



**34<sup>th</sup>  
ANNUAL REPORT  
2023**



**SAIF GROUP**

# **SAIF TEXTILE MILLS LIMITED**

Certified ISO 9001:2008  
Certified ISO 14001:2004



# ENTITY RATING OF SAIF TEXTILE MILLS LIMITED

Long Term	A-
Short Term	A2

**CREDIT RATING AGENCY**



The Pakistan Credit Rating Agency Limited

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# COMPANY INFORMATION

## BOARD OF DIRECTORS

Osman Saifullah Khan	Chairman
Hoor Yousafzai	Director
Assad Saifullah Khan	Director
Rana Muhammad Shafi	Director
Muhammad Danish	Director
Rashid Ibrahim	Director
Sohail Hussain Hydari	Chief Executive Officer

## AUDIT COMMITTEE

Rashid Ibrahim	Chairman
Rana Muhammad Shafi	Member
Assad Saifullah Khan	Member

## HR & REMUNERATION COMMITTEE

Muhammad Danish	Chairman
Hoor Yousafzai	Member
Assad Saifullah Khan	Member

## CHIEF FINANCIAL OFFICER

Fahad Talal

## COMPANY SECRETARY

Sajjad Hussain

## LEGAL ADVISOR

Dr. Pervez Hassan  
Hassan & Hassan, Advocates  
Salahuddin Saif & Aslam  
(Attorney's at Law)

## AUDITORS

M/s Shinewing Hameed Chaudhri & Co.  
Chartered Accountants  
HM House, 7-Bank Square, Lahore

## BANKERS

Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
Bank Islami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited  
First Habib Modaraba Bank Limited  
First Women Bank Limited  
Habib Bank Limited  
JS Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Pak China Investment Company Limited  
Sindh Bank Limited  
Soneri Bank Limited  
The Bank of Punjab  
The Bank of Khyber  
United Bank Limited

## HEAD OFFICE

4th Floor, Kashmir Commercial  
Complex 1032-E, Fazal-e-Haq Road,  
Blue Area Islamabad.  
Telephone: +92-51-2604733-35  
Fax: +92-51-2604732  
Email: stm@saifgroup.com

## REGISTERED OFFICE

APTMA House, Tehkal Payan, Jamrud  
Road, Peshawar  
Telephone: +92-91-5843870, 5702941  
Fax: +92-91-5840273  
Email: peshawar@saifgroup.com

## SHARES REGISTRAR

M/s Hameed Majeed Associates (Pvt.) Ltd.  
HM House, 7-Bank Square, Lahore  
Telephone: +92-42-37235081-37235082  
Fax: +92-42-37358817  
Email: info@hmaconsultants.com

## MILLS

Industrial Estate, Gadoon Amazai, District Swabi  
Telephone: +92-0938-270313, 270429  
Fax: +92-0938-270514  
Email: stmgn@saifgroup.com  
Email: stmgn@saifgroup.com

## CYBER

www.saiftextile.com

# Vision

To attain market leadership through unmatched quality, a diverse and unique product mix, empowered employees, world class systems, and the highest ethical and professional standards.







## Mission

- Give our shareholders a competitive return on their investment through market leadership, sustainable business growth and sound financial management.
- Earn and sustain the trust of our stakeholders through efficient resource management.
- Provide the highest quality products and services consistent with customer needs and continue to earn the respect, confidence and goodwill of our customers and suppliers.
- Foster a culture of trust and openness in order to make professional life at the Saif Textile Mills Limited a stimulating and challenging experience for all our people.
- Strive for the continuous development of Pakistan while adding value to the textile sector.

## KEY PERFORMANCE INDICATORS

Rs.  
**11,692**  
Million

**NET SALES  
REVENUE**

Rs.  
**462**  
Million

**GROSS  
PROFIT**

Rs.  
**243**  
Million

**EBITDA**

Rs.  
**(1,134)**  
Million

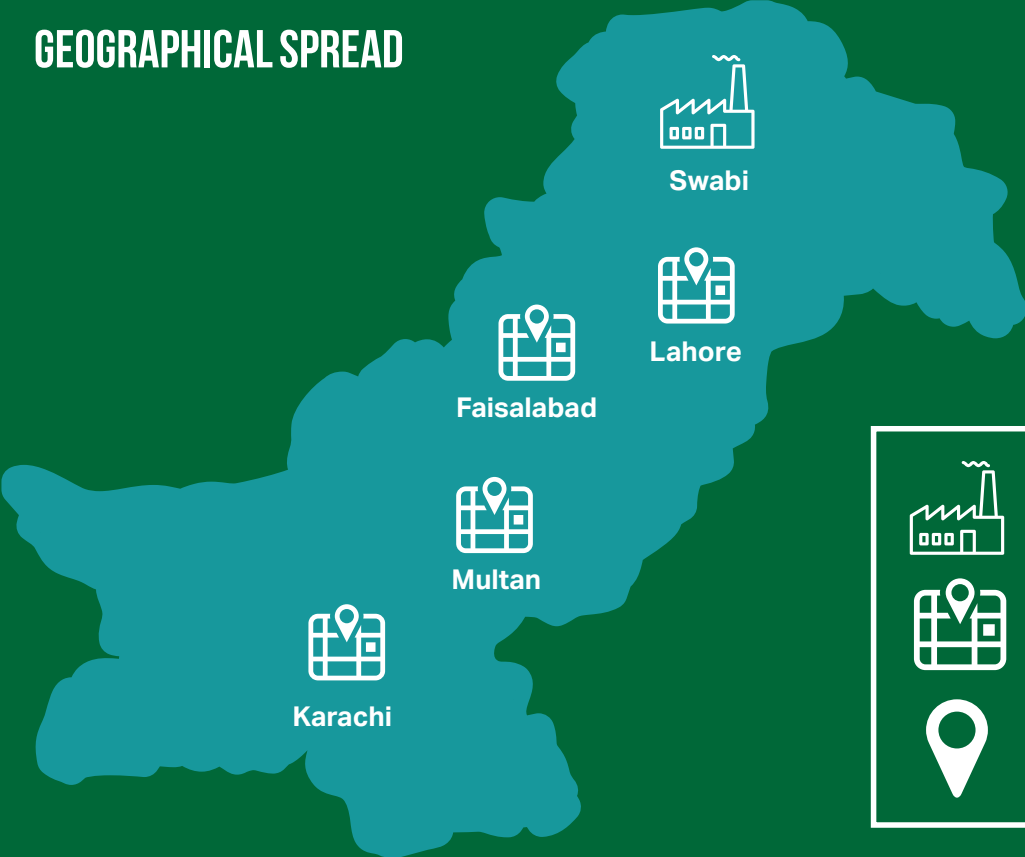
**LOSS  
AFTER TAX**

Rs.  
**(42.93)**

**LOSS PER  
SHARE**



# GEOGRAPHICAL SPREAD



**Manufacturing Plant**

**Major Local Market**

**International Market**



## Quality Statement

We strive to manufacture quality yarn as per our customer's requirement. This is achieved by:

Our commitment to quality

Extensive process monitoring and

Training of personnel

## Our Products

Our products dyed yarns, melange yarns, special yarns for knitting and weaving and surgical cotton.

- **Accru Yarn**

Saif Textile is one of few largest fancy yarns manufacturing company in Pakistan. Our passion for fancy yarn has made us a trendsetter in this industry. We are constantly searching throughout the world to find ideas for new yarns, with various cottons & fibers to lead the industry with our innovative and top quality products.

Saif Textile Mills can deliver yarns fully palletized, as well as Soft wound yarn on Dye/Perforated plastic cones with the option of 4° 20' and 0° cylindrical cone angles. All yarns are Automatically Palletized (Sangrato, Italy), Sequentially contamination controlled – Joss Vision Shield and Loptex, Loepfe Zenit Yarn cleared.

- **Dyed Yarn**

Saif Textile also offers wide range of dyed yarns, produced and dyed with state of the art machinery from Thiese Germany with highly automated operations, automatic dyestuff machine from Date Color, Yarn dyeing shades are electronically measured by using state of the art spectrophotometers.

- **Melange Yarn**

Saif Textile focus on the supply of top dyed melange yarn keeping in view latest trends and fashion, care for environment and technology.

- **Surgical Cotton**

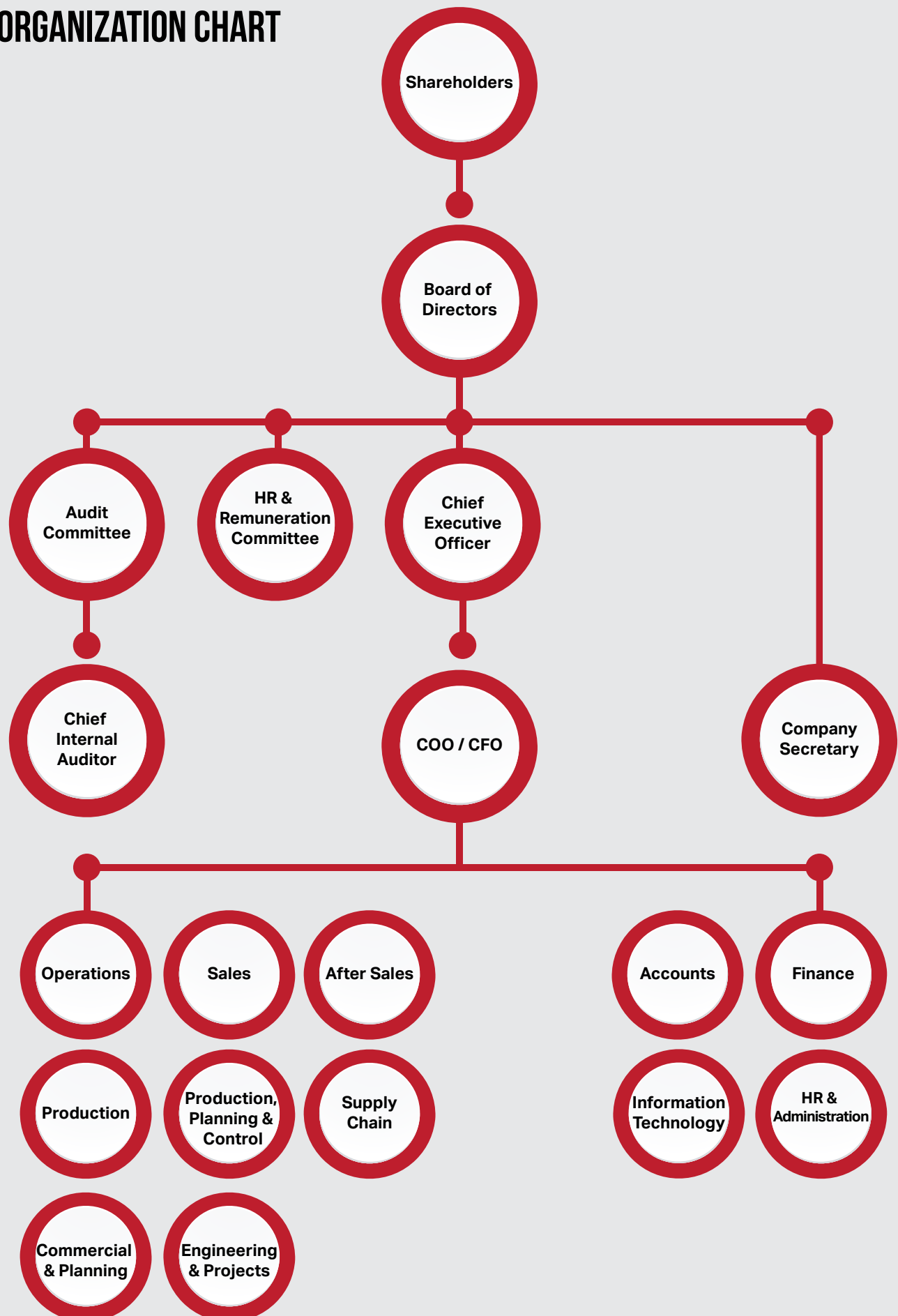
Surgical Cotton is being supplied to various local and international customers dealing with healthcare products.

## Our Customers

**Local** (Karachi, Lahore, Multan and Faisalabad)

**Export** (Turkey, Poland, Germany, Geneva, Tajikistan and Russia)

# ORGANIZATION CHART



# NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 34<sup>th</sup> Annual General Meeting of Saif Textile Mills Limited (the Company) will Insha'Allah be held on Friday, October 27, 2023 at 11:00 a.m. at its registered office, APTMA House Tehkal Payan, Jamrud Road, Peshawar, to transact the following business:

- **ORDINARY BUSINESS:-**

1. To confirm minutes of an Extraordinary General Meeting of the Company held on June 20, 2023.
2. To receive, consider and adopt the annual audited Financial Statements of the Company together with the Directors' and Auditors' Reports thereon for the year ended June 30, 2023.
3. To appoint auditors and fix their remuneration for the year ending June 30, 2024. The retiring auditors, being eligible, have offered themselves for re-appointment. The Board on the recommendation of the Audit Committee has proposed the appointment of M/s. Shinewing Hameed Chaudhri & Co., Chartered Accountants as external auditors of the company after obtaining their consent.

- **SPECIAL BUSINESS:-**

4. To ratify and approve transactions entered into by the Company with related parties in its ordinary course of business by passing the following special resolution:-

**RESOLVED THAT** the Company be and is hereby authorized to share common expenses with M/s. Kohat Textile Mills Limited an associated Company or any other associated Company. The common expenses may include but not limited to office rents, administrative salaries, utility expenses, repair and maintenance and other miscellaneous expenses etc. (collectively the "Administrative Expenses"), in respect of its joint offices.

**RESOLVED FURTHER THAT** the transactions entered into by the Company in its ordinary course of business with related parties during the year ended June 30, 2023 as disclosed in notes to the Financial Statements are hereby ratified and approved.

**RESOLVED FURTHER THAT** the Chief Executive of the Company be and is hereby authorized to execute/ approve all the transactions to be carried out in its ordinary course of business with Related Parties during the ensuing year ending June 30, 2024 and in this connection the Chief Executive be and is hereby also authorized to take any and all necessary actions and to sign execute any and all such documents/indentures as may be required in this regard on behalf of the Company."

5. To consider and approve circulation of Annual Audited Financial Statements through QR-enabled code and weblink by passing the following ordinary resolution:

**"RESOLVED THAT** in accordance with Notification No. S.R.O 389(I)/2023 issued by the Securities and Exchange Commission of Pakistan on 21st March 2023, the Company be and is hereby authorized to circulate its Annual Audited Financial Statements, along with all accompanying reports, to the members of the Company through QR-enabled code and weblink, rather than using CD/DVD/USB."

**RESOLVED FURTHER THAT** the Chief Executive Officer and/or Company Secretary be and are hereby singly authorized to take and do all necessary actions, deeds and things which are or may be necessary, incidental and/or consequential to give effect to the aforesaid resolution."

6. To transact any other business with the permission of the Chair.

# NOTICE OF ANNUAL GENERAL MEETING

Statement of material facts required under Section 134(3) of the Companies Act, 2017 in respect of Special Business to be transacted at the forthcoming Annual General meeting is annexed.

## BY ORDER OF THE BOARD



Peshawar,

October 6, 2023

**Sajjad Hussain**

Company Secretary

## NOTES:

1. The Shares Transfer Books of the Company will remain closed from October 21, 2023 to October 27, 2023 (both days inclusive). Transfers received in order at the office of the Company's Shares Registrar M/s Hameed Majeed Associates (Pvt) Limited, HM House, 7-Bank Square, Lahore by the close of business on dated October 20, 2023 will be treated in time.
2. A member entitled to attend and vote at the meeting may appoint another person/member as a proxy to attend, speak and vote on behalf of him/her. Forms duly stamped with Rs.50/- revenue stamp, signed and witnessed by two persons, in order to be valid must be received at the Registered Office of the Company not later than 48 hours before the time of holding the meeting.
3. Any individual beneficial owners of CDC, entitled to attend and vote at the meeting must bring his/her CNIC or passport to prove his/her identity and the proxy shall produce his/ her original CNIC or passport. In case of corporate members, the Boards' resolution or power of attorney with specimen signatures of the nominee shall require

to be produced at the time of the meeting.

4. For the convenience of Members, a Standard Request Form with appropriate details has been uploaded on the Company's website [www.saiftextile.com](http://www.saiftextile.com). Those Members, who opt to receive the hard copies of the annual audited financial statements instead of receiving the same through CD/DVD/USB at their registered addresses, may apply to the Company Secretary at the postal address i.e. APTMA House, TehkalPayan, Jamrud Road, Peshawar or email address [ca.stml@saifgroup.com](mailto:ca.stml@saifgroup.com).
5. Members are requested to submit an attested photocopy of their valid Computerized National Identity Cards (CNICs) as per SECP's direction, if not provided earlier.
6. Change in Address: Members are requested to promptly notify any change in their address.
7. E-Voting / Voting by Postal Ballot: The Company shall provide its members with facilities for e-voting and voting by postal ballot for all businesses classified as special business, in accordance with the provisions of the Companies (Postal Ballot) Regulations, 2018.  
**E-Voting Procedure:** a) Details of the e-voting facility will be shared through an e-mail with those members who have their valid CNIC numbers, cell numbers and registered e-mail address available in the register of the members of the Company by the close of business on October 20, 2023. b) E-voting facility will be available to eligible members from October 24, 2023, 9:00 am and shall close on October 26, 2023 at 5:00 pm. c) Members can cast their votes at any time in this period. Once the vote on a resolution is cast by a member, he/she shall not be allowed to change it subsequently.

# NOTICE OF ANNUAL GENERAL MEETING

8. Pursuant to Section 132(2) of the Companies Act, 2017 if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail such facility, please fill the following form and submit to the registered address of the Company at least seven (07) days before the date of the annual general meeting.

I/ We, \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_,  
being a member of Saif Textile Mills Limited, holder of \_\_\_\_\_  
Ordinary Shares as per Register Folio No. / CDC A/C No. \_\_\_\_\_ hereby  
opt for Video Conference facility at  
\_\_\_\_\_.

\_\_\_\_\_  
Signature of member

## 9. DIVIDEND PAYMENTS THROUGH ELECTRONIC MODE:

In order to receive the future dividends through electronic mode as per requirements of Section 242 of the Companies Act, 2017 shareholders are requested to provide the following detail to our share registrar M/s Hameed Majeed Associates (Pvt.) Limited:

Name of Shareholder	
Folio / CDS Account No.	
CNIC	
Email	
Title of Bank of Account	
Bank Account (IBAN) Number (24-Digits)	
Bank's Name	
Branch Name and Address	
Contact No.	

