page no. 71 Page no. 71 Page no. 71 Page no. 71 Page no. 71 Page no. 72 Page no. 72 Page no. 75
5.11	Board review statement of the organization's business continuity plan or disaster recovery plan.	Page no. 75
5.12	Disclosure of beneficial (including indirect) ownership and flow chart of group shareholding and relationship as holding company, subsidiary company or associated undertaking.	N/A
5.13	Compliance with the Best Practices of Code of Corporate Governance (No marks in case of any non-compliance).	Page no. 80 to 82
5.14	A brief description about role of the Chairman and the CEO.	Page no. 66
5.15	Shares held by Sponsors / Directors / Executives.	Page no. 67
5.16	Salient features of TOR and attendance in meetings of the board committees (Audit, Human Resource, Nomination and Risk management).	Page no. 67 & 68
5.17	Timely Communication: Date of authorization of financial statements by the board of directors: within 40 days ---6 marks within 60 days ---3 marks (Entities requiring approval from a Regulator before finalization of their financial statements would be provided a 20 days relaxation, on providing evidence to the Committee).	Page no. 195
5.18	Audit Committee report should describe the work of the committee in discharging its responsibilities. The report should include: a) Composition of the committee with at least one member qualified as "financially literate and all members are non-executive / Independent directors including the Chairman of the Audit Committee. b) Role of the committee in discharging its responsibilities for the significant issues in relation to the financial statements, and how these issues were addressed with details where particular attention was paid in this regard. c) Committee's overall approach to risk management and internal control, and its processes, outcomes and disclosure. d) Role of Internal Audit to risk management and internal control, and approach to Internal Audit to have direct access to Audit Committee and evaluation of Internal Auditor's performance.	Page no. 76 to 79 Page no. 76 to 79
5.18	e) Review of arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommended instituting remedial and mitigating measures. f) An explanation as to how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, and information on the length of tenure of the current statutory auditor; and if the external auditor provides non-audit services, an explanation as to how auditor's objectivity and independence is safeguarded. g) If Audit Committee recommends external auditors other than the retiring external auditors, before the lapse of three consecutive years, reasons shall be reported. h) The Audit Committee's views whether the Annual Report was fair, balanced and understandable and also whether it provided the necessary information for shareholders to assess the company's position and performance, business model and strategy. i) Results of the self-evaluation of the Audit Committee carried out of its own performance. j) Disclosure of the number of whistle-blowing incidences reported to the Audit Committee during the year.	Page no. 76 to 79

5.19	Presence of the chairman of the Audit Committee at the AGM to answer questions on the Audit Committee's activities / matters that are within the scope of the Audit Committee's responsibilities.	Page no. 72
5.20	Board disclosure on Company's use of Enterprise Resource Planning (ERP) software including: a) how it is designed to manage and integrate the functions of core business processes/ modules like finance, HR, supply chain and inventory management in a single system; b) management support in the effective implementation and continuous updation; c) details about user training of ERP software; d) how the company manages risks or control risk factors on ERP projects; e) how the company assesses system security, access to sensitive data and segregation of duties.	Page no.74 & 75
5.21	Where an external search consultancy has been used in the appointment of the Chairman or a non-executive director, it should be disclosed if it has any other connection with the company.	N/A
5.22	Chairman's significant commitments and any changes thereto.	Page no. 46
5.23	Disclosure about the Government of Pakistan policies related to company's business/sector in Directors' Report and their impact on the company business and performance.	Page no. 55
5.24	How the organization's implemented governance practices have been exceeding legal requirements.	Page no. 67
6	Analysis of the Financial Information To what extent has the organization achieved its strategic objectives for the period	
6.01	Analysis of the financial and non-financial performance using both qualitative and quantitative indicators showing linkage between: (a) Past and current performance; (b) Performance against targets /budget; and (c) Objectives to assess stewardship of management. The analysis should cover significant deviations from previous year in operating results and the reasons for loss, if incurred and future prospects of profits.	Page no. 130 to 132
6.02	Analysis of financial ratios (Annexure I) (this includes marks of ratios for Shariah compliant companies and companies listed on Islamic indices)	Page no. 114
6.03	Vertical and horizontal analysis of Balance Sheet, Profit and Loss Account and summary of Cash Flow Statement for last 6 years.	Page no. 115 to 122
6.04	Graphical presentation of 6.02 and 6.03 above.	Page no. 112 & 113
6.05	Explanation of negative change in the performance against prior year including analysis of variation in results reported in interim reports with the final accounts, including comments on the results disclosed in 6.02 and 6.03 above.	Page no. 115 to 122 & 128
6.06	Any significant change in accounting policies, judgements, estimates and assumptions with rationale.	Page no. 155
6.07	Information about defaults in payment of any debts and reasons thereof period.	N/A
6.08	Methods and assumptions used in compiling the indicators.	Page no. 133
6.09	Cash Flow Statement based on Direct Method (separate Cash Flow for specific funds e.g. Zakat).	Page no. 127
6.10	Segmental review and analysis of business performance including segment revenue, segment results, profit before tax, segment assets and liabilities.	N/A
6.11	a) Share price sensitivity analysis using key variables (i.e. selling price, raw material cost, interest rate and currency) with the consequent impact on the company's earning. b) Composition of local versus imported material and sensitivity analysis in narrative form due to foreign currency fluctuations.	Page no. 134 Page no. 129
6.12	Brief description and reasons: a) for not declaring dividend despite earning profits and future prospects of dividend. b) where any payment on account of taxes, duties, levies etc. is overdue or outstanding.	N/A
6.13	CEO presentation video on the company's business performance of the year covering the company business strategy to improve and future outlook. (Please provide relevant webpage link of the video in the company's annual report).	Page no 10 (http://www.feroze1888.com)