10. Shareholders, who for any reason, could not claim their dividend, are advised to contact our Share Registrar M/s Hameed Majeed Associates (Pvt) Limited, HM House, 7-Bank Square, Lahore and collect/ enquire about their unclaimed dividend.

11. As per Section 72 of the Companies Act, 2017 every company is required to replace its physical shares with book-entry form. The Shareholders having physical shares are therefore requested to open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into book-entry form. This will facilitate them in many ways including safe custody/online trading of shares, easy transfer of ownership, no risk of damage/ lost/duplicate shares, instant credit of entitlements (bonus/right issue) etc.



# NOTICE OF ANNUAL GENERAL MEETING

## STATEMENT OF MATERIAL FACTS U/S 134(3) OF THE COMPANIES ACT, 2017

### Agenda no. 4:

The transactions conducted with associated companies require the approval of the Board on the recommendation of the audit committee on the quarterly basis pursuant to clause (15) of the Listed Companies (Code of Corporate Governance) Regulations, 2019. However, since a majority of the company's directors were interested in the said transactions due to their common directorship and holding of shares in the associated companies, the quorum of the directors could not be formed for approval of these transactions pursuant to section 207 of the Companies Act, 2017, thus, these transactions are being placed before the members for their approval.

### Agenda no. 5:

The SECP, through SRO 389(I)/2023 dated March 21, 2023, permits listed companies to

circulate annual audited financial statements, including the balance sheet, profit and loss account, auditor's report, and directors' report, to their members through QR-enabled code and weblink. This allows companies to benefit from technological advancements and cost savings. If a member has provided their email address to the Company, the annual audited financial statements will be sent via email without requiring additional consent. Hard copies of the financial statements, along with relevant documents, will be sent free of charge to shareholders at their registered addresses within one week if they have submitted a request using the standard form available on the company's website. None of the Directors of the Company have any personal interest in the aforesaid Special Business except in their capacity as Shareholders or Directors of the Company.

# REVIEW REPORT BY THE CHAIRMAN

I am pleased to present my review of the overall performance of the Board of Directors (the "Board") of Saif Textile Mills Limited (the Company) and its effectiveness in achieving the Company's objectives. The Board has diligently carried out its duties in the best interests of the Company's shareholders, effectively and efficiently managing the Company's affairs. The Company is committed to adhering to the best practices of corporate governance and complies with all relevant requirements of the Companies Act, 2017, and the Listed Companies (Code of Corporate Governance) Regulations, 2019, pertaining to the composition, meetings, and procedures of the Board and its Committees.

For the financial year ended on June 30, 2023, an annual evaluation of the Board was conducted in accordance with the directives of the Listed Companies (Code of Corporate Governance) Regulations, 2019. I am delighted to report that the Board has diligently fulfilled its duties in compliance with the law and in the best interests of the Company and its shareholders. The overall performance of the Board was assessed based on several factors, including its adherence to the vision, mission, and values; active involvement in strategic planning; policy formulation; oversight of the organization's business activities; supervision of financial resource management; effective fiscal control; and equitable treatment of all employees. The Board has ensured that it maintains adequate representation of non-executive, independent, and female directors on both the Board and its committees, as mandated by the Code. Additionally, the members of the Board and its respective committees possess the necessary skills, experience, and knowledge to effectively manage the Company's affairs.

The role of the Board has been pivotal in accomplishing the Company's objectives. The Board has formulated short, medium, and long-term plans to achieve its strategic goals. During the financial year 2022-23, the Board made

significant contributions to the Company by fulfilling the following functions:

- Performed effective and robust oversight
- Reviewed and approved Capex plans
- Ensured the quality and appropriateness of financial reporting and the transparency of disclosures in annual and quarterly financial statements
- Prepared and approved the Directors' Report and ensured that all the requirements of applicable laws and regulations are complied with
- Approved all related-party transactions on the recommendations of the Audit Committee
- Carried out risk assessment, especially, of regulatory and legal requirements, market trends, raw material supply and price, energy availability and cost, interest rate and liquidity risks
- Ensured that the adequate system of internal controls is in place and its regular review through self-assessment mechanism and internal audit activities
- Reviewed and approved the financing / borrowing facilities
- Ensured timely dissemination of price-sensitive and inside information to relevant regulatory authorities



**(Osman Saifullah Khan)**

Chairman

Place: Islamabad

Date: October 05, 2023

# DIRECTORS' REPORT TO THE SHAREHOLDERS

## DEAR SHAREHOLDERS,

The Directors of the Company hereby present to you the financial results of your Company for the financial year ended June 30, 2023."

## OVERVIEW

During the fiscal year in review, the Company reported a net turnover of Rs. 11,692 million, reflecting a decrease of 8% from the preceding year's figure of Rs. 12,665 million. This decline is primarily attributed to reduced demand from both local and international customers, resulting in an overall decrease in yarn sales volume. The gross profit margin plummeted to 4% from 19% compared to the previous year. This decline was primarily due to production disruptions, high raw material costs, increased labor expenses, and surging energy prices. Furthermore, the fiscal year witnessed a historic increase in interest rates, significantly impacting the Company's financials. The elevated interest rates resulted in an unsustainable increase in bank financing costs, which surged to 13% of sales for the current year, as compared to the 6% reported in the previous year. Ultimately, these combined

factors resulted in the Company posting a Loss after tax of Rs. 1,134 million, in contrast to the Profit after tax of Rs. 282 million reported in the previous year.

During the year the Company repaid Long term loans amounting Rs. 744 million and paid markup amounting Rs. 188 million. Further Rs. 770 million has been injected by the sponsors in current year to meet immediate liquidity requirements. Management believes that the company will continue to meet all its' financial obligations on timely basis. The Company is ISO certified in 9001:2015 (Quality Management system) and 45001:2008 (Occupational Health & Safety Management system). The entity rating of the Company has been maintained at A- for Long Term and A2 for Short Term by Pakistan Credit Rating Agency Limited (PACRA) with outlook stable.

## (LOSS) / EARNINGS PER SHARE

Loss per share during the period under report worked out to Rs. 42.93 (2022: Rs. 10.68 earnings per share).

**The key operating and financial data of the Company for last six years is given below:-**

	2023	2022	2021	2020	2019	2018
	(Rupees in thousand)					
Operating Fixed Assets	8,305,579	6,513,614	6,433,338	6,552,480	5,400,232	4,991,596
Net Worth	4,145,185	3,931,757	3,670,112	3,161,279	3,198,422	2,401,918
Turnover	11,692,412	12,665,019	10,646,677	7,651,433	8,975,842	7,852,240
Gross Profit	462,417	2,360,929	1,891,651	637,418	1,037,813	855,018
Gross Profit Margin (% age)	3.95%	18.64%	17.77%	8.33%	11.56%	10.89%
Net Profit/(Loss)-After Taxation	(1,133,861)	282,077	526,877	(671,610)	830,319	45,868
Net Profit/(Loss) Margin (% age)	(9.70%)	2.23%	4.95%	(8.78) %	9.25%	0.58%

# DIRECTORS' REPORT TO THE SHAREHOLDERS

## PROFIT APPROPRIATION

The Board in its meeting held on October 05, 2023 has recommended that no dividend be distributed for the year ended June 30, 2023 (June 30, 2022: cash dividend Rs. Nil per share i.e., Nil %).

## FUTURE OUTLOOK

In recent times, businesses are shifting their focus towards sustainability and stability rather than rapid expansion. However, the current government policies, especially in the textile sector and the broader business landscape, are posing challenges and creating a potentially difficult road ahead for the industry. The high cost of financing, coupled with soaring labor and power costs, has reached a point where many businesses are finding it hard to sustain their operations under such financial constraints.

To cope with these multifaceted challenges, the industry is strategically minimizing the capital allocated to working resources to mitigate escalating finance, labor, and power costs. While this approach aims to address immediate concerns, there's a risk of creating shortages in essential raw materials and inventories needed to meet business demands. While organizations are adopting survival measures on an individual basis, there's a realization that the industry as a whole can truly thrive and progress with the support and cooperation of the government.

The management of your organization is committed to meeting these challenges head-on, leveraging the support of sponsors and the government. With a shared vision and collaborative efforts, we are confident that we can navigate through these turbulent times and emerge stronger, contributing to the overall prosperity of the industry and the nation.

## CORPORATE GOVERNANCE

We are pleased to report that your Company has taken necessary steps to comply with

the provisions of the Code of Corporate Governance.

The statement on Corporate Governance and Financial Reporting Frame Work is given below:

- The financial statements prepared by the management of the company present fairly its true state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as a going concern
- There has been no trading of shares by CEO, Directors, CFO, Company Secretary, their spouses and minor children, during the year other than that disclosed in pattern of shareholding.
- There has been no material departure from the best practices of code of corporate governance.
- The board of Directors has adopted a Mission Statement and a Statement of Overall Corporate Strategy.
- Regarding outstanding taxes and levies, please refer note 17 to the annexed audited statements.

# DIRECTORS' REPORT TO THE SHAREHOLDERS

## • Composition of the Board

The board of Directors as at June 30, 2023 consist of:

	Elected Directors	Numbers
a)	Male	06
b)	Female	02

	Composition	Numbers
a)	Independent Directors	02
b)	Non-Executive Directors	05
c)	Executive Director	01

## • Committees of the Board

Following are the details of the member of each committee:

	Audit Committee	
1.	Mr. Rashid Ibrahim	Chairman
2.	Rana Muhammad Shafi	Member
3.	Mr. Assad Saifullah Khan	Member

	Human Resource and Remuneration Committee	
1.	Mr. Muhammad Danish	Chairman
2.	Ms. Hoor Yousafzai	Member
3.	Mr. Assad Saifullah Khan	Member

## • Attendance of Board Meetings and its Committees

S.No.	Name of Director/Member	Number of Board Meetings Attended	Number of Audit Committee Meetings Attended	Number of HR & Remuneration Committee Meetings Attended
1	Mr. Osman Saifullah Khan	05	-	-
2	Ms. Hoor Yousafzai	03	-	01
3	Mr. Assad Saifullah Khan	05	-	01
4	Mr. Sohail Hussain Hydari	05	04	-
5	Rana Muhammad Shafi	05	04	-
6	Mr. Rashid Ibrahim	04	03	-
7	Mr. Muhammad Danish	03	-	-
8	Ms. Nadia Bilal	05	-	-

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

## PERFORMANCE EVALUATION OF DIRECTORS ON THE BOARD

The evaluation of Board's role of oversight and its effectiveness is continual process, which is appraised by the Board itself. The core areas of focus are:

- Alignment of corporate goals and objectives with the vision and mission of the Company;

- Strategy formulation for sustainable operation;
- Board's independence; and
- Evaluation of Board's Committees performance in relation to discharging their responsibilities set out in respective terms of reference.

## CEO PERFORMANCE EVALUATION

The performance of the CEO is formally

# DIRECTORS' REPORT TO THE SHAREHOLDERS

appraised through the evaluation system which is based on quantitative and qualitative values. It includes the performance of the business, the accomplishment of objectives with reference to profits, organization building, succession planning and corporate success.

## DIRECTORS' REMUNERATION

The remuneration of the Board members is approved by the Board itself. However, in accordance with the Code of Corporate Governance, it is ensured that no Director takes part in deciding his own remuneration. The Company does not pay remuneration to non-executive directors except fee for attending the meetings. For information on remuneration of Directors and CEO in 2022-23, please refer notes to the Financial Statements.

## EXTERNAL AUDITORS

The present auditors, M/s Shinewing Hameed Chaudhri & Co. Chartered Accountants, retire and being eligible, offer themselves for re-appointment. As suggested by the Audit Committee, the Board recommends their appointment as auditors of the Company to hold office from the conclusion of this Annual General Meeting to be held on October 27, 2023 until conclusion of next Annual General Meeting.

## MATERIAL CHANGES

There have been no material changes since June 30, 2023 to date of the report and the Company has not entered into any commitment during this period, which would have an adverse impact on the financial position of the Company.

## PATTERN OF SHAREHOLDING

The pattern of shareholding under section 227(2)(f) of the Companies ACT, 2017 and additional information as required by the Code of Corporate Governance is enclosed.

## HUMAN RESOURCE MANAGEMENT

Human resource planning and management is one of the most important considerations with the senior management. The Company has established a HR&R Committee which is involved in the selection, evaluation, compensation and succession planning of key management personnel. It is also involved in recommending improvements in the human resource policies and procedures and their periodic review.

## RISK MANAGEMENT & INTERNAL CONTROL

The Company's risk management policy implicates to continually assess the environment to build resilience against any threats. The Board has effectively implemented and monitored internal control framework through an independent internal audit function which is completely independent from External Audit Function.

## HEALTH, SAFETY & ENVIRONMENT

We strongly believe in maintaining the highest standards in health, safety and environment (HSE) to ensure the well-being of the people who work with us as well as of the communities where we operate.

## CORPORATE SOCIAL RESPONSIBILITY

The Company considers social, environmental, and ethical matters in the context of the overall business environment. The Company is committed to work in the best interest of all the stakeholders, in particular the community in which we live and forms our customer base.

## ACKNOWLEDGEMENT

The Board places on record its appreciation for the support of our bankers and our valued customers.

We would also like to highlight the hard work put in by the members of our corporate family.

We are confident they will continue to show the same dedication in the days ahead.

On behalf of the board of Directors



**RANA MUHAMMAD SHAFI**

Director



**SOHAIL HUSSAIN HYDARI**

Chief Executive Officer

**Place:** Islamabad

**Dated:** October 05, 2023



# ڈائریکٹر رپورٹ برائے شیئر ہولڈر

نظم و نسق برائے خطرہ اور داخلی کنٹرول (ریک منیجمنٹ اینڈ انٹرنل کنٹرول) کمپنی ہذا کی ریک منیجمنٹ پالیسی ماحول کو کنٹرول کرنے کیلئے مسلسل مصروف عمل ہے تاکہ کسی بھی درپیش خطرات کو روکا جاسکے۔ بورڈ ہذا نے ایک خود مختار / آزاد داخلی آڈٹ فنکشن کے ذریعے سے داخلی کنٹرول فریم ورک پر موثر طریقے سے عمل درآمد اور نگرانی کر رہا ہے جو کہ مکمل طور پر بیرونی آڈٹ فنکشن سے آزاد ہے۔

## صحت، حفاظت اور ماحول

ہم نہ صرف اپنے ساتھ کام کرنے والے افراد بلکہ اپنے کام کرنے کی جگہ کے کمیونٹی کے بھلائی کیلئے بھی اعلیٰ معیار کی صحت اور تحفظ اور ماحول کو برقرار رکھنے پر یقین رکھتے ہیں۔

## کارپوریٹ / انضمامی سماجی ذمہ داریاں:

کمپنی ہذا مجموعی کاروباری ماحول کے تناظر میں سماجی، ماحولیاتی اور اخلاقی معاملات کو مد نظر رکھتی ہے۔ کمپنی نے تمام اسٹیک ہولڈرز (حصص داران) کے بہترین مفاد میں کام کرنے کا عہد کیا ہوا ہے، خاص طور پر وہ کمیونٹی جس میں ہم رہتے ہیں جو ہماری صارفین (فراہم کرنے) کی بنیاد ہیں

## اظہار تشکر

بورڈ ہذا نے اپنے بینکرز اور معزز صارفین کی معاونت کو خراج تحسین پیش کرتے ہیں۔ مزید برآں، ہم اپنی کارپوریٹ فیملی ممبران کی سخت محنت و کاوش کو بھی اجاگر کرتے ہیں۔ ہمیں امید ہے کہ آئندہ آنے والے دنوں میں وہ اسی لگن کا مظاہرہ کریں گے۔

بورڈ ہذا کی جانب سے:

Asad Ali

سہیل حسین حیدری  
چیف ایگزیکٹو آفیسر

U

رانا محمد شفیع  
ڈائریکٹر

بمقام: اسلام آباد  
تاریخ: 15 اکتوبر 2023

# ڈائریکٹرز رپورٹ برائے شیئر ہولڈر

- \* بورڈ آف ڈائریکٹرز کی کارکردگی کا جائزہ:
- \* بورڈ کی کارکردگی کی نگرانی اور اس کے موثر ہونے کا تجزیہ ایک مسلسل مرحلہ ہے جو کہ بورڈ ہذا خود سرانجام دیتا ہے۔ اس میں درج ذیل اہم نقاط پر توجہ مرکوز کی جاتی ہے
- \* کمپنی ہذا کی ویژن اور مشن کو مد نظر رکھتے ہوئی کارپوریٹ مقاصد اور اہداف کا حصول۔
- \* پائیدار آرپریشنر کیلئے حکمت عملی کی تشکیل
- \* بورڈ ہذا کی آزادی اور
- \* بورڈ ہذا کے قوانین کے حوالہ جات کے مطابق بورڈ کمیٹی کی ذمہ داریاں ادا کرنے سے متعلق کارکردگی کی تشخیص

چیف ایگزیکٹو آفیسر (C.E.O) کی کارکردگی کا جائزہ:

چیف ایگزیکٹو آفیسر (C.E.O) کی کارکردگی کا باقاعدہ جائزہ / تشخیص آزمائشی (چانچ پڑتال) نظام کے ذریعے سے کیا جاتا ہے جس کی بنیاد مقدماتی اور قابل قدر اقدار پر مبنی ہے۔ اس میں بشمول کاروباری کارکردگی، منافع سے متعلق مقاصد کے حصول، ادارے کی ترقی، جانشینی کی منصوبہ بندی، منظم کامیابی شامل ہیں۔

ڈائریکٹرز کی تنخواہ / معاوضہ:

بورڈ ممبران کی تنخواہ بورڈ ہذا خود منظور کرتا ہے، تاہم کارپوریٹ نظم و ضبط کے قوانین کے مطابق اس امر کو یقینی بنایا گیا ہے کہ کوئی بھی ڈائریکٹر اپنی تنخواہ کے فیصلے کے بارے میں حصہ نہیں لیتا کمپنی ہذا اجلاس میں شرکت کی فیس کے علاوہ کسی بھی غیر ایگزیکٹو ڈائریکٹر کو معاوضہ کی ادائیگی نہیں کرتی۔ سال 2022-2023 میں ڈائریکٹرز اور سی ای او کی تنخواہ کے بارے میں معلومات کے سلسلہ میں برائے مہربانی مالیاتی گوشوارے کے نوٹس ملاحظہ فرمائیں۔

بیرونی / ایکسٹرنل آڈیٹرز:

موجودہ آڈیٹر، شائن وینگ حمید چوہدری اینڈ کو، چارٹرڈ اکاؤنٹنٹ "ریٹائرڈ ہو گئے ہیں اور وہ اس امر کے اہل ہیں کہ وہ دوبارہ تعیناتی کیلئے اپنی خدمات پیش کریں۔ آڈٹ کمیٹی کی تجویز کے مطابق، بورڈ ہذا ان کی کمپنی میں بطور آڈیٹر کی تعیناتی کی سفارش اپنی سالانہ جنرل میٹنگ مورخہ 27 اکتوبر 2023 میں اس کی منظوری دے گی اور یہ تعیناتی اگلے سالانہ جنرل میٹنگ تک کے لئے لاگو ہوگی۔

میٹریل (سرمایہ کاری) میں تبدیلی:

اس رپورٹ 30 جون 2023 کے وصول ہونے سے اب تک کسی قسم کی کوئی بھی مالیاتی تبدیلی واقع نہ ہوئی اور اس مدت کے دوران کمپنی ہذا نے کوئی ایسا معاہدہ نہیں کیا جس کی بنا پر کمپنی کے مالیاتی پوزیشن میں برے اثرات مرتب ہو سکیں۔

حصص رکھنے کا نمونہ (پیٹرن آف شیئر ہولڈنگ):

کمپنی ایکٹ 2017 کے سیکشن (2) 227 کے تحت حصص رکھنے کا نمونہ (پیٹرن آف شیئر ہولڈنگ) اور کارپوریٹ نظم و ضبط کے قوانین کی مطلوبہ اضافی معلومات اس رپورٹ کے ساتھ منسلک ہے۔

ہیومن ریسورسز منیجمنٹ (انسانی وسائل کا انتظام و انصرام)

سینئر انتظامیہ کیلئے ہیومن ریسورسز پلاننگ اور منیجمنٹ سب سے اہم پہلو میں سے ایک ہے۔ کمپنی ہذا نے اس سلسلہ میں ایچ آر اینڈ آر (HR&R) کمیٹی قائم کی ہے جو اہم انتظامی اشخاص / اسٹاف کا انتخاب کرنے، تجویز / تشخیص کرنے، معاوضہ ادا کرنے اور اورلن کی جانشینی کی منصوبہ بندی کرتی ہے۔ یہ انسانی وسائل کی پالیسیوں اور طریقہ کار کو واضح کرنے اور وقتاً فوقتاً ان کا جائزہ لینے میں بھی اپنی سفارشات پیش کرتی ہے۔

# ڈائریکٹرز رپورٹ برائے شیئر ہولڈر

\* بورڈ ہذا کی تشکیل

مورخہ 30 جون 2023 تک بورڈ آف ڈائریکٹرز مشتمل ہیں:

تعداد	منتخب ڈائریکٹرز کی تعداد
06	(ا) مرد
02	(ب) عورت

تعداد	درجہ بندی
02	(ا) خود مختار ڈائریکٹر
05	(ب) دیگر غیر-ایگزیکٹو ڈائریکٹرز
01	(پ) ایگزیکٹو ڈائریکٹر

\* بورڈ ہذا کی کمیٹیاں

ہر کمیٹی کے ممبر کے بارے میں تفصیلات درج ذیل دی گئی ہے:

آڈٹ کمیٹی

1.	جناب راشد ابراہیم	چیئر مین
2.	رانا محمد شفیع	ممبر
3.	جناب اسد سیف اللہ خان	ممبر
	کمیٹی برائے انسانی وسائل و معاوضہ	

1.	جناب محمد دانش	چیئر مین
2.	محترمہ حور یوسف زئی	ممبر
3.	جناب اسد سیف اللہ خان	ممبر

\* بورڈ کے اجلاس اور کمیٹیوں میں حاضری

نمبر شمار	ڈائریکٹر / ممبر کا نام	بورڈ اجلاسوں میں حاضری کی تعداد	آڈٹ کمیٹی کے اجلاسوں میں حاضری کی تعداد	ایچ آر اور معاوضہ کمیٹی کے اجلاسوں میں حاضری کی تعداد
1	جناب عثمان سیف اللہ خان	05		
2	محترمہ حور یوسف زئی	03		01
3	جناب اسد سیف اللہ خان	05		01
4	جناب سہیل حسین حیدری	05	04	
5	جناب رانا محمد شفیع	05	04	
6	جناب راشد ابراہیم	04	03	
7	جناب محمد دانش	03		
8	محترمہ نادیا بلال	05		

وہ ڈائریکٹرز جو مذکورہ کسی بھی اجلاس میں حاضر نہیں ہو سکتے تھے انہیں غیر حاضری کی اجازت دی گئی۔

# ڈائریکٹر رپورٹ برائے شیئر ہولڈر

منافع کی تخصیص (کو مختص کرنا)

بورڈ ہڈانے اپنی اجلاس منعقدہ 5 اکتوبر 2023 میں یہ تجویز دی ہے کہ اختتامی سال 30 جون 2023 کے لئے منافع / ڈیویڈنڈ تقسیم نہیں کیا جائے گا (30 جون، 2022 : نقد منافع / ڈیویڈنڈ مبلغ صفر فی حصص)۔

## مستقبل کا نقطہ نظر

موجودہ جاری وقت میں، کاروباری معاملات کو تیزی کے ساتھ توسیع کرنے کے بجائے، کاروبار کی پائیداری اور مستحکم کی طرف توجہ مرکوز کی جارہی ہے۔ حالیہ حکومتی پالیسیاں، خاص طور پر ٹیکسٹائل کے شعبے میں اور وسیع تر کاروباری تناظر، انڈسٹری / صنعت کیلئے چیلنجز اور آئندہ وقت میں ممکنہ مشکلات پیدا کر رہی ہے۔ مالیاتی معاملات میں زیادہ لاگت بمع مزدور اور توانائی کی تیزی سے بڑھتی ہوئی لاگت نے کاروباری معاملات کو اس نچ پر پہنچا دیا ہے جہاں بہت سے کاروبار اس قسم کے مالیاتی پابندیوں / رکاوٹوں کے تحت کاروباری امور کو جاری رکھنے میں دشواری کا سامنا کر رہے ہیں۔

ان کثیر جہتی چیلنجوں سے نبرد آزما ہونے کیلئے مذکورہ صنعت حکمت عملی کے ساتھ مالیات، مزدور اور توانائی کی بڑھتی ہوئی لاگت کو کم کرنے کے سلسلہ میں کام کے وسائل کیلئے کم از کم سرمایہ کاری مختص کر رہی ہیں۔ جبکہ یہ اقدامات فوری مسائل کو ختم کرنے کیلئے کئے جارہے ہیں لیکن اس طرح کرنے سے، کاروباری مطلوب کو پورا کرنے کے سلسلہ میں ضروری خام مال اور انویسٹریز میں کمی کا باعث ہو سکتی ہیں۔ جبکہ ادارے انفرادی طور پر بقا کیلئے اقدامات کر رہے ہیں مگر یہ احساس بھی ہے کہ مذکورہ صنعت مجموعی طور پر صرف حکومتی حمایت اور تعاون کے ساتھ ہی صحیح معنوں میں ترقی کر سکتی ہے اور پروان چڑھ سکتی ہے۔

آپ کے ادارے کی انتظامیہ پیش ہونے والے ان چیلنجوں سے نبرد آزما ہونے کا عہد کیے ہوئے ہے۔ مشترکہ لائے عمل / وژن اور مربوط کوششوں کے ساتھ ہم پڑ اعتماد ہیں کہ ہم اس پریشان کن صورت حال سے گزر جائیں گے اور مزید مضبوط بن کر ابھرے گے اور مذکورہ صنعت اور قوم کی مجموعی خوشحالی کیلئے اپنا حصہ ڈالتے رہے گے۔

## کارپوریٹ نظم و ضبط:

ہمارے لئے یہ رپورٹ پیش کرنا باعث مسرت ہے کہ آج کی کمپنی نے کارپوریٹ نظم و ضبط کے قوانین کے شرائط کی تعمیل کیلئے اہم اقدامات کیے ہیں:

کارپوریٹ نظم و ضبط اور مالیاتی رپورٹنگ فریم ورک کے بارے میں بیان درج ذیل ہیں:

\* کمپنی ہذا کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے، اس کے معاملات، اس کے آپریشن (کاروباری امور) کے نتائج، کیش فلو، اور ایکویٹی میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔

\* کمپنی ہڈانے بکس آف اکاؤنٹس کا باقاعدہ ریکارڈ رکھا ہوا ہے۔

\* مالیاتی گوشوارے تیار کرنے کیلئے مناسب اکاؤنٹنگ پالیسیوں کا مستقل طور پر اطلاق کیا جاتا ہے اور اکاؤنٹنگ تخمینے موزوں اور محتاط فیصلے پر مبنی ہیں۔

\* بین الاقوامی مالیاتی رپورٹنگ کا معیار جیسا کہ پاکستان میں لاگو ہے، مالیاتی گوشوارے تیار کرنے کے سلسلہ میں اس کی پیروی کی جاتی ہے

\* داخلی کنٹرول کا نظام اپنی ساخت کے اعتبار سے کافی مضبوط ہے اور اس پر موثر طریقے سے عمل درآمد اور نگرانی کی جارہی ہے

\* موجودہ جاری صورت حال میں کمپنی ہذا کی صلاحیت کے بارے میں کسی قسم کا کوئی شک و شبہ نہ ہے۔

\* حالیہ جاری سال کے دوران کمپنی ہڈا کے ٹریڈنگ میں سی ای او (CEO)، ڈائریکٹر، سی ایف او، کمپنی سیکرٹری، ان کی

بیویاں / خاوند اور بچوں کا کوئی شیئر / حصص نہیں ہے سوائے ان حصص کے جن کا پیٹرن آف شیئر ہولڈنگ میں بیان کیا گیا ہے۔

\* انتظامی نظم و ضبط کے بہترین عملیات میں سے کوئی بھی مادی امر کو چھوڑا نہیں جاتا۔

\* بورڈ آف ڈائریکٹرز نے ایک واضح مشن سٹیٹمنٹ اور مجموعی کارپوریٹ حکمت عملی اختیار کی ہوئی ہے۔

\* ٹیکس اور محصول کے بقایا جات کے بارے میں معلومات حاصل کرنے کیلئے برائے مہربانی آڈیٹ گوشوارے کے حوالہ شدہ نوٹ نمبر 17 ملاحظہ فرمائیں۔

# ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

محترم شیئر ہولڈرز

کمپنی ہذا کے ڈائریکٹرز آپ کی کمپنی کی مالیاتی اختتامی سال برائے 30 جون، 2023 کی مالیاتی گوشوارہ / رپورٹ آپ کے سامنے پیش کر رہے ہیں۔

چائزہ:

زیر جائزہ مالیاتی سال کے دوران، کمپنی نے گزشتہ سال مجموعی حجم مبلغ 12,665 ملین روپے کی نسبت جاری سال میں مجموعی حجم مبلغ 11,692 ملین روپے ریکارڈ کیا جس میں گزشتہ سال کی نسبت 8% کمی واقع ہوئی۔ اس کی بنیادی وجہ مقامی اور بین الاقوامی صارفین کی جانب سے طلب میں کمی ہے جس کی نتیجے میں سوت کے فروخت کی حجم میں مجموعی طور پر کمی واقع ہوئی ہے۔ مجموعی منافع کے مارجن میں گزشتہ سال کی نسبت 19% سے 4% کمی ہوئی۔ اس کی بنیادی وجہ پیداواری عمل میں خلل، خام مال کی زیادہ لاگت، مزدور کے اخراجات اور توانائی کی قیمتوں میں اضافہ ہے۔ مزید برآں، زیر جائزہ مالیاتی سال نے شرح سود میں تاریخی اضافہ کا مشاہدہ بھی کیا جس سے کمپنی ہذا کے مالیاتی امور میں خاطر خواہ اثرات مرتب ہوئے۔ بلند شرح سود کے نتیجے میں بینک فنانسنگ کی لاگت میں غیر متغیر اضافہ ہوا جس کی وجہ سے گزشتہ سال میں رپورٹ شدہ فروخت کے 6% کی نسبت حالیہ جاری سال میں سیلز 13% رہی۔ بالآخر، ان مشترکہ عوامل کا یہ نتیجہ نکلا کہ کمپنی ہذا گزشتہ سال کے مقابلے میں منافع بعد از ٹیکس مبلغ 282 ملین روپے کے مقابلے میں اس سال مبلغ 1,134 ملین روپے کا نقصان ہوا۔

حالیہ سال کے دوران کمپنی ہذا نے لمبی مدت کے قرضے میں سے مبلغ 744 ملین روپے کی ادائیگی کی اور اس کے ساتھ مبلغ 188 ملین روپے کا مارک اپ بھی ادا کیا۔ مزید برآں لیکوڈ بیٹی کی ضروریات کو پورا کرنے کیلئے سپانسر نے مبلغ 770 ملین روپے لگائے۔ انتظامیہ ہذا یقین رکھتی ہے کہ کمپنی اپنی تمام مالیاتی امور بروقت پورا کرتی رہے گی۔ کمپنی ہذا کو 9001:2015 (نظام برائے کوالٹی منجھٹ) اور 45001:2008 (پیشہ ورانہ صحت و حفاظتی انتظامی نظام) کے آئی ایس او (ISO) ایوارڈ سے نوازا گیا۔ پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹیڈ (PACRA) کے مطابق کمپنی ہذا نے لمبی مدت کیلئے (A-) اور مختصر مدت کیلئے (A2) اینٹی ریٹنگ بمع مستحکم اہداف کے ساتھ برقرار رکھی ہے۔

نقصان فی حصص آمدنی

زیر جائزہ رپورٹ کی مدت کے دوران فی حصص نقصان مبلغ 42.93 روپے تک پہنچ گیا (2022 میں فی حصص آمدنی مبلغ 10.68 روپے)

کمپنی ہذا کے گزشتہ چھ سالوں کے اہم آپریٹنگ اور مالیاتی اعداد و شمار درج ذیل دیئے گئے ہیں:

اختتامی سال 30 جون						
2018	2019	2020	2021	2022	2023	
(رقم ہزاروں میں)						
4,991,596	5,400,232	6,552,480	6,433,338	6,513,614	8,305,579	آپریٹنگ فگسڈ اثاثہ جات
2,401,918	3,198,422	3,161,279	3,670,112	3,931,757	4,145,185	کل مالیت
7,852,240	8,975,842	7,651,433	10,646,677	12,665,019	11,692,412	کل پیداوار
855,018	1,037,813	637,418	1,891,651	2,360,929	462,417	کل منافع
10.89%	11.56%	8.33%	17.77%	18.64%	3.95%	کل منافع کا مارجن (%)
45,868	830,319	(671,610)	526,877	282,077	(1,133,861)	مجموعی منافع / نقصان بعد از ٹیکس
0.58%	9.25%	(8.78%)	4.95%	2.23%	(9.70%)	مجموعی منافع / نقصان کا مارجن (%)

The Company considers social, environmental, and ethical matters in the context of the overall business environment. The Company is committed to work in the best interest of all the stakeholders, in particular the community in which we live and forms our customer base. STML was incorporated with the aim of providing employment to the locals.

## Environment Protection

Textile manufacturing especially dyeing can cause significant harm to environment if adequate measures are not taken to mitigate hazardous effects of textile processes. The Company is deeply concerned and has established a waste water treatment plant at production facilities of Dyeing.

## Energy Conservation

In addition to investing in the alternative energy sources, conservation of energy sources are under special focus of the Company. The Company is in the process of replacement of conventional tube lights with LED lights and installation of solar panels.

## Iftar Arrangements

Iftar arrangements were made during the Holy Month of Ramdan at factory premises, like previous years. This benevolent gesture was open for all, bringing ease and joy to the locality.

## Masjid

A masjid has been built by the STML in Gadoon industrial area to facilitate both, employees and locals.

## Equal Opportunity Employer

The Company believes in providing equal opportunity to everyone around. The Company laws in this regard have complied with and no discrimination upon race, religion, age, national origin, gender, or disability is acceptable. No harassment or discrimination of any kind is tolerated; directors and employees adhere standards with regard to child labor and forced labor.

## Occupational Safety and Health

STML has a comprehensive policy for health and safety standards. The Company provide each employee with a safe work environment and comply with all applicable health and safety laws. Workers are engaged in manufacturing activities after taking into account professional safety measures. STML also provide health and life insurance to its employees.

## Educational Assistance for Children of Employees

STML provide Educational Assistance to low income staff members, so that they can afford quality education for their children. This assistance is provided till completion of secondary school certification. A special school bus is also arranged for providing free conveyance to children.

## Medical Benefits

STML provide medical facilities to all regular employees and their immediate family members. The company has also established dispensary at its production facility.