7	Disclosures on IT Governance and Cybersecurity How the Board evaluate the company's IT governance and cybersecurity risk and	
7.01	The Board responsibility statement on the evaluation and enforcement of legal and regulatory implications of cyber risks and the responsibilities of the board in case of any breaches.	Page no. 74 & 75
7.02	Disclosure related to IT governance and cybersecurity programs, policies and procedures and industry specific requirements for cybersecurity and strategy in place.	Page no. 74 & 75
7.03	Disclosures about how cybersecurity fits into the board's risk oversight function and how the board is engaging with management on this issue.	Page no. 74 & 75
7.04	Disclosure that at least one board-level committee is charged with oversight of IT governance and cybersecurity matters and how the board administers its IT risk oversight function related to these risks.	Page no. 74 & 75
7.05	Disclosure about Company's controls and procedures about an "early warning system" that enables the company to identify, assess, address, make timely disclosures and timely communications to the board about cybersecurity risks and incidents.	Page no. 74 & 75
7.06	Disclosure of policy related to independent comprehensive security assessment of technology environment, including third party risks and when last such review was carried out.	Page no. 74 & 75
7.07	Disclosure about resilient contingency and disaster recovery plan in terms of dealing with a possible IT failure or cyber breach and details about company's cyber insurance.	Page no. 74 & 75
7.08	Disclosure of advancement in digital transformation on how the organization has leveraged 4.0 Industrial revolution (RPA, Block Chain, AI, Cloud Computing etc.) to improve transparency, reporting and governance.	Page no. 74 & 75
7.09	Disclosure about education and training efforts of the Company to mitigate cybersecurity risks.	Page no. 74 & 75
8	Future Outlook Challenges and uncertainties that the organization is likely to encounter in pursuing its strategy, and what	
8.01	Forward looking statement in narrative and quantitative form including projections or forecasts about known trends and uncertainties that could affect the company's resources, revenues and operations in the short, medium and long term.	Page no. 42 & 43
8.02	Explanation of the external environment including political, economic, social, technological, environmental and legal environment that is likely to be faced in the short, medium and long term and how it will affect the organization in terms of its business performance, strategic objectives and availability, quality and affordability of capitals.	Page no. 42 & 43
8.03	Explanation as to how the performance of the company meets the forward looking disclosures made in the previous year.	Page no. 42 & 43
8.04	Status of the projects in progress and were disclosed in the forward looking statement in the previous year.	Page no. 42 & 43
8.05	Sources of information and assumptions used for projections / forecasts in the forward looking statement and assistance taken by any external consultant.	Page no. 42 & 43
8.06	How the organization is currently equipped in responding to the critical challenges and uncertainties that are likely to arise.	Page no. 42 & 43
9	Stakeholders Relationship and Engagement State of key stakeholder relationships and how the organization has responded to key stakeholders'	
9.01	Stakeholders engagement policy of the company and how the company has identified its stakeholders.	Page no. 108 & 109
9.02	Stakeholders' engagement process and the frequency of such engagements during the year. Explanation on how these relationships are likely to affect the performance and value of the company, and how those relationships are managed. These engagements may be with: a) Institutional investors; b) Customers & suppliers; c) Banks and other lenders; d) Media; e) Regulators; f) Local committees and g) Analysts.	Page no. 108 & 109
9.03	Steps taken by the management to encourage the minority shareholders to attend the general meetings.	Page no. 72
9.04	Investors' Relations section on the corporate website.	Page no. 73
9.05	Issues raised in the last AGM, decisions taken and their implementation status.	Page no. 73
9.06	Statement of value added and its distribution with graphical presentation: a) Employees as remuneration; b) Government as taxes (separately direct and indirect); c) Shareholders as dividends; d) Providers of financial capital as financial charges; e) Society as donation; and f) Retained within the business.	Page no. 123
9.07	Steps board has taken to solicit and understand the views of stakeholders through corporate briefing sessions and disclosure of brief summary of Analyst briefing conducted during the year.	Page no. 73
9.08	Highlights about redressal of investors' complaints.	Page no. 73
10	Business Model Business model is a system of transforming inputs, through business activities, into outputs and outcomes	
10.01	Describe the business model including inputs, business activities, outputs and outcomes in accordance with the guidance as set out under section 4C of the International Integrated Reporting Framework (IR Framework).	Page no. 12 & 13
11	Striving for Excellence in Corporate Reporting	
11.01	Board's responsibility statement on full compliance of financial accounting and reporting standards as applicable in Pakistan (i.e. International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB)).	Page no. 139
11.02	Adoption of IR Framework by fully applying the 'Fundamental Concepts', 'Content Elements' and 'Guiding Principles' in the IR Framework.	Page no. 138
11.03	BCR criteria cross referred with page numbers of the annual report. (details can be maintained by companies on the Investor Relation section of the company's website).	Page no. 207 to 212
11.04	Disclosures beyond BCR criteria (The participating organization to send the list of additional disclosures to BCR Committee).	Page no. 139
12	Specific Disclosures of the Financial Statements	
12.01	Specific disclosures of the financial statements required under the Companies Act, 2017 and IFRSs (Annexure II).	Page no. 146 to 195
12.02	Shariah compliant companies/ companies listed on the Islamic Indices (Annexure III).	Page no. 173, 177,179,183 & 184
13	Assessment based on Qualitative Factors	
13.01	Please refer (Annexure IV).	Overall report

PROXY FORM

PROXY FORM (Option 1)

I/We

of

being a member of Feroze1888 Mills Limited holding

ordinary shares as per the Share Register Folio No.

and/or CDC

Participant I. D. No.

and Account/Sub-Account No.

hereby appoint

of

or failing him/her

PROXY FORM E-voting (Option 2)

I/We

of

being a member of Feroze1888 Mills Limited holding

ordinary shares as per the Share Register Folio No.

and/or CDC

Participant I. D. No.

and Account/Sub-Account No.

hereby appoint

of

or failing him/her

as my/our Proxy to vote for me and on my/our behalf at the Annual General Meeting of the Company to be held at C-3, SITE, Karachi on Wednesday, 26 October 2022 at 09:30 a.m. and at any adjournment thereof.

Signature of Member

Name of Member

Folio No./CDC No.

Signature on
Revenue Stamp of
Rs. 5/-

WITNESSES:

1. Signature

2. Signature

Name

Name

Address

Address

CNIC/ Passport No.

CNIC/ Passport No.

NOTES:

ò A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on the member's behalf. A Proxy should be a member of the Company.