# HORIZONTAL ANALYSIS

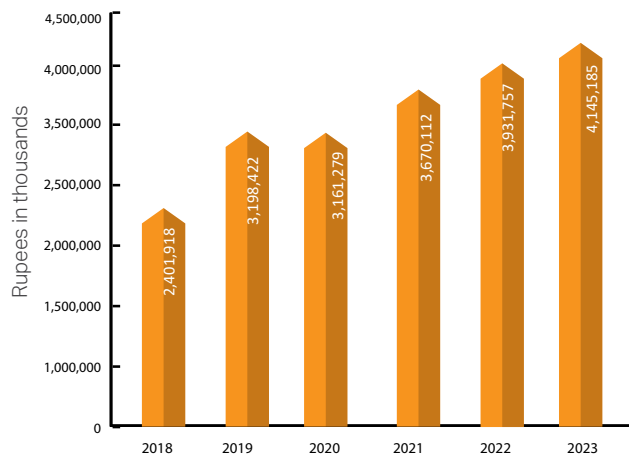
	2023	Variance vs Last year increase/ (decrease)%	2022	Variance vs Last year increase/ (decrease)%	2021	Variance vs Last year increase/ (decrease)%	2020	Variance vs Last year increase/ (decrease)%	2019	Variance vs Last year increase/ (decrease)%
	(Rupees in million)									
<b>Operating Results</b>										
Sales-net	11,692	(7.68)	12,665	18.96	10,647	39.15	7,651	(14.76)	8,976	14.31
Cost of sales	11,230	8.99	10,304	17.69	8,755	24.82	7,014	(11.64)	7,938	13.45
<b>Gross Profit</b>	462	(80.42)	2,361	24.82	1,892	196.95	637	(38.62)	1,038	21.38
Distribution cost	190	(25.82)	256	22.49	209	25.15	167	16.78	143	(1.38)
Administrative expenses	339	6.75	318	13.82	279	14.51	244	14.55	213	8.12
Other operating expenses	162	(24.66)	215	147.98	87	725.71	11	(34.38)	16	45.45
Finance Cost	1,497	89.02	792	18.92	666	(22.15)	856	43.67	595	54.66
Exchange fluctuation gain/ (loss)	0.3	(94.00)	5	100.00	3	(50.00)	5	(93.01)	72	(7.14)
Other operating income	149	106.25	72	89.22	38	245.91	11	(98.80)	921	9,197.98
<b>Profit / (Loss) before taxation</b>	(1,577)	(284.03)	857	24.02	691	(210.74)	(624)	(167.87)	919	1,742.36
Provision for taxation	(444)	(177.13)	575	249.54	165	242.71	48	(46.07)	89	1,922.73
<b>Profit / (Loss) for the year</b>	(1,134)	(502.00)	282	(46.44)	527	(178.35)	(672)	(180.93)	830	1,724.92
<b>Balance Sheet</b>										
<b>NON CURRENT ASSETS</b>										
Property, plant and equipment	8,306	27.51	6,514	1.25	6,433	(1.81)	6,552	21.33	5,400	8.17
Intangible assets	-	-	-	(100.00)	2	(57.50)	4	(41.18)	7	(28.27)
Long term investments	15	24.00	12	(2.83)	12	2.92	12	380.00	3	-
Long term loans	23	12.56	21	6.70	19	(3.00)	20	(9.09)	22	83.33
Long term deposits	35	8.53	32	35.86	24	59.33	15	43.82	10	8.65
<b>Total non current assets</b>	8,379	27.36	6,579	1.36	6,491	(1.70)	6,603	21.34	5,442	8.33
<b>CURRENT ASSETS</b>										
Stores, spare parts and loose tools	378	22.55	308	2.85	300	(26.31)	407	12.74	361	29.86
Stock-in-trade	2,794	(29.62)	3,970	71.94	2,309	(8.26)	2,517	7.56	2,340	27.45
Trade debts	1,527	(39.91)	2,541	11.66	2,276	24.76	1,824	50.62	1,211	(4.57)
Loans and advances	63	(37.00)	100	27.89	78	10.13	71	(20.94)	90	(5.47)
Trade deposits and short term prepayments	8	35.59	6	36.26	4	116.50	2	33.33	2	67.60
Other receivables	75	(21.96)	96	90.11	51	(0.88)	51	(15.42)	60	(24.63)
Investments	-	(100.00)	3	(88.51)	26	8.83	24	566.67	4	(28.00)
Deposit for shares	-	-	-	-	-	-	-	-	-	-
Taxation - net	216	(1.37)	219	(32.14)	323	(5.64)	342	3.32	331	2.16
Tax refunds due from Government	5	-	5	(0.60)	5	0.60	5	(96.24)	133	77.33
Cash and bank balances	16	(62.79)	43	(2.89)	44	8.00	41	36.67	30	57.89
<b>Total current assets</b>	5,082	(30.30)	7,291	34.64	5,416	2.49	5,284	15.85	4,561	14.55
<b>Total assets</b>	<b>13,461</b>	<b>(2.95)</b>	<b>13,871</b>	<b>16.50</b>	<b>11,906</b>	<b>0.16</b>	<b>11,887</b>	<b>18.84</b>	<b>10,003</b>	<b>11.08</b>
<b>CURRENT LIABILITIES</b>										
Trade and other payables	752	(56.07)	1,712	83.40	934	(16.13)	1,113	46.45	760	15.32
Contract liabilities	109	-	-	-	-	-	-	-	-	-
Unpaid dividend	0	-	0	95,900.00	0	(99.99)	4	925.64	0.4	-
Unclaimed dividend	9	-	9	0.08	9	(1.26)	9	8.75	8	(3.96)
Accrued mark-up and interest	414	130.27	180	57.41	114	(50.50)	231	62.68	142	(39.78)
Short term borrowings	5,929	14.06	5,198	26.86	4,097	(3.86)	4,262	12.75	3,780	14.57
Current portion of non-current liabilities	582	(21.52)	742	(11.69)	840	203.16	277	(34.82)	425	32.27
Total current liabilities	7,796	(0.58)	7,841	30.82	5,994	1.66	5,896	15.25	5,115	13.08
<b>WORKING CAPITAL</b>	(2,714)	393.95	(549)	(4.94)	(578)	(5.53)	(612)	10.38	(554)	2.29
<b>TOTAL CAPITAL EMPLOYED</b>	5,666	(6.04)	6,030	1.98	5,913	(1.31)	5,991	22.58	4,888	9.07
<b>NON CURRENT LIABILITIES</b>										
Long term financing	612	(45.74)	1,128	(30.34)	1,619	(29.22)	2,288	61.24	1,419	16.24
Liabilities against assets subject to finance lease	-	(100.00)	9	(61.81)	23	(22.76)	30	(25.60)	40	76.19
Deferred income - government grant	14	(35.64)	22	778.61	3	-	5	-	-	-
Long term deposits	19	47.53	13	56.55	8	(23.64)	11	42.86	8	12.46
Staff retirement benefits - gratuity	231	(8.29)	252	18.46	213	31.24	162	19.59	135	15.26
Deferred taxation - net	644	(4.54)	675	79.27	376	12.66	334	288.01	86	(16.38)
<b>Total Non current liabilities</b>	1,521	(27.54)	2,099	(6.41)	2,242	(20.75)	2,830	67.57	1,689	(18.79)
<b>Net worth</b>	4,145	5.44	3,931	7.10	3,670	16.09	3,162	(1.16)	3,199	33.19
<b>Net worth represented by:</b>										
Issued, subscribed and paid-up capital	264	-	264	-	264	-	264	-	264	-
Reserves	1,302	(45.67)	2,397	15.49	2,075	37.90	1,505	(31.42)	2,194	60.99
Surplus on revaluation of PPE	2,579	102.96	1,271	(4.49)	1,331	(4.42)	1,392	88.16	740	(4.49)
	4,145	5.44	3,932	7.13	3,670	16.08	3,161	(1.17)	3,199	33.18
<b>Total liabilities</b>	<b>13,461</b>	<b>(2.95)</b>	<b>13,871</b>	<b>16.51</b>	<b>11,906</b>	<b>0.16</b>	<b>11,887</b>	<b>18.84</b>	<b>10,003</b>	<b>11.08</b>

# VERTICAL ANALYSIS

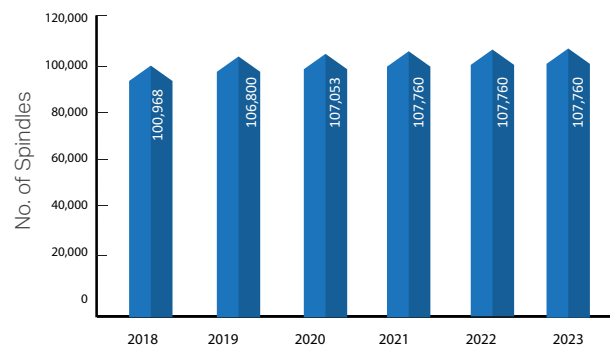
	2023	%	2022	%	2021	%	2020	%	2019	%
<b>Operating Results</b>										
Sales-net	11,692	100.00	12,665	100.00	10,647	100.00	7,651	100.00	8,976	100.00
Cost of sales	11,230	96.05	10,304	81.36	8,755	82.23	7,014	91.67	7,938	88.44
<b>Gross Profit</b>	<b>462</b>	<b>3.95</b>	<b>2,361</b>	<b>18.64</b>	<b>1,892</b>	<b>17.77</b>	<b>637</b>	<b>8.33</b>	<b>1,038</b>	<b>11.56</b>
Distribution cost	190	1.62	256	2.02	209	1.96	167	2.18	143	1.59
Administrative expenses	339	2.90	318	2.51	279	2.62	244	3.18	213	2.37
Other operating expenses	162	1.39	215	1.70	87	0.82	11	0.14	16	0.18
Finance Cost	1,497	12.80	792	6.25	666	6.26	856	11.18	595	6.63
Exchange fluctuation gain / (loss)	0	0.00	5	0.04	3	0.03	5	0.06	72	0.80
Other operating income	149	1.27	72	0.57	38	0.36	11	0.14	921	10.26
<b>Profit / (Loss) before taxation</b>	<b>(1,577)</b>	<b>(13.49)</b>	<b>857</b>	<b>6.77</b>	<b>692</b>	<b>6.50</b>	<b>(624)</b>	<b>(8.16)</b>	<b>919</b>	<b>10.24</b>
Provision for taxation	(444)	(3.79)	575	4.54	165	1.55	48	0.63	89	0.99
<b>Profit / (Loss) for the year</b>	<b>(1,134)</b>	<b>(9.70)</b>	<b>282</b>	<b>2.23</b>	<b>527</b>	<b>4.95</b>	<b>(672)</b>	<b>(8.79)</b>	<b>830</b>	<b>9.25</b>
<b>Balance Sheet</b>										
<b>NON CURRENT ASSETS</b>										
Property, plant and equipment	8,306	61.70	6,514	46.96	6,433	54.04	6,552	55.12	5,400	53.98
Intangible assets	-	-	-	-	2	0.02	4	0.03	7	0.07
Long term investments	15	0.11	12	0.09	12	0.10	12	0.10	3	0.02
Long term loans	23	0.17	21	0.15	19	0.16	20	0.17	22	0.22
Long term deposits	35	0.26	32	0.23	24	0.20	15	0.13	10	0.10
<b>Total non current assets</b>	<b>8,379</b>	<b>62.25</b>	<b>6,579</b>	<b>47.43</b>	<b>6,491</b>	<b>54.52</b>	<b>6,603</b>	<b>55.55</b>	<b>5,442</b>	<b>54.40</b>
<b>CURRENT ASSETS</b>										
Stores, spare parts and loose tools	378	2.81	308	2.22	300	2.52	407	3.42	361	3.61
Stock-in-trade	2,794	20.76	3,970	28.62	2,309	19.39	2,517	21.17	2,340	23.39
Trade debts	1,527	11.34	2,541	18.32	2,276	19.11	1,824	15.34	1,211	12.11
Loans and advances	63	0.47	100	0.72	78	0.66	71	0.60	90	0.90
Trade deposits and short term prepayments	8	0.06	6	0.04	4	0.03	2	0.02	2	0.01
Other receivables	75	0.56	96	0.69	51	0.43	51	0.43	60	0.60
Investments	-	-	3	0.02	26	0.22	24	0.20	4	0.04
Deposit for shares	-	-	-	-	-	-	-	-	-	-
Taxation - net	216	1.60	219	1.58	323	2.71	342	2.88	331	3.31
Tax refunds due from Government	5	0.04	5	0.04	5	0.04	5	0.04	133	1.33
Cash and bank balances	16	0.12	43	0.31	44	0.37	41	0.34	30	0.30
<b>Total current assets</b>	<b>5,082</b>	<b>37.75</b>	<b>7,292</b>	<b>52.57</b>	<b>5,415</b>	<b>45.48</b>	<b>5,284</b>	<b>44.45</b>	<b>4,561</b>	<b>45.60</b>
<b>Total assets</b>	<b>13,461</b>	<b>100.00</b>	<b>13,871</b>	<b>100.00</b>	<b>11,906</b>	<b>100.00</b>	<b>11,887</b>	<b>100.00</b>	<b>10,003</b>	<b>100.00</b>
<b>CURRENT LIABILITIES</b>										
Trade and other payables	752	5.59	1,712	12.34	934	7.84	1,113	9.36	760	7.60
Contract liabilities	109	0.81	-	-	-	-	-	-	-	-
Unpaid dividend	0	0.00	0	0.00	0	0.00	4	0.03	0.4	0.00
Unclaimed dividend	9	0.06	9	0.06	9	0.07	9	0.08	8	0.08
Accrued mark-up and interest	414	3.08	180	1.30	114	0.96	231	1.94	142	1.42
Short term borrowings	5,929	44.04	5,198	37.47	4,097	34.42	4,262	35.86	3,780	37.79
Current portion of non-current liabilities	582	4.32	742	5.35	840	7.05	277	2.33	425	4.25
<b>Total current liabilities</b>	<b>7,796</b>	<b>57.91</b>	<b>7,840</b>	<b>56.52</b>	<b>5,994</b>	<b>50.34</b>	<b>5,896</b>	<b>49.60</b>	<b>5,115</b>	<b>51.14</b>
<b>WORKING CAPITAL</b>	<b>(2,714)</b>	<b>(20.16)</b>	<b>(549)</b>	<b>(3.96)</b>	<b>(579)</b>	<b>(4.86)</b>	<b>(612)</b>	<b>(5.15)</b>	<b>(554)</b>	<b>(5.54)</b>
<b>TOTAL CAPITAL EMPLOYED</b>	<b>5,666</b>	<b>42.09</b>	<b>6,031</b>	<b>43.48</b>	<b>5,912</b>	<b>49.66</b>	<b>5,991</b>	<b>50.40</b>	<b>4,888</b>	<b>48.86</b>
<b>NON CURRENT LIABILITIES</b>										
Long term financing	612	4.55	1,128	8.13	1,619	13.60	2,288	19.25	1,419	14.19
Liabilities against assets subject to finance lease	-	-	9	0.06	23	0.19	30	0.25	40	0.40
Deferred income - government grant	14	0.11	22	0.16	3	0.03	5	0.04	-	-
Long term deposits	19	0.14	13	0.09	8	0.07	11	0.09	8	0.08
Staff retirement benefits - gratuity	231	1.72	252	1.82	213	1.79	162	1.36	135	1.35
Deferred taxation - net	644	4.78	675	4.86	376	3.16	334	2.81	86	0.86
<b>Total Non current liabilities</b>	<b>1,521</b>	<b>11.30</b>	<b>2,099</b>	<b>15.13</b>	<b>2,242</b>	<b>18.83</b>	<b>2,829</b>	<b>23.80</b>	<b>1,689</b>	<b>16.88</b>
<b>Net worth</b>	<b>4,145</b>	<b>30.79</b>	<b>3,932</b>	<b>28.35</b>	<b>3,670</b>	<b>30.83</b>	<b>3,162</b>	<b>26.60</b>	<b>3,199</b>	<b>31.98</b>
<b>Net worth represented by:</b>										
Issued, subscribed and paid-up capital	264	1.96	264	1.90	264	2.22	264	2.22	264	2.64
Reserves	1,302	9.67	2,397	17.28	2,075	17.43	1,505	12.66	2,194	21.94
Surplus on revaluation of PPE	2,579	19.16	1,271	9.16	1,331	11.18	1,392	11.71	740	7.40
	4,145	30.79	3,932	28.35	3,670	30.83	3,161	26.60	3,199	31.98
<b>Total liabilities</b>	<b>13,461</b>	<b>100.00</b>	<b>13,871</b>	<b>100.00</b>	<b>11,906</b>	<b>100.00</b>	<b>11,887</b>	<b>100.00</b>	<b>10,003</b>	<b>100.00</b>

# GRAPHICAL ANALYSIS

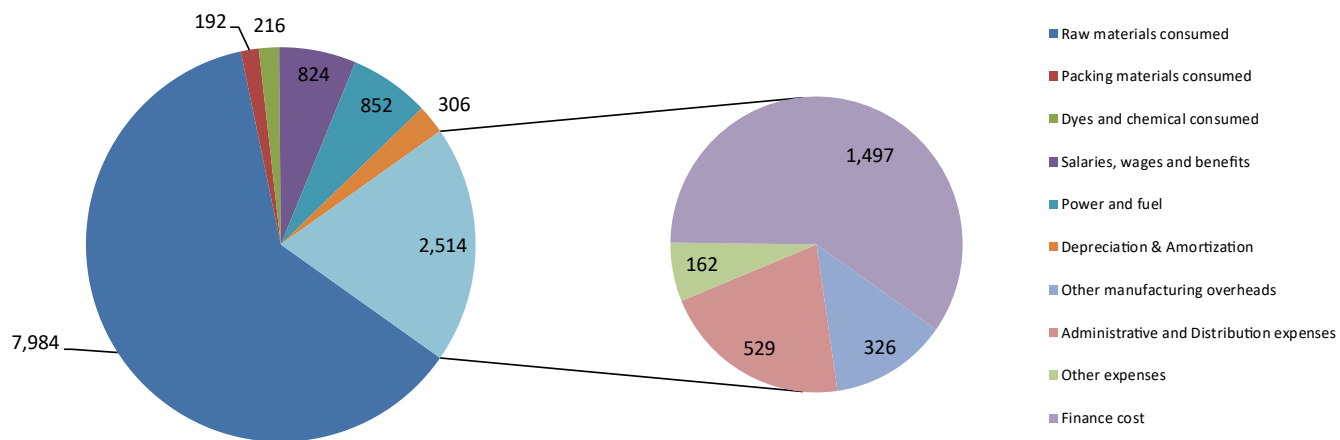
## Net Worth



## Spindles Installed

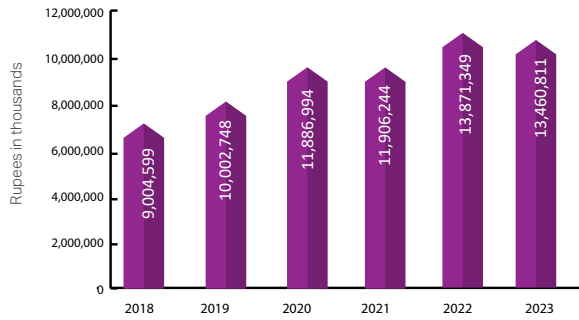


## Cost Distribution

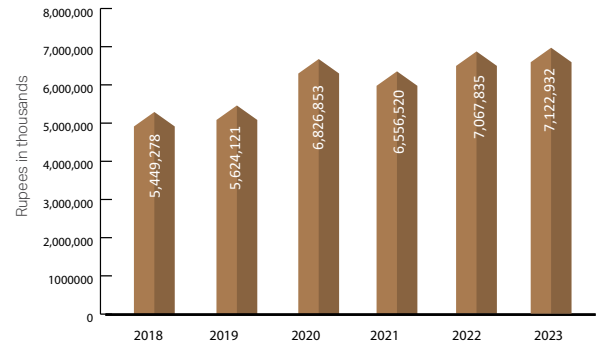


# GRAPHICAL ANALYSIS

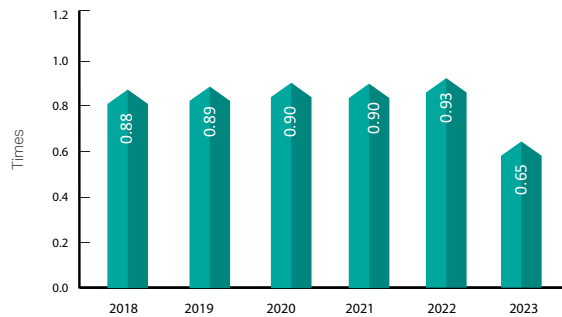
## Total Assets



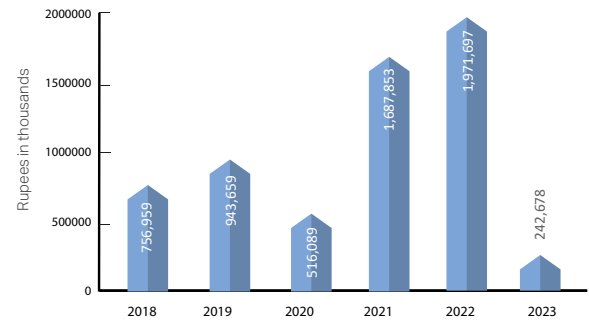
## Total debt



## Current Ratio



## EBITDA



# PATTERN OF SHAREHOLDINGS

As at June 30, 2023

Number of ShareHolders	Shareholdings From	To	Total Number of Share Held	Percentage of Total Capital
369	1 -	100	16,600	0.06
442	101 -	500	125,112	0.47
164	501 -	1000	138,357	0.52
267	1001 -	5000	575,214	2.18
56	5001 -	10000	447,096	1.69
15	10001 -	15000	182,999	0.69
3	15001 -	20000	53,688	0.20
9	20001 -	25000	201,951	0.76
9	25001 -	30000	260,541	0.99
4	30001 -	35000	131,426	0.50
3	35001 -	40000	117,000	0.44
1	40001 -	45000	45,000	0.17
6	45001 -	50000	296,500	1.12
2	50001 -	55000	105,500	0.40
3	55001 -	60000	179,500	0.68
2	60001 -	65000	125,239	0.47
1	70001 -	75000	72,100	0.27
1	80001 -	85000	83,500	0.32
1	85001 -	90000	89,000	0.34
1	95001 -	100000	100,000	0.38
1	100001 -	105000	101,500	0.38
1	105001 -	110000	107,129	0.41
2	110001 -	115000	222,360	0.84
2	125001 -	130000	255,450	0.97
1	140001 -	145000	141,000	0.53
1	145001 -	150000	150,000	0.57
1	175001 -	180000	178,500	0.68
2	180001 -	185000	365,456	1.38
1	195001 -	200000	200,000	0.76
1	210001 -	215000	210,500	0.80
1	215001 -	220000	217,000	0.82
1	225001 -	230000	226,000	0.86
1	255001 -	260000	256,500	0.97
1	285001 -	290000	288,159	1.09
1	295001 -	300000	299,215	1.13
1	350001 -	355000	350,650	1.33
1	410001 -	415000	414,000	1.57
1	435001 -	440000	437,286	1.66
1	660001 -	665000	664,500	2.52
1	720001 -	725000	720,946	2.73
1	795001 -	800000	798,600	3.02
1	800001 -	805000	800,087	3.03
1	1030001 -	1035000	1,031,848	3.91
1	1530001 -	1535000	1,532,871	5.80
1	13095001 -	13100000	13,097,000	49.59
<b>1,387</b>			<b>26,412,880</b>	<b>100.00</b>

# PATTERN OF SHAREHOLDINGS

As at June 30, 2023

Sr. #	Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children	8	6,808	0.0258
2	Associated Companies, Undertakings and Related Parties	1	13,097,000	49.5857
3	NIT and ICP	2	128,678	0.4872
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	2	1,184	0.0045
5	Insurance Companies	1	1,031,848	3.9066
6	Modarbas and Mutual Funds	8	1,896,811	7.1814
7	General Public (Local)	1,342	10,031,369	37.9791
8	Others	23	219,182	0.8298
	<b>TOTAL:</b>	<b>1,387</b>	<b>26,412,880</b>	<b>100.0000</b>



# PATTERN OF SHAREHOLDINGS

As at June 30, 2023

Sr. No	Name Of Shareholders	Shares Held	Percentage
<b>Directors, Chief Executive Officer, and their spouse and minor children</b>			
1	Osman Saifullah Khan	3,500	0.0133
2	Ms. Hoor Yousafzai	500	0.0019
3	Assad Saifullah Khan	500	0.0019
4	Sohail Hussain Hydari	500	0.0019
5	Rana Mohammad Shafi	808	0.0031
6	Rashid Ibrahim	500	0.0019
7	Muhammad Danish	500	0.0019
<b>Running Total:</b>		<b>6,808</b>	<b>0.0258</b>
<b>Associated Companies, Undertakings and Related Parties</b>			
1	Saif Holdings Limited	13,097,000	49.5857
<b>Running Total:</b>		<b>13,097,000</b>	<b>49.5857</b>
<b>NIT and ICP</b>			
1	National Bank Of Pakistan	127,450	0.4825
2	Investment Corp Of Pakistan	1,228	0.0046
<b>Running Total:</b>		<b>128,678</b>	<b>0.4872</b>
<b>Banks, Development Financial Institutions, Non Banking Financial Institutions</b>			
1	National Bank Of Pakistan	1,129	0.0043
2	Atlas Bot Investment Bank Ltd.	55	0.0002
<b>Running Total:</b>		<b>1,184</b>	<b>0.0045</b>
<b>Insurance Companies</b>			
1	State Life Insurance Corp. Of Pakistan	1,031,848	3.9066
<b>Running Total:</b>		<b>1,031,848</b>	<b>3.9066</b>
<b>Modarbas and Mutual Funds</b>			
1	CDC - Trustee National Investment (Unit) Trust	1,532,871	5.8035
2	CDC - Trustee Golden Arrow Stock Fund	217,000	0.8216
3	Crescent Standard Modaraba	14	0.0001
4	First I.B.L. Modaraba	977	0.0037
5	CDC - Trustee AKD Opportunity Fund	141,000	0.5338
6	Golden Arrow Selected Stock Fund Limited	215	0.0008
7	First Inter Fund Modaraba	65	0.0002
8	First UDL Modaraba	4,669	0.0177
<b>Running Total:</b>		<b>1,896,811</b>	<b>7.1814</b>
<b>General Public (Local)</b>			
<b>Running Total:</b>		<b>10,031,369</b>	<b>37.9791</b>

# PATTERN OF SHAREHOLDINGS

As at June 30, 2023

Sr. No	Name Of Shareholders	Shares Held	Percentage
<b>Others</b>			
1	Ktrade Securities Limited	1	0.0000
2	Bawa Securities (Pvt) Ltd. - Mf	4,000	0.0151
3	Dr. Arslan Razaque Securities (Pvt.) Limited	210	0.0008
4	Muhammad Ahmed Nadeem Securities (Smc-Pvt) Limited	105	0.0004
5	Fikrees (Private) Limited	500	0.0019
6	Javed Omer Vohra & Co. Ltd.	8,758	0.0332
7	The Northern Trust Company	100	0.0004
8	Eastman Consulting (Pvt) Ltd.	50	0.0002
9	Morgan Stanley Trust Co.	100	0.0004
10	Taurus Securities Limited	100	0.0004
11	Fortune Securities Limited	200	0.0008
12	Khadim Ali Shah Bukhari & Co. Limited	80	0.0003
13	Bma Capital Management Ltd.	344	0.0013
14	International Securities Ltd.	118	0.0004
15	Sarfraz Mahmood (Private) Ltd	500	0.0019
16	Pyramid Investments (Pvt) Ltd.	495	0.0019
17	Maple Leaf Capital Limited	1	0.0000
18	Trustee National Bank Of Pakistan Employees Pensio	183,956	0.6965
19	Trustee National Bank Of Pakistan Emp Benevolent F	6,455	0.0244
20	S.H. Bukhari Securities (Pvt) Limited	500	0.0019
21	Rs Publishers (Private) Limited	11,500	0.0435
22	Prudential Securities Limited	26	0.0001
23	Y.S. Securities & Services (Pvt) Ltd.	1,083	0.0041
<b>Running Total:</b>		<b>219,182</b>	<b>0.8298</b>
<b>Grand Total:</b>		<b>26,412,880</b>	<b>100.0000</b>

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

Saif Textile Mills Limited for the Year Ended June 30, 2023

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

1. The total number of directors are Eight (08) as per the following:

Directors	Numbers
a) Male	06
b) Female	02

2. The composition of Board is as follows:

S.No	Directors	Numbers
a.	Independent Directors*	Mr. Rashid Ibrahim
		Mr. Muhammad Danish
b.	Non-executive Directors	Mr. Osman Saifulah Khan
		Ms. Hoor Yousafzai
		Mr. Assad Saifullah Khan
		Mr. Sohail Hussain Hydari
		Rana Muhammad Shafi
c.	Executive Director **	Ms. Nadia Bilal
d.	Female Directors	Ms. Hoor Yousafzai
		Ms. Nadia Bilal

\*Fractional requirement for independent directors has not been rounded up as one and presently the Company has two independent directors. Both the independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, therefore, the appointment of a third independent director is not warranted.

\*\*Ms. Nadia Bilal submitted her resignation on 30th June 2023, and Mr. Sohail Hussain Hydari assumed the role of CEO/Executive Director w.e.f 1st July 2023.

3. The directors have confirmed that none

of them is serving as a director on more than seven listed companies, including this company;

4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. None of the directors attended Directors' Training Program during the year;
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

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

<b>a)</b>	<b>Audit Committee</b>	
	Mr. Rashid Ibrahim	Chairman
	Rana Muhammad Shafi	Member
	Mr. Assad Saifullah Khan	Member
<b>b)</b>	<b>HR and Remuneration Committee</b>	
	Mr. Muhammad Danish	Chairman
	Ms. Hoor Yousafzai	Member
	Mr. Assad Saifullah Khan	Member

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

14. The frequency of meetings of the committee during the year 2022-23 were as per following:

a) **Audit Committee** - Four (04) Meetings

b) **Human Resource and Remuneration Committee** - One (01) Meeting

15. The Board has set up an effective internal audit function and the persons assigned the responsibilities 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 (ICAP) 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 ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or director of the Company;

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

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

**FOR AND ON BEHALF OF THE BOARD**



**OSMAN SAIFULLAH KHAN**

Chairman

Place: Islamabad

Date: October 05, 2023

# INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF SAIF TEXTILE 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 **SAIF TEXTILE MILLS LIMITED** (the Company) for the year ended June 30, 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2023.

*ShineWing Hameed Chaudhri & co.*

**SHINEWING HAMEED CHAUDHRI & CO.,**

CHARTERED ACCOUNTANTS

Audit Engagement Partner: Osman Hameed Chaudhri

Lahore: 05 October 2023

UDIN: CR202310104jVr8hJ79O

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAIF TEXTILE MILLS LIMITED

## Report on the Audit of the Financial Statements

### Opinion

We have audited the annexed financial statements of **SAIF TEXTILE MILLS LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

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

### Emphasis of Matter

We draw attention to note 17.1.2 to these financial statements, which describes the matter regarding non-provisioning of Gas Infrastructure Development Cess (GIDC) aggregating Rs.850.542 million demanded by Sui Northern Gas Pipelines Limited. Our report is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. 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.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAIF TEXTILE MILLS LIMITED

Following are the key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1.	<p><b>Contingencies</b></p> <p>The Company is subject to material litigations including GIDC, taxation and other matters at different courts which require management to make assessment and judgements with respect to likelihood and impact of such litigations on the financial statements of the Company.</p> <p>The details of contingencies including that relating to GIDC 2015 and the Supreme Court (SC) decision regarding the same along with management's assessment thereon are disclosed in note 17 to the financial statements. Management engaged independent legal consultants on these matters. The accounting for and disclosure of contingencies is complex and is a matter of significance in our audit because of the judgements required to determine the level of certainty on these matters.</p> <p>Due to the magnitude of amount involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgement and estimates to assess the same including related financial impacts we have considered above referred contingencies as one of the key audit matters.</p>	<p>In response to this matter, our audit procedures included:</p> <ul style="list-style-type: none"> <li>- Discussed legal cases with the legal department to understand the management's view point and obtained management's assessment regarding their implications on the Company;</li> <li>- Obtained independent opinion of legal advisors dealing with such cases in the form of confirmations;</li> <li>- Examined legal expense ledgers to assess any litigations or claims which may result in material misstatement of the financial statements;</li> <li>- Reviewed the documents for legal and tax proceedings maintained by the management, including Judgements passed by the SC and study the related provision of the GIDC Act, 2015;</li> <li>- Evaluated all the legal cases in line with the requirements of IAS 37: Provisions, contingent liabilities and contingent assets; and</li> <li>- Assessed the disclosures of legal exposures and provisions for completeness and accuracy.</li> </ul>



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAIF TEXTILE MILLS LIMITED

S. No.	Key audit matters	How the matter was addressed in our audit
2.	<p><b>Valuation of stock-in-trade</b></p> <p>The total value of stock in trade as at the reporting date amounted to Rs.2.793 billion, representing 55% of the Company's total current assets. Stock in trade as at reporting date included raw material and finished goods. Refer note 23 to the financial statements.</p> <p>The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of labour and other various overheads which are incurred in bringing the inventories to its present location and conditions. Judgement has also been exercised by the management in determining the net realisable value (NRV) of raw material and finished goods and in determining the appropriate value of slow moving and obsolete stocks.</p> <p>We identified this matter as key in our audit due to the judgement and assumption applied by the Company in determining the cost and NRV of stock in trade at the year-end.</p>	<p>We assessed the appropriateness of management assumptions applied in calculating the value of stock in trade and validated the valuation by taking following steps:</p> <ul style="list-style-type: none"> <li>- assessed whether the Company's accounting policy for inventory valuation is in line with the applicable financial reporting standards;</li> <li>- attended the inventory count at the year-end and reconciled the physical inventory with the inventory lists provided to ensure the completeness of the data;</li> <li>- assessed the historical costs recorded in the inventory valuation by checking purchase invoices on sample basis;</li> <li>- tested the reasonability of assumptions applied by the management in the allocation of labour and other various overhead costs to the inventories;</li> <li>- assessed the management determination of NRV of raw material thereon by performing tests on the subsequent purchase price; and</li> <li>- tested the cost of inventories for finished goods and performed NRV test to assess whether the cost of inventories exceeds their NRV, calculated by detailed review of subsequent sales invoices.</li> </ul> <p>We reviewed the Company's disclosure in the financial statement in respect of stock in trade.</p>

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAIF TEXTILE MILLS LIMITED

## Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information, which 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 is 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 judgement 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.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAIF TEXTILE MILLS LIMITED

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

The engagement partner on the audit resulting in this independent auditors' report is Osman Hameed Chaudhri.

*Shinewing Hameed Chaudhri & Co.*  
**SHINEWING HAMEED CHAUDHRI & CO.,**  
CHARTERED ACCOUNTANTS

LAHORE: 05 October 2023

UDIN: AR202310104F6XxsAC5k

# FINANCIAL STATEMENTS



# STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

		2023	2022
	Note	Rupees in '000	
<b>Equity and Liabilities</b>			
<b>Share Capital and Reserves</b>			
<b>Authorised capital</b>			
30,000,000 ordinary shares of Rs.10 each		300,000	300,000
Issued, subscribed and paid-up capital	4	264,129	264,129
Reserves	5	265,867	265,856
Unappropriated profit		1,036,355	2,131,038
Surplus on revaluation of property, plant and equipment	6	2,578,834	1,270,734
<b>Total Shareholders' equity</b>		<b>4,145,185</b>	<b>3,931,757</b>
<b>Non-current Liabilities</b>			
Long term financing	7	611,987	1,128,064
Lease liabilities	8	-	8,852
Deferred income - government grant	9	14,336	22,218
Long term deposits	10	19,351	13,154
Staff retirement benefits - gratuity	11	230,624	251,868
Deferred taxation - net	12	643,634	674,622
		<b>1,519,932</b>	<b>2,098,778</b>
<b>Current Liabilities</b>			
Trade and other payables	13	752,256	1,711,994
Contract liabilities		108,940	-
Unpaid dividend		477	486
Unclaimed dividend		8,591	8,597
Accrued mark-up and interest	14	414,485	179,966
Short term borrowings	15	5,929,231	5,198,125
Current portion of non-current liabilities	16	581,714	741,646
		<b>7,795,694</b>	<b>7,840,814</b>
		<b>9,315,626</b>	<b>9,939,592</b>
<b>Contingencies and Commitments</b>	17	<b>13,460,811</b>	<b>13,871,349</b>

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



**FAHAD TALAL**

Chief Financial Officer



**ASSAD SAIFULLAH KHAN**

Director



**SOHAIL HUSSAIN HYDARI**

Chief Executive Officer

# STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

		2023	2022
	Note	Rupees in '000	
<b>Assets</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	18	8,305,579	6,513,614
Intangible assets	19	-	-
Long term investments	20	14,886	12,375
Long term loans	21	23,320	20,719
Long term deposits		35,241	32,472
		8,379,026	6,579,180
<b>Current Assets</b>			
Stores, spare parts and loose tools	22	378,151	308,449
Stock-in-trade	23	2,793,847	3,970,056
Trade debts	24	1,526,627	2,541,097
Loans and advances	25	62,658	99,918
Trade deposits and short term prepayments	26	8,053	5,920
Other receivables	27	74,854	96,180
Short term investments	28	-	3,002
Deposit for shares	29	-	-
Taxation - net	30	216,366	219,432
Tax refunds due from Government	31	5,034	5,034
Cash and bank balances	32	16,195	43,081
		5,081,785	7,292,169
		13,460,811	13,871,349