ò If a member is unable to attend the meeting, he/she/they may complete and sign this form and send it to the Company Secretary at the Registered Office so as to reach not less than 48 hours before the time fixed for holding the meeting.

ò For CDC Account Holders / Corporate Entities

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

(i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be stated on the form

(ii) Attested copies of CNIC or the passport of the beneficial owner(s) and the proxy shall be provided with the proxy form.

(iii) The proxy shall produce his/her CNIC or original passport at the time of the meeting.

(iv) In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

پراکسی فارم

پراکسی فارم (آپشن 1)

میں / ہم

ساکن

بحیثیت ممبر فیروز 1888 ملز لمیٹڈ حامل

عمومی شیئرز شیئرز رجسٹر کے فوئیو نمبر کے تحت

اور ایسی ڈی سی

شرکاء کی آئی ڈی نمبر _____ اور اکاؤنٹ اسب اکاؤنٹ نمبر _____

نامزد کرتا ہوں

ساکن

یا ان کے نا جانے پر

پراکسی فارم ای۔ وونگ (آپشن 2)

میں / ہم

ساکن

بحیثیت ممبر فیروز 1888 ملز لمیٹڈ حامل

عمومی شیئرز شیئرز رجسٹر کے فوئیو نمبر کے تحت

اور ایسی ڈی سی

شرکاء کی آئی ڈی نمبر _____ اور اکاؤنٹ اسب اکاؤنٹ نمبر _____

نامزد کرتا ہوں

ساکن

یا ان کے نا جانے پر

بطور پراکسی مقرر کرنا / کرتے ہیں تاکہ وہ میری / ہماری جگہ اور میری / ہماری طرف سے کمپنی کے سالانہ اجلاس عام بمقام C-3، سائٹ کراچی بروز بدھ 26 اکتوبر 2022 بوقت 9:30 بجے صبح منعقد ہو رہا ہے،

اس میں یا اس کے کسی ملتی شدہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔

ممبر دستخط

ممبر کا نام:

فوئیو نمبر / CDC نمبر

ریونیو اسٹامپ پر دستخط

رقم - /5 روپے

گواہان

(1)

دستخط

نام

پتہ

شناختی کارڈ نمبر / پاسپورٹ نمبر

(2)

دستخط

نام

پتہ

شناختی کارڈ نمبر / پاسپورٹ نمبر

نوٹس:

- ایک رکن جو اجلاس عام میں شرکت کرنے اور ووٹ دینے کا اہل ہے وہ تحریری طور پر کسی دوسرے فرد کو بطور پراکسی اپنی جانب سے شرکت کرنے اور ووٹ دینے کیلئے مقرر کر سکتا ہے۔ پراکسی کمپنی کا ممبر ہونا چاہئے۔
- اگر کوئی رکن اجلاس میں شرکت کرنے کے قابل نہیں ہے تو وہ یہ فارم مع دستخط مکمل کر کے کمپنی سیکریٹری کو رجسٹرڈ آفس پر اجلاس کے مقررہ وقت سے 48 گھنٹے قبل بھجوائیں۔
- CDC اکاؤنٹ ہولڈرز / کارپوریٹ انٹیکس

مندرجہ بالا اشقوں کے علاوہ مندرجہ ذیل تقاضوں کو پورا کریں:

(I) پراکسی فارم میں دو گواہان کے نام دستخط نیز ان کے پتے اور شناختی کارڈ نمبر کا اندراج بھی لازمی ہے۔

(II) پراکسی فارم کیساتھ رکن اور پراکسی کی تصدیق شدہ قومی شناختی کارڈ یا پاسپورٹ کی نقول بھی منسلک کریں۔

(III) پراکسی کیلئے لازم ہے کہ وہ اجلاس کے وقت اصل قومی شناختی کارڈ یا پاسپورٹ تصدیق کیلئے فراہم کرے۔

(IV) Corporate Entity کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / Power of Attorney / دستخط کیساتھ (بجز اگر پہلے ہی جمع کروادی گئی ہے) پراکسی فارم کے ہمراہ کمپنی کو جمع کروائیں۔

BE THE CHANGE!



Together Towards a Better Tomorrow