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



**FAHAD TALAL**  
Chief Financial Officer



**ASSAD SAIFULLAH KHAN**  
Director



**SOHAIL HUSSAIN HYDARI**  
Chief Executive Officer



# STATEMENT OF PROFIT OR LOSS


For the Year Ended June 30, 2023

		2023	2022
	Note	Rupees in '000	
Sales - net	33	11,692,412	12,665,019
Cost of sales	34	(11,229,995)	(10,304,090)
<b>Gross profit</b>		462,417	2,360,929
Distribution cost	35	(189,944)	(256,040)
Administrative expenses	36	(339,472)	(317,691)
Other income	37	148,556	72,121
Other expenses	38	(161,985)	(215,071)
<b>(Loss) / profit from operations</b>		(80,428)	1,644,248
Finance cost - net	39	(1,497,234)	(792,130)
		(1,577,662)	852,118
Exchange fluctuation gain - net	40	268	5,046
<b>(Loss) / profit before taxation</b>		(1,577,394)	857,164
Taxation	41	443,533	(575,087)
<b>(Loss) / profit after taxation</b>		(1,133,861)	282,077
		----- Rupees -----	
<b>(Loss) / earnings per share - basic and diluted</b>	42	(42.93)	10.68

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



**FAHAD TALAL**  
Chief Financial Officer



**ASSAD SAIFULLAH KHAN**  
Director



**SOHAIL HUSSAIN HYDARI**  
Chief Executive Officer



# STATEMENT OF OTHER COMPREHENSIVE INCOME

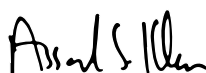
For the Year Ended June 30, 2023

	2023	2022
	Rupees in '000	
<b>(Loss) / profit after taxation</b>	(1,133,861)	282,077
<b>Other comprehensive income / (loss)</b>		
<b>Items that will not be reclassified subsequently to statement of profit or loss:</b>		
Loss on re-measurement of staff retirement benefit obligation	(22,876)	(28,310)
Impact of deferred tax	6,492	7,853
	(16,384)	(20,457)
Surplus on revaluation of property, plant and equipment	1,920,651	-
Impact of deferred tax	(556,989)	-
	1,363,662	-
	1,347,278	(20,457)
<b>Items that will be reclassified to statement of profit or loss in subsequent periods:</b>		
Unrealised gain on remeasurement of investment at fair value through other comprehensive income	11	25
<b>Total comprehensive income for the year</b>	<b>213,428</b>	<b>261,645</b>

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



**FAHAD TALAL**  
Chief Financial Officer



**ASSAD SAIFULLAH KHAN**  
Director



**SOHAIL HUSSAIN HYDARI**  
Chief Executive Officer

# STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2023


		2023	2022
	Note	Rupees in '000	
<b>Cash generated from operating activities</b>	43	1,335,350	534,744
<b>Cash flow from investing activities</b>			
Additions to property, plant and equipment		(205,377)	(439,709)
Sale proceeds of operating fixed assets / insurance claims received		27,857	56,205
Long term investments made		(2,500)	-
Short term investments - net		2,701	22,097
<b>Net cash used in investing activities</b>		(177,319)	(361,407)
<b>Cash flow from financing activities</b>			
Long term financing - obtained		65,151	251,683
- repaid		(743,836)	(818,358)
Lease liabilities		(14,057)	(14,966)
Short term borrowings - net		731,106	1,100,728
Finance cost paid		(1,223,266)	(693,625)
Dividend paid		(15)	4
<b>Net cash used in financing activities</b>		(1,184,917)	(174,534)
<b>Net decrease in cash and cash equivalents</b>		(26,886)	(1,197)
<b>Cash and cash equivalents</b> - at beginning of the year		43,081	44,278
<b>Cash and cash equivalents</b> - at end of the year		16,195	43,081

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



**FAHAD TALAL**

Chief Financial Officer



**ASSAD SAIFULLAH KHAN**

Director



**SOHAIL HUSSAIN HYDARI**

Chief Executive Officer

# STATEMENT OF CHANGES IN EQUITY

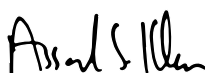
For the Year Ended June 30, 2023

Share Capital	Reserves				Surplus on revaluation of property, plant and equipment	Total
	Capital	Revenue	Unappropriated profit	Unrealised loss on financial assets at fair value through other comprehensive income		
Rupees in '000						
Balance as at July 01, 2021	264,129	115,981	150,000	1,809,617	(150)	3,670,112
Total comprehensive income for the year ended June 30, 2022						
Profit for the year	-	-	-	282,077	-	282,077
Other comprehensive (loss) / income	-	-	-	(20,457)	25	(20,432)
	-	-	-	261,620	25	261,645
Surplus on revaluation of property, plant and equipment realised during the year on (net of deferred taxation):						
- account of incremental depreciation	-	-	-	58,436	(58,436)	-
- upon sale of revalued assets	-	-	-	1,365	(1,365)	-
Balance as at June 30, 2022	264,129	115,981	150,000	2,131,038	(125)	3,931,757
Balance as at July 01, 2022						
Total comprehensive income for the year ended June 30, 2023						
Loss for the year	-	-	-	(1,133,861)	-	(1,133,861)
Other comprehensive (loss) / income	-	-	-	(16,384)	11	1,347,289
	-	-	-	(1,150,245)	11	213,428
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation (net of deferred taxation)						
	-	-	-	55,562	(55,562)	-
Balance as at June 30, 2023	264,129	115,981	150,000	1,036,355	(114)	4,145,185

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



**FAHAD TALAL**  
Chief Financial Officer



**ASSAD SAIFULLAH KHAN**  
Director



**SOHAIL HUSSAIN HYDARI**  
Chief Executive Officer

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 1. LEGAL STATUS AND NATURE OF BUSINESS

Saif Textile Mills Limited (the Company) is a Public Limited Company incorporated in Pakistan on December 24, 1989 under the Companies Ordinance, 1984 (now the Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange. The Company is principally engaged in manufacture and sale of yarn.

### 1.1 Geographical location and addresses of major business units including mills / plant of the Company are as under:

#### Sawabi

Industrial Estate, Gadoon Amazai

#### Purpose

Mills / factory

#### Peshawar

APTMA house, Tehkal Payan, Jamrud Road

Registered office

#### Islamabad

4<sup>th</sup> Floor, Kashmir Commercial Complex,

Head office

Fazal-e-haq road, Blue Area

#### Karachi

Plot No. 36, New Karachi Cooperative Housing

Marketing & Sales office

Society Near Dolmen Mall Tariq Road

#### Faisalabad

P-17, Near Allied Bank Ltd, Montgomery Bazar,

Marketing & Sales office

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards 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 as notified under the Act; and
- Provisions of and directives issued under the Act.

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

### 2.2 Basis of measurement

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

### 2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand unless otherwise specified.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 2.4 INITIAL APPLICATION OF STANDARDS, AMENDMENTS OR INTERPRETATIONS TO EXISTING STANDARDS

### 2.4.1 Standards, amendments to approved accounting standards effective in current year and have been adopted by the Company.

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except for change resulted due to adoption of amendments to accounting standards. The below mentioned amendments to approved accounting standards are effective for the financial year beginning on July 01, 2022 and have been adopted by the Company:

#### (a) IAS 37 Provisions, Contingent Liabilities and Contingent Assets

Under IAS 37, a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

#### (b) IAS 16 Property, Plant and Equipment

Amendment to IAS 16 (regarding proceeds before an asset's intended use) prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, a Company will recognise such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the Company first applies the amendments.

The adoption of the above amendments to accounting standards did not have any material effect on the financial statement of the Company.

### 2.4.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

#### (a) IAS 1 Presentation of Financial Statements **Effective date: January-01-2024**

The amendments clarify how to classify a debt and other liabilities as current or non-current. The IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify the following:

- what is meant by a right to defer settlement;
- that a right to defer must exist at the end of the reporting period;
- that classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## (b) IAS 8 Accounting Policies, Changes

### in Accounting Estimates and Errors

**Effective date: January-01-2023**

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a Company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

## (c) IAS 1 Disclosure of accounting policies

**Effective date: January-01-2023**

Amendments to IAS 1, 'Presentation of Financial Statements' includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a Company's financial statements.

The Company has assessed that the impact of above amendments is not expected to be significant.

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

## 2.4.3 Critical accounting estimates and Judgments

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

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Judgments, estimates and assumptions made by the management that may have a significant risk of material adjustments to the financial statements in the subsequent years are as follows:

### (a) Property, plant and equipment

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicators of impairment are identified. Useful lives, residual values and depreciation method of property, plant and equipment are stated in notes 3.10 & 18.

### (b) Stores & spares and stock-in-trade

The Company estimates the net realisable value of stores & spares and stock-in-trade to assess any diminution in the respective carrying values. Net realisable value is determined

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

with reference to estimated selling price less estimated expenditure to make sale - note 3.14 & 3.15.

**(c) Provision for impairment of trade debts**

Impairment losses related to trade and other receivables, are calculated using simplified approach of expected credit loss (ECL) model. Management used actual credit loss experience over past years for the calculation of ECL. Trade and other receivables are written off when there is no reasonable expectation of recovery - note 3.16.

**(d) Staff retirement benefits - gratuity**

The present value of this obligation depends on a number of factors that is determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact carrying amount of this obligation. The present value of the obligation and underlying assumptions are stated in note 3.5 & 11.

**(e) Income taxes**

In making the estimates for income taxes, the Company takes into account the current income tax law and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a material nature is in accordance with the law. The difference between the potential and actual tax charge, if any, is disclosed as a contingent liability - note 3.7.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

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

#### **3.1 Borrowings and borrowing cost**

These are recognized initially at fair value, net of transaction costs and are subsequently measured at amortized cost using the effective interest method. Difference between proceeds (net of transaction costs) and the redemption value is recognized in the profit or loss over the period of the borrowings as interest expense.

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

#### **3.2 Interest rate and cross currency swaps**

In certain cases, the Company uses interest rate and cross currency swaps to hedge its risk associated primarily with mark-up payments and foreign currency fluctuations. The calculation involves use of estimates with regard to mark-up and foreign currency rates, which fluctuate with the market forces.

#### **3.3 Leases**

The Company leases vehicles and office buildings. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated



# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

between the liability and finance cost. The finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less.

## 3.4 Government grants

The benefit of a government loan at a below-market rate of interest is treated as a government grant. The loan is recognised and measured in accordance with IFRS 9 Financial Instruments. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. The benefit is accounted for in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. The entity considers the conditions and obligations that have been, or must be, met when identifying the costs for which the benefit of the loan is intended to compensate.

## 3.5 Staff retirement benefits (gratuity)

The Company operates an un-funded staff retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2023 on the basis of the projected unit credit method by an independent Actuary.

The liability recognised in the statement of financial position in respect of retirement gratuity scheme is the present value of defined benefit obligation at the end of reporting period. The amount arising as a result of remeasurements are recognised in the statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

## 3.6 Trade and other payables

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

## 3.7 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in statement of profit or loss, except to the extent that it relates to items recognised in statement of other comprehensive income or directly in equity. In this case, the tax is also recognised in statement of other comprehensive income or directly in equity, respectively.

### (a) Current year

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantively enacted by the end of the reporting period and is based on current rates of taxation being applied on the taxable income for the year, after taking into account tax credits and rebates available, if any, and taxes paid under the Final Tax Regime. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the year.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## (b) Deferred

The Company accounts for deferred taxation using the statement of financial position liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is recognised for taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged or credited to the statement of profit or loss except for deferred tax arising on surplus on revaluation of property, plant and equipment, which is charged to revaluation surplus.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## 3.8 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the period in which these are approved.

## 3.9 Financial liabilities

### Classification & subsequent measurement

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on derecognition is also recognized in the statement of profit or loss.

### Derecognition

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

## 3.10 Property, plant and equipment

Leasehold land, buildings on leasehold land, plant & machinery, generators, electric installations and air-conditioning equipment are shown at fair value, based on valuations carried-out with sufficient regularity by external independent Valuers, less subsequent amortisation / depreciation. Any accumulated amortisation / depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The remaining property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. Capital work-in-progress is stated at cost. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These are

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

transferred to specific assets as and when assets are available for use. Cost of some items of plant and machinery consists of historical cost and exchange fluctuation effects on foreign currency loans capitalised during prior years. Borrowing costs are also capitalised for the period upto the date of commencement of commercial production of the respective plant and machinery, acquired out of the proceeds of such borrowings. Historical cost includes expenditure that is directly attributable to the acquisition of items.

The revaluation is measured on individual asset; if an asset's carrying amount is increased as a result of revaluation, the surplus is recognised in statement of other comprehensive income and accumulated in equity under the heading of revaluation surplus on property, plant and equipment. However, the surplus is recognised in statement of profit or loss to the extent that it reverses revaluation decrease of the same asset previously recognised in statement of profit or loss. If an asset's carrying amount is decreased as a result of revaluation, the deficit on revaluation of asset is recognised in statement of profit or loss. However, the decrease is recognised in statement of other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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

Depreciation on operating fixed assets, except leasehold land, is charged to income applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in note 18.1. Leasehold land is amortised over the lease term using the straight-line method. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant.

Depreciation on additions to operating fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

Gain / loss on disposal of property, plant and equipment, if any, is taken to statement of profit or loss.

## 3.11 Right-of-use assets

Right-of-use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use assets are depreciated over the lease term on the expected pattern of consumption of future economic benefits. The carrying amount of the right-of-use asset is reduced by impairment losses, if any. At transition, the Company recognised right of use assets equal to the present value of lease payments.

## 3.12 Intangible assets - computer software

Computer software is stated at cost less accumulated amortisation. Software cost is only capitalised when it is probable that future economic benefits attributable to the software will flow to the Company and the same is amortised applying the straight-line method at the rate stated in note 19.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 3.13 Financial assets

### Initial measurement

The Company classifies its financial assets in the following three measurement categories:

- fair value through other comprehensive income (FVTOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

### Subsequent Measurement

- ***Equity Instruments at FVTOCI***

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss. Other net gains and losses are recognized in statement of other comprehensive income and are never reclassified to the statement of profit or loss.

- ***Debt Instruments at FVTOCI***

These assets are subsequently measured at fair value. Interest / mark-up income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in statement of other comprehensive income. On derecognition, gains and losses accumulated in statement of other comprehensive income are reclassified to the statement of profit or loss.

- ***Debt Instruments at FVTPL***

These assets are subsequently measured at fair value. Net gains and losses, including any interest / mark-up or dividend income, are recognized in the statement of profit or loss.

- ***Financial Assets measured at amortised cost***

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / mark-up income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

### Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

## 3.14 Stores, spare parts and loose tools

Stores, spare parts and loose tools are stated at cost. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated upto the reporting date. The Company reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for identified obsolete and slow moving items.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 3.15 Stock-in-trade

Basis of valuation are as follows:

### Particulars

### Mode of valuation

Raw materials:

At mills	- At lower of moving average cost and market value.
In transit	- At cost accumulated to the statement of financial position date.
Work-in-process	- At manufacturing cost.
Finished goods	- At lower of cost and net realisable value.
Waste	- At net realisable value.

- Cost in relation to work-in-process and finished goods consists of prime cost and appropriate production overheads. Prime cost is allocated on the basis of moving average cost.
- Provision for obsolete and slow moving stock-in-trade is determined based on the management's assessment regarding their future usability.
- Net realisable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sale.

## 3.16 Trade debts and other receivables

These are classified at amortized cost and are initially recognised and measured at fair value of consideration receivable. The Company uses simplified approach for measuring the expected credit losses for all trade and other receivables including contract assets based on lifetime expected credit losses. The Company has estimated the credit losses using a provision matrix where trade receivables are grouped based on different customer attributes along with historical, current and forward looking assumptions. Debts considered irrecoverable are written off.

## 3.17 Financial assets 'at fair value through profit or loss'

Financial assets 'at fair value through statement of profit or loss' are marked to market using the closing market rates and are carried on the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to statement of profit or loss in the period in which these arise.

## 3.18 Cash and cash equivalents

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

## 3.19 Impairment loss

The carrying amounts of the Company's assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

estimated and impairment losses or reversals of impairment losses are recognised in the statement of profit or loss. Reversal of impairment loss is restricted to the original cost of the asset.

## 3.20 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 reporting date and adjusted to reflect the current best estimate.

## 3.21 Foreign currency transactions

Transactions in foreign currencies are accounted for in Pak Rupees at the exchange rates prevailing on the date of transactions. Assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates prevailing on reporting date except where forward exchange rates are booked, which are translated at the contracted rates. Exchange differences, if any, are taken to statement of profit or loss.

## 3.22 Impairment

### (a) Financial assets

The Company assesses on a forward looking basis for the expected credit loss (ECL) associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Further, the Company followed simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade and other receivables. Management used actual credit loss experience over past years for calculation of ECL.

For debt instruments measured as FVOCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

For bank balances, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The expected credit losses are recognized in the statement of profit or loss.

The Company considers a financial asset in default when contractual payments are 30 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## (b) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognized in the statement of profit or loss. Reversal of impairment loss is restricted to the original cost of the asset.

### 3.23 Off-setting of financial assets and liabilities

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

### 3.24 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

#### Sale of goods

- revenue from local sale of goods is recognized at the point of time when the customer obtains control of the goods, which is generally at the time of delivery / dispatch of goods to customers;
- revenue from the export sale of goods is recognized at the point in time when the customer obtains control over the goods dependent on the relevant incoterms of shipment. Generally it is on the date of bill of lading or at the time of delivery of goods to the destination port;

#### Other sources of revenue

- dividend income from investments is recognized when the Company's right to receive dividend is established; and
- return on bank deposits / interest income is recognized using applicable effective interest rate. Income is accrued as and when the right to receive the income is established.

### 3.25 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information about the Company's products, as required by the approved accounting standards, is presented in note 49 to these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2023	2022		2023	2022
--- No. of shares ---			--- Rupees in '000 ---	
17,312,468	17,312,468	ordinary shares of Rs.10 each issued for cash	173,125	173,125
9,100,412	9,100,412	ordinary shares of Rs.10 each issued as fully paid bonus shares	91,004	91,004
<u>26,412,880</u>	<u>26,412,880</u>		<u>264,129</u>	<u>264,129</u>

**4.1** Saif Holdings Limited held 13,097,000 shares of the Company as at June 30, 2023 and 2022.

**4.2** Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding of a shareholder.

## 5. RESERVES

	Note	2023	2022
		---- Rupees in '000 ----	
Capital - share premium account	5.1	115,981	115,981
Revenue - general reserve	5.2	150,000	150,000
Unrealized loss on financial assets at fair value through other comprehensive income		(114)	(125)
		<u>265,867</u>	<u>265,856</u>

### 5.1 Share premium account

Premium received on:

3,820,780 shares @ Rs.7 per share issued during the year 1992

26,745 26,745

2,303,569 shares @ Rs.5 per share issued during the year 1996

11,518 11,518

562,019 shares @ Rs.5 per share allotted during the year 1997

2,810 2,810

7,500,000 shares @ Rs.10 per share allotted during the year 2007

75,000 75,000

116,073 116,073

Less: preliminary expenses written-off during the year 1992

92 92

115,981 115,981

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

**5.1.1** This represents excess of consideration received on issue of ordinary shares over face value on ordinary shares issued. This reserve can only be utilised for purposes specified in section 81 of the Companies Act, 2017.

**5.2** This represents reserves funds set aside from unappropriated profit.

## **6. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net**

**6.1** The Company had revalued its leasehold land, buildings on leasehold land, plant & machinery, generators, electric installations and air conditioning equipment during the financial years ended 2006, 2009, 2016, 2018 and 2020. These fixed assets were revalued by independent Valuers on the basis of market value / depreciated market values.

**6.2** The Company as at June 30, 2023, has again revalued its above mentioned fixed assets. The latest revaluation exercise has been carried-out by M/s. MYK Associates (Pvt.) Ltd. (Independent Valuers and Consultants) to replace the carrying amounts of these assets with the market value / depreciated market values. The net appraisal surplus arisen on latest revaluation aggregating Rs.1,920.651 million has been credited to this account to comply with the requirements of International Accounting Standards (IAS-16). The year end balance has been arrived as follows:

		<b>2023</b>	<b>2022</b>
	<b>Note</b>	<b>---- Rupees in '000 ----</b>	
<b>Opening balance</b>		1,270,734	1,330,535
Add: surplus arisen on revaluation carried-out at the year end	6.2	1,920,651	-
Less: related deferred taxation		(556,989)	-
		<u>2,634,396</u>	<u>1,330,535</u>
Less: transferred to unappropriated profit on account of (net of deferred taxation):			
- incremental depreciation for the year		55,562	58,436
- upon sale of revalued assets		-	1,365
<b>Closing balance</b>		<u><u>2,578,834</u></u>	<u><u>1,270,734</u></u>

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

		2023	2022
	Note	---- Rupees in '000 ----	
<b>7. LONG TERM FINANCING - Secured</b>			
<b>United Bank Limited (UBL)</b>			
- demand finance - II	7.1	41,125	61,064
- long term finance facility (LTFF)	7.1	192,392	268,348
<b>The Bank of Punjab (BoP)</b>			
- term finance	7.2	40,500	121,500
<b>Habib Bank Limited (HBL)</b>			
- demand finance - I	7.3	-	39,919
- demand finance - II	7.4	47,904	67,863
- term loan	7.5	15,210	17,035
- long term finance facility (LTFF)	7.6	92,388	139,896
<b>Soneri Bank Limited (SBL)</b>			
- term finance - I	7.7	-	1,005
- term finance - II	7.8	59,258	-
<b>Askari Bank Limited (ABL)</b>			
- diminishing musharakah	7.9	29,129	47,527
<b>Dubai Islamic Bank Pakistan Limited (DIBPL)</b>			
- islamic finance facility - I	7.10	-	26,667
- islamic finance facility - II	7.11	18,850	24,650
- islamic finance facility - III	7.12	63,458	88,671
- diminishing musharakah (ITERF)	7.13	111,398	121,283
<b>The Bank of Khyber (BoK)</b>			
- demand finance	7.14	120,000	180,000
Carried forward		831,612	1,205,428

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

		2023	2022
	Note	---- Rupees in '000 ----	
Brought forward		831,612	1,205,428
<b>JS Bank Limited (JS Bank)</b>			
- demand finance	7.15	72,623	147,623
<b>Sindh Bank Limited (SNDB)</b>			
- demand finance	7.16	-	28,071
<b>First Women Bank Limited (FWBL)</b>			
- demand finance	7.17	165,000	225,000
<b>Bank Alfalah Limited (BAFL)</b>			
- diminishing musharakah	7.18	17,500	26,250
- diminishing musharakah (under refinance scheme for payment of wages and salaries)	7.19	-	116,733
<b>Meezan Bank Limited (MBL)</b>			
- diminishing musharakah	7.20	93,750	100,000
		1,180,485	1,849,105
Less: current portion grouped under current liabilities		568,498	721,041
		611,987	1,128,064

**7.1** The Company, during the year ended June, 30, 2017, obtained a demand finance facility of Rs.500 million from UBL. During the financial year ended June 30, 2018, the bank converted the said facility in demand finance of Rs.100 million and LTFF under SBP scheme of Rs.400 million. The bank against the demand finance facility, disbursed Rs.100 million in five tranches of different amount and Rs.397.385 million under LTFF in twenty four tranches of different amounts. Each tranche under the finance facilities is repayable in 20 equal quarterly instalments commenced from January, 2018. The demand finance facility carries mark-up at the rate of 3-months KIBOR+125 basis points; where as, LTFF carries mark-up at SBP rate of 2%+3% spread. Effective mark-up rates charged, during the current financial year, on demand finance and LTFF ranged from 14.82% to 23.33% and 5% (2022: 8.64% to 14.82% and 5%) per annum respectively. These finance facilities are secured against first joint pari passu hypothecation charge over present and future fixed and current assets of the Company for Rs.667 million.

**7.2** The BOP, as at June 30, 2020, converted a cash finance facility, already utilised by the Company, of Rs.243 million into a term finance facility of same amount. This finance facility is repayable in 6 equal semi-annual instalments commenced from January, 2021. This finance facility carries mark-up at the rate of 6-months KIBOR + 100 basis points; effective mark-up rates charged, during the current financial year, ranged from 14.16% to 17.26% (2022: 8.69% to 9.55%) per annum payable semi-annually. This finance facility is secured against first pari passu charge over present and future fixed assets of the Company for Rs.571 million.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

- 7.3** These finances have been obtained from HBL against a demand finance facility of Rs.290 million. The bank has disbursed the total amount in five tranches of different amounts and each tranche is repayable in 78 equal monthly installments commenced from January, 2016. This finance facility carries mark-up at the rate of 1-month KIBOR+100 basis points; effective mark-up rates charged, during the current financial year, ranged from 15.40% to 22.73% (2022: 8.51% to 15.40%) per annum. This finance facility is secured against joint first pari passu charge over all present and future moveable and immovable fixed and current assets of the Company and a ranking charge for Rs.386.660 million. The Company, during the current year, has fully repaid the said loan.
- 7.4** These finances have been obtained from HBL against a demand finance facility of Rs.100 million. The bank, against the said facility, disbursed Rs.99.626 million in twenty tranches of different amounts. The principal balance is repayable in 20 equal quarterly instalments. This finance facility carries mark-up at the rate of 3-months KIBOR+1%; effective mark-up rates charged, during the current financial year, ranged from 12.29% to 17.87% (2022: 8.42% to 12.29%) per annum. This finance facility is secured against first joint pari passu hypothecation charge of Rs.134 million over all present and future fixed and current assets of the Company.
- 7.5** These finances have been obtained from HBL against a term loan finance facility of Rs.25 million. The Bank, against the said facility, has disbursed Rs.24.336 million. The principal balance is repayable in 40 equal quarterly instalments commenced from September, 2019. This finance facility carries mark-up at the rate of 3-months KIBOR + 1% ; effective mark-up rate charged, during the current financial year ranged from 16.16% to 23.08% (2022: 8.45% to 12.89%) per annum. This finance facility is secured against first joint pari passu hypothecation charge of Rs.34 million over all present and future fixed and current assets of the Company.
- 7.6** These finances have been obtained from HBL against a long term finance facility (LTFF) under SBP scheme of Rs.230 million. The bank, against the said facility, has disbursed Rs.215.433 million in twelve tranches of different amounts. The principal balance is repayable in 20 equal quarterly instalments commenced May, 2021. This finance facility carries mark-up at the rate of SBP rate of 2% +1%; effective mark-up rate charged, during the current financial year, is 3% (2022: 3%) per annum. This finance facility is secured against first joint pari passu hypothecation charge of Rs.307 million over all present and future fixed and current assets of the Company.
- 7.7** These finances have been obtained from SBL against a term finance facility of Rs.100 million. The principal balance of this term finance facility is repayable in 10 equal half-yearly instalments commenced from December, 2016. This finance facility carries mark-up at the rate of 6-months KIBOR+100 basis points; effective mark-up rate charged, during the current financial year, at the rate of 16.64% (2022: at the rate ranged from 8.67% to 16.64%) per annum. This finance facility is secured against joint pari passu charge over current and fixed assets of the Company for Rs.133.334 million. The Company, during the current year, has fully repaid the said loan.
- 7.8** The Company, during the current financial year, arranged a Term Finance facility amounted Rs.70 million from Soneri Bank Limited to finance the purchase of solar power panels under category-II of SBP financing scheme for renewable energy. The bank, against the said facility, disbursed Rs. 65.151 million in a single tranche till reporting date. The principal balance is repayable in 19 equal quarterly instalments commencing January, 2023 and carries profit at the rate of 3 month Kibor +1.5% per annum; effective mark-up rate charged, during the current financial year ranged from 16.79% to 23.57% per annum. This finance facility is secured against joint pari passu charge over current and fixed asset of the Company of Rs. 93.333 million with 25% margin.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

- 7.9** These finances have been obtained from ABL against a diminishing musharaka finance facility of Rs.83 million. The bank against the said facility, has disbursed Rs.73.590 million. The principal balance of this finance facility is repayable in 60 equal monthly instalments commenced October, 2020. This finance facility carries profit at the rate of 3-months KIBOR+200 basis points per annum payable monthly basis; effective profit rates charged, during the current financial year, ranged from 12.36% to 24.05% (2022: 9.39% to 12.36%) per annum. This finance facility is secured against joint pari passu charge on current and fixed assets of the Company for Rs.111 million.
- 7.10** These finances have been obtained from DIBPL against an islamic finance facility of Rs.120 million. The principal balance is repayable in 9 equal half-yearly instalments commenced from April, 2018. This finance facility carries profit at the rate of 6-months KIBOR + 1.50%; effective profit rate charged, during the current financial year, ranged from 15.44% to 17.33% (2022: 9.18% to 15.44%) per annum. This finance facility is secured against first joint pari passu hypothecation charge over all present and future fixed and current assets of the Company for Rs.160 million. The Company, during the current year, has fully repaid the said loan.
- 7.11** These finances have been obtained from DIBPL against an islamic finance facility of Rs.155 million. The principal balance is repayable in 20 equal quarterly instalments commenced December, 2021. This finance facility carries profit at the rate of 3-months KIBOR+1.50%; effective profit rate charged, during the current financial year, ranged from 16.33% to 23.55% (2022: 8.90% to 16.33%) per annum. This finance facility is secured against first joint pari passu hypothecation charge over all present and future fixed and current assets of the Company for Rs.214 million.
- 7.12** These finances have been obtained from DIBPL against an islamic finance facility (under SBP scheme) of Rs.126 million. The principal balance is repayable in 20 equal quarterly instalments commenced from January, 2022. This finance facility carries profit at the rate of SBP rate+3.00%; effective profit rate charged, during the current financial year, was 5% (2022: 5%) per annum. This finance facility is secured against first joint pari passu hypothecation charge over all present and future fixed and current assets of the Company for Rs.214 million.
- 7.13** The Company, during the preceding financial year, obtained a diminishing musharaka (ITERF) facility of Rs.150 million from DIBPL to finance CAPEX of Auto Cones replacement. The principal balance is repayable in 20 equal quarterly instalments commencing November, 2023. This finance facility carries mark-up at SBP rate of 1% + 4% spread (2022: 2% + 4% spread) per annum payable quarterly; effective mark-up rate charged, during the current financial year is 5% (2022: 6%) per annum. This finance facility is secured against first joint pari passu charge of Rs.200 million over present and future current and fixed assets of the Company.
- 7.14** These finances have been obtained from BoK against a demand finance facility of Rs.300 million. The principal balance is repayable in 10 equal quarterly instalments commenced from September, 2019. This finance facility carries mark-up at the rate of 6-months KIBOR + 1.25%; effective mark-up rates charged, during the current financial year, ranged from 16.73% to 18.32% (2022: 8.94% to 12.71%) per annum. This finance facility is secured against first joint pari passu hypothecation charge over all present and future fixed and current assets of the Company for Rs.400 million.
- 7.15** These finances have been obtained from JS bank against a demand finance facility of Rs.300 million. The principal balance is repayable in 16 equal quarterly instalments commenced August, 2019. This finance facility carries mark-up at the rate of 1-months KIBOR + 1.50%;



# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

effective mark-up rates charged, during the current financial year, ranged from 15.81% to 23.21% (2022: 9.01% to 15.81%) per annum. This finance facility is secured against first joint pari passu hypothecation charge of Rs.400 million over all present and future fixed and current assets of the Company.

- 7.16** These finances have been obtained from SNDB against a demand finance facility of Rs.131 million. The principal balance is repayable in 14 equal quarterly instalments commenced from October, 2018. This finance facility carries mark-up at the rate of 3-months KIBOR+2.50%; effective mark-up rates charged, during the current financial year, ranged from 17.82% to 18.22% (2022: 9.55% to 13.69%) per annum. This finance facility is secured against first joint pari passu hypothecation charge of Rs.99.811 million over all present and future fixed and current assets of the Company. The Company, during the current year, has fully repaid the said loan.
- 7.17** These finances have been obtained from FWBL against a demand finance of Rs.300 million. The principal balance is repayable in 20 equal quarterly instalments commenced from April, 2021. This finance facility carries profit at the rate of 3-months KIBOR+1.50%; effective profit rate charged, during the current financial year, ranged from 16.82% to 23.58% (2022: 8.95% to 13.39%) per annum. This finance facility is secured against first joint pari passu hypothecation charge of Rs.400 million over all present and future fixed and current assets of the Company.
- 7.18** The Company has arranged an islamic finance facility from BAFL, amounted Rs.35 million. The principal balance is repayable in 16 equal quarterly instalments commenced September, 2021. This finance facility carries profit at the rate of SBP +2.5%; effective profit rate charged, during the current financial year, ranged from 16.82% to 23.59% (2022: 8.95% to 9.30%) per annum. This finance facility is secured against first joint pari passu hypothecation charge of Rs.46.667 million over all present and future fixed and current assets of the Company.
- 7.19** The Company, during the financial year ended June 30, 2020, arranged a diminishing musharakah facility of Rs.190.628 million from BAFL under the State Bank of Pakistan (SBP) Refinance Scheme for payment of wages and salaries. During the financial year ended June 30, 2021 this limit of facility was enhanced to Rs.381.256 million. According to conditions of the Scheme, the Company after availing this loan will not lay off its workers / employees at least during the three months from the date of first disbursement. The bank, against the said facility, disbursed Rs.371.619 million. This finance facility is repayable in 8 equal quarterly instalments commenced January, 2021 and carries profit at a reduced rate of 2.5% (2022: 2.5%) per annum, payable on quarterly basis. The finance facility is secured against first pari passu charge over present and future fixed assets of the Company for Rs.508 million.

As the above loan was below-market rate of interest, it had been initially measured at its fair value i.e. the present value of the future cash flows discounted at a market-related interest rate. The difference between the fair value of the loan on initial recognition and the amount received had been accounted for as Government grant (refer note 9). The Company, during the current year, has fully repaid the said loan.

- 7.20** The Company, during the preceding financial year, obtained a diminishing musharakah facility of Rs.100 million from MBL to finance construction of godown under ongoing BMR. The principal balance is repayable in 16 equal quarterly instalments commencing January, 2023. This finance facility carries mark-up at the rate of 3 Months KIBOR + 1% per annum payable quarterly; effective mark-up rates charged, during the current financial year ranged from 16.16% to 23.08% (2022: 11.54% to 12.89%) per annum. This finance facility is secured against first joint pari passu charge of Rs.133.33 million over present and future fixed assets of the Company.



# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 8. LEASE LIABILITIES

2023

2022

---- Rupees in '000 ----

Lease liabilities	6,372	20,429
Less: current portion	6,372	11,577
	-	8,852
<b>8.1.1 Movement of lease liabilities after adoption of / under IFRS 16</b>		
Opening balance as at July 01,	20,429	37,799
Reassessment due to mark-up rate adjustment	395	64
Interest charge for the year	2,612	4,012
Payment made during the year	(17,064)	(19,042)
Derecognized on termination of lease contract	-	(2,404)
Closing balance as at June 30,	6,372	20,429
<b>8.1.2 Maturity analysis of undiscounted lease payments need to be made after the reporting period</b>		
Payable less than one year	7,644	13,316
Payable between:		
one to two year	-	10,004
	7,644	23,320

**8.2** The Company has entered into finance lease arrangements with MCB Bank Ltd., Meezan Bank Ltd., Bank Alfalah Ltd and Dubai Islamic Bank Ltd., for lease of vehicles. The liabilities under the lease agreements are payable in quarterly and monthly installments by April, 2024, and are subject to finance cost at the rates ranging from 16.82% to 24.09% (2022: 9.10% to 17.17%) per annum. The Company intends to exercise its option to purchase the leased vehicles upon completion of the respective lease terms. The lease finance facilities are secured against title of the leased vehicles in the name of the banks and post dated cheques of all principal installments.

**8.3** The Company has entered into a lease agreement for its head office building having lease term of three years. The lease payments have been discounted using the Company's incremental borrowing rate of 16.39% (2022: 11.26%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 9. DEFERRED INCOME - GOVERNMENT GRANT

		2023	2022
	Note	---- Rupees in '000 ----	
Government grant against salaries refinance scheme	9.1	-	2,529
Government grant against temporary economic refinance facility	9.2	21,180	28,717
Less: current portion		6,844	9,028
		<u>14,336</u>	<u>22,218</u>

**9.1** This relates to the difference between the fair value and actual proceed of salary refinance loan obtained under SBP's Refinance scheme for payment of salaries. It is being amortised over the period of loan from the date of disbursement with an amount equal to the difference between the finance cost that would have been charged to statement of profit or loss at market rate and the interest paid at SBP's defined rate as per the scheme.

**9.2** This relates to the difference between the fair value and actual proceed of temporary economic refinance facility loan obtained under SBP's refinance scheme. It is being amortised over the period of ten years from the date of loan disbursement with an amount equal to the difference between the finance cost charged that would have been charged to statement of profit or loss at market rate and the interest paid as per the scheme.

**9.3** The Company has adhered to the terms of the grants. During the year, Rs.8,833 thousand (2022: Rs.16,173 thousand) has been recognized in the statement of profit or loss.

## 10. LONG TERM DEPOSITS

These deposits have been received in accordance with the Company's Car Incentive Scheme and against these deposits vehicles have been provided to the employees. These are adjustable after specified periods by transfer of title of vehicles to the respective employees.

## 11. STAFF RETIREMENT BENEFITS - Gratuity

**11.1** The Company's obligation as per the latest actuarial valuation in respect of defined benefit gratuity plan is as follows:

### The movement in the present value of defined benefit obligation is as follows:

	2023	2022
	---- Rupees in '000 ----	
Balance at beginning of the year	251,868	212,613
Current service cost	41,301	39,918
Interest cost	25,991	19,318
Benefits paid	(111,412)	(48,291)
Remeasurement of obligation	22,876	28,310
Balance at end of the year	<u>230,624</u>	<u>251,868</u>

### Expense recognised in statement of profit or loss is as follows:

Current service cost	41,301	39,918
Interest cost	25,991	19,318
Charge for the year	<u>67,292</u>	<u>59,236</u>

### Remeasurement recognised in statement of other comprehensive income

Experience adjustment	<u>22,876</u>	<u>28,310</u>
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# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## Actuarial assumptions used

	2023	2022
Discount rate	15.75%	13.25%
Expected rate of increase in future salaries	13.75%	11.25%
Demographic assumptions		
- Mortality rates (for death in service)	SLIC (2001-05)	SLIC (2001-05)
- retirement age	60 years	60 years

## 11.2 Sensitivity analysis for actuarial assumptions:

The calculation of defined benefit obligation is sensitive to assumptions set-out above. The following table summarizes how defined benefit obligation would have increased / decreased as a result of change in respective assumption by one percent.

	Increase in assumptions	Decrease in assumptions
	--- Rupees in '000' ---	
Discount rate	206,207	259,926
Increase in salaries	260,287	205,401

The sensitivity analysis are based on a change in an assumption while holding all other assumptions constants. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of reporting period) has been applied as when calculating the gratuity liability recognised within the statement of financial position.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

## Expected maturity analysis of undiscounted obligation is as follows:

Time in years	Rupees in 000'
1	26,259
2	20,913
3	24,742
4	28,570
5	28,915
next five years	322,900

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 11.3 Comparison of present value of defined benefit obligation and experience adjustment on obligation for five years is as follows:

	2023	2022	2021	2020	2019
	----- Rupees in '000 -----				
Present value of defined benefit obligation	230,624	251,868	212,613	161,592	135,460
Experience adjustment: loss on obligation	22,876	28,310	24,731	35,051	19,139

11.4 Based on actuary's advice, the expected contribution for the year ending June 30, 2024 to gratuity plan amounts to Rs.84.999 million.

11.5 Gratuity includes liability in respect of key management personnel aggregating to Rs.63.299 million (2022: Rs.16.074 million)

## 12. DEFERRED TAXATION - net

This is composed of the following:

### Taxable temporary difference arising in respect of:

- accelerated tax depreciation allowances
- surplus on revaluation of property, plant and equipment
- lease finances

### Deductible temporary difference arising in respect of:

- unused tax losses
- provision for doubtful deposit for shares
- provision for doubtful debt
- staff retirement benefits - gratuity
- minimum tax

Note

2023

2022

-- Rupees in '000 --

	798,751	757,416
	775,801	417,615
	2,891	3,323
	1,577,443	1,178,354
	732,257	315,755
	2,838	2,774
	25,084	7,159
	65,450	69,864
	108,180	108,180
	933,809	503,732
	643,634	674,622

12.1

### Net deferred tax liability

12.1 Deferred tax asset on minimum tax paid under section 113 of the Income tax Ordinance, 2001, aggregating Rs.554.738 million (2022: Rs.411.622 million) has not been recognised based on the uncertainty of availability of future taxable profits.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 13. TRADE AND OTHER PAYABLES

		2023	2022
	Note	-- Rupees in '000 --	
Creditors		274,521	427,168
Bills payable	13.1	155,540	758,199
Sales tax payable		34,430	38,955
Accrued expenses		266,701	297,694
Loss on remeasurement of foreign currency commitments		18,064	128,225
Security deposits	13.2	3,000	2,000
Workers' (profit) participation fund		-	45,130
Workers' welfare fund		-	14,623
		<u>752,256</u>	<u>1,711,994</u>

**13.1** These are secured against import documents.

**13.2** This represent interest free security deposit received from the Company's transport contractor. The amount received has been utilised for the purpose of the business in accordance with the written agreement with the contractor.

## 14. ACCRUED MARK-UP AND INTEREST

		2023	2022
	Note	-- Rupees in '000 --	
Long term financing		51,777	46,378
Short term financing		273,652	133,588
Loan from an associated company		89,056	-
		<u>414,485</u>	<u>179,966</u>

## 15. SHORT TERM BORROWINGS

Running / cash finances - secured	15.1	5,159,231	5,192,341
Temporary bank overdraft - unsecured		-	5,784
Loan from an associated company	15.2	770,000	-
		<u>5,929,231</u>	<u>5,198,125</u>

**15.1** Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs.6.453 billion (2022: Rs.5.630 billion) and are secured against pledge of stocks, charge on fixed and current assets of the Company and lien over underlying export documents. These finance facilities, during the current financial year, carried mark-up at the rates ranging from 11.55% to 24.98% (2022: 8.10% to 16.89%) per annum and are expiring on various dates by March, 2024. Facilities available for opening letters of credit and guarantee from various commercial banks aggregate Rs.3.970 billion (2022: Rs.3.861 billion) of which the amount remained unutilised at the year-end was Rs.3.164 billion (2022: Rs.1.664 billion). These facilities are secured against lien over import documents and charge on fixed assets of the Company and are expiring on various dates by July, 2025.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

- 15.2** The Company, during the current financial year, has entered into a loan agreement with Saif Holdings Limited ( an Associated Company that holds 49.58% share capital of the Company) to obtain an unsecured loan up to an amount of Rs.770 million for working capital requirements. The loan carry mark-up charged by lender at the rate of average local borrowing cost of lender + 0.1% spread. The effective mark-up rate charged by the lender, during the current financial year, ranged from 16.63% to 22.48% per annum. The loan is repayable by December 31, 2023.

<b>16. CURRENT PORTION OF NON-CURRENT LIABILITIES</b>		<b>2023</b>	<b>2022</b>
	<b>Note</b>	<b>- - Rupees in '000 - -</b>	
Long term financing	7	568,498	721,041
Lease liabilities	8	6,372	11,577
Government grant	9	6,844	9,028
		<u>581,714</u>	<u>741,646</u>

## **17. CONTINGENCIES AND COMMITMENTS**

### **17.1 Contingencies**

- 17.1.1** Guarantees aggregating Rs.311.654 million (2022: Rs.311.654 million) have been issued by banks of the Company to different parties including Government institutions and Sui Northern Gas Pipeline Limited.

- 17.1.2** The Gas Infrastructure Development Cess ("GIDC") was initially imposed as a levy on gas consumers in 2011 vide GIDC Act 2011. The said Act was challenged in Peshawar High Court ("PHC") that declared the levy of GIDC unconstitutional. The Government challenged the PHC's decision in the Supreme Court of Pakistan ("SCP"). The SCP upheld the PHC's decision declaring GIDC a fee and not a tax that could not be introduced through money bill. Soon after the said decision, GIDC Ordinance 2014 was promulgated through which GIDC was again imposed. The Ordinance was also given retrospective effect from 15th December 2011. While the Ordinance was still in the field, the Government sought a review of the SCP's decision which was also dismissed by the SCP.

In May 2015, the government passed the GIDC Act, 2015 whereby GIDC was again imposed on gas consumers. The Company filed the writ petition in the PHC and challenged the validity of the GIDC Act, 2015. The PHC dismissed the writ petition of the Company vide its judgment dated May 31, 2017, and declared the GIDC Act, 2015 to be intra vires the Constitution. The Company preferred an appeal to the SCP against the said judgment of PHC. The SCP vide its detailed judgment dated August 13, 2020 declared the GIDC Act, 2015 as valid and constitutional. The SCP in its said judgment stated that the Cess under GIDC Act, 2015 is applicable only to those consumers of natural gas which on account of their industrial or commercial dealings had passed on GIDC burden to their end customers/ clients. Subsequently, the Company, filed a review petition against the said decision of the SCP for waiver of the full amount of GIDC Cess on the ground that the Company, being spinning unit and producing raw material for weaving sector, has not passed on the burden of GIDC to its customers. The SCP dismissed the afore-mentioned review petition vide its judgment dated November 02, 2020, however, SCP mentioned in its said judgment that the companies claiming any relief under GIDC Act 2015 may approach the right forum. In case of adverse decision the contingent liability, aggregates to the tune of Rs.279.645 million,

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

calculated on the basis of applicable rate for industry from June, 2015 to October, 2018 because from October 2018 the gas tariff is inclusive of all charges including GIDC and therefore GIDC is not applicable afterwards. However, SNGPL has raised demand against GIDC of Rs.850.542 million in their bill.

In February 2021, the Company filed a writ petition No. 872-P/2021 in PHC claiming non-applicability of GIDC Act 2015 and sought relief against the recovery of GIDC Installment Bills. The PHC vide its judgment dated June 15, 2022 dismissed the writ petition on the ground of non-maintainability. Afterward, the Company filed another writ petition No. 2459-P/2022 challenging recovery of GIDC on various grounds. The PHC passed an interim order on July 21, 2022 and thereby restrained SNGPL from cutting off the gas supply and recovering GIDC from the Company.

**17.1.3** The OGRA, while citing the judgment of the Hon'able SC dated May 10, 2019 in civil appeal in number 159-L to 2014-L of 2018 titled Sui Northern Gas Pipelines Ltd, Vs Bulleh Shah Packaging (Pvt.) Ltd., passed the decision that the consumer who are having supply of natural gas for industrial use and having in-house electricity generation facility for self-consumption fall in the category of industrial consumers and are subject to the corresponding tariff. The OGRA also directed SNGPL to adjust the excess amount paid. Excess amount paid by the company is Rs.72.440 million which is expected to be adjusted by the SNGPL in future gas bills. The Company has not accounted for the same amount as receivable in the financial statements.

**17.1.4** The Company has challenged SRO#584(I)/2017 by filing a writ petition dated May 15, 2018 before PHC, challenging the levy of further tax @ 1% on textile goods usable as industrial inputs if supplied to unregistered person under section 3(A) of Sales Tax Act, 1990. The PHC has granted stay against the charging of further tax the Respondents has been asked to submit their comments. The petition before the PHC is pending adjudication. However, in a similar case, Lahore High Court has decided the matter in favour of industry vide its judgement dated December 11, 2018.

**17.1.5** The Finance Act, 2018 amended Section 5A of the Income Tax Ordinance, 2001 and introduced tax on every public company at the rate of 5% of its accounting profit before tax for the year. However, this tax shall not apply in case the Company distribute 20% of the accounting profit through cash dividend within six months of the end of the said year.

The Company filed a Constitutional Petition (CP) no. 6256-P/2019 before the PHC on November 22, 2019 challenging the vires of amended Section 5A of the Income Tax Ordinance, 2001, and PHC accepted the CP and granted stay against the section 5A.

The dividend paid by the Company for the financial year 2019 does not meet the minimum prescribed distribution rate of amended Section 5A of the Income Tax Ordinance, 2001. In case the PHC's decision is not in favor of the Company; the Company will be liable to pay additional tax at the rate of 5% of its profit before tax for the financial year ended June 30, 2019. As at reporting date no charge has been recorded in this respect.



# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 17.2 Commitments

**17.2.1** Commitments against irrevocable letters of credit outstanding at the year-end were for Rs.338.992 million (2022: Rs.593.195 million).

**17.2.2** The Company has entered into Ijarah arrangements for thirty four (June 30, 2022: thirty six) vehicles with Bank Alfalah Limited, Meezan Bank Limited and First Habib Mudaraba. Aggregate commitments for rentals under Ijarah arrangements as at June 30, 2023 are as follows:

		2023	2022
	Note	--- Rupees in '000 ---	
Not later than one year		35,924	30,856
Later than one year but not later than five years		80,231	93,344
		<u>116,155</u>	<u>124,200</u>
<b>18. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	18.1	8,192,688	6,384,015
Right-of-use assets	18.8	16,563	32,407
Capital work-in-progress	18.9	5,041	12,993
Spare machinery parts held for capital expenditure		91,287	84,199
		<u>8,305,579</u>	<u>6,513,614</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 18.1 Operating Fixed assets - tangible

Owned														
Lease hold land	Buildings on leasehold land	Plant & machinery	Generators	Electric installations	Airconditioning equipment	Furniture and fixtures	Office equipment	Telephone installations	Weighting scales	Fire extinguishing equipment	Gas fittings	Vehicles	Leased vehicles	Total

----- Rupees in '000 -----

### COST / REVALUATION

Balance as at July 01, 2021	397,646	1,527,839	5,572,526	854,898	114,986	127,368	26,417	64,336	7,047	3,456	6,462	1,218	51,849	-	8,756,048
Additions during the year	12,394	16,575	283,335	11,985	3,497	2,043	14,410	10,714	1,927	154	247	44	5,039	-	362,364
Transfer from right of use to owned	-	-	-	-	-	-	-	-	-	-	-	-	6,378	-	6,378
Disposals during the year	-	-	(106,323)	-	(1,265)	-	(8)	(323)	(363)	-	-	-	(28,882)	-	(137,164)
Balance as at June 30, 2022	410,040	1,544,414	5,749,538	866,883	117,218	129,411	40,819	74,727	8,611	3,610	6,709	1,262	34,384	-	8,987,626
Balance as at July 01, 2022	410,040	1,544,414	5,749,538	866,883	117,218	129,411	40,819	74,727	8,611	3,610	6,709	1,262	34,384	-	8,987,626
Additions during the year	-	48,936	48,586	101,686	150	709	717	4,114	566	382	-	-	-	-	205,846
Revaluation surplus	604,090	563,274	-	-	4,643	-	-	-	-	-	-	-	-	-	1,172,007
Transfer from right of use to owned	-	-	-	-	-	-	-	-	-	-	-	-	18,786	-	18,786
Disposals during the year	-	-	-	-	-	-	-	(887)	(639)	-	-	-	(42,026)	-	(43,552)
Balance as at June 30, 2023	1,014,130	2,156,624	5,798,124	968,569	122,011	130,120	41,536	77,954	8,538	3,992	6,709	1,262	11,144	-	10,340,713

### DEPRECIATION

Balance as at July 01, 2021	4,332	75,701	1,975,392	159,596	23,905	52,049	15,894	33,252	3,163	2,169	2,613	869	42,924	-	2,391,859
Charge for the year	4,373	72,951	185,112	34,999	4,654	3,800	1,768	3,567	492	137	402	37	1,795	-	314,087
Transfer from right of use to owned	-	-	-	-	-	-	-	-	-	-	-	-	3,130	-	3,130
On disposals during the year	-	-	(83,794)	-	(861)	-	(4)	(113)	(117)	-	-	-	(20,576)	-	(105,465)
Balance as at June 30, 2022	8,705	148,652	2,076,710	194,595	27,698	55,849	17,658	36,706	3,538	2,306	3,015	906	27,273	-	2,603,611
Balance as at July 01, 2022	8,705	148,652	2,076,710	194,595	27,698	55,849	17,658	36,706	3,538	2,306	3,015	906	27,273	-	2,603,611
Charge for the year	4,457	70,351	185,546	36,718	4,480	3,707	2,372	4,080	516	161	369	36	1,265	-	314,058
Elimination against revaluation surplus	(13,162)	(219,003)	(355,380)	(96,508)	(32,178)	(32,413)	-	-	-	-	-	-	-	-	(748,644)
Transfer from right of use to owned	-	-	-	-	-	-	-	-	-	-	-	-	11,595	-	11,595
On disposals during the year	-	-	-	-	-	-	-	(194)	(105)	-	-	-	(32,296)	-	(32,595)
Balance as at June 30, 2023	-	-	1,906,876	134,805	-	27,143	20,030	40,592	3,949	2,467	3,384	942	7,837	-	2,148,025

### BOOK VALUE AS AT

JUNE 30, 2022	401,335	1,395,762	3,672,828	672,288	89,520	73,562	23,161	38,021	5,073	1,304	3,694	356	7,111	-	6,384,015
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### BOOK VALUE AS AT

JUNE 30, 2023	1,014,130	2,156,624	3,891,248	833,764	122,011	102,977	21,506	37,362	4,589	1,525	3,325	320	3,307	-	8,192,688
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### Depreciation rate (%)

	-	5	5	5	5	5	10	10	10	10	10	10	20	20	20
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# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 18.2 Revaluation surplus on each class of assets, as a result of latest revaluation as detailed in note 6.2, has been determined as follows:

Particulars	Leasehold land	Buildings on leasehold land	Plant and machinery	Generators	Electric Installations	Air Conditioning equipments	Total
	Rupees in '000						
Cost / revaluation as at June 30, 2023	410,040	1,593,349	5,798,124	968,570	117,367	130,120	9,017,570
Accumulated depreciation as at June 30, 2023	13,162	219,003	2,262,256	231,314	32,177	59,556	2,817,468
Book value before revaluation adjustments as at June 30, 2023	396,878	1,374,346	3,535,868	737,256	85,190	70,564	6,200,102
Revalued amounts	1,014,130	2,156,623	3,891,248	833,764	122,011	102,977	8,120,753
Revaluation surplus	617,252	782,277	355,380	96,508	36,821	32,413	1,920,651

## 18.3 Had the operating fixed assets been recognised under the cost model, the carrying amounts of each revalued class of operating fixed assets would have been as follows:

	2023	2022
	--- Rupees in '000 ---	
- leasehold land	115,635	117,113
- buildings on leasehold land	528,967	505,899
- plant & machinery	3,119,105	3,234,130
- generators	634,366	563,982
- electric installations	41,539	43,571
- air-conditioning equipment	48,971	50,834
	<u>4,488,583</u>	<u>4,515,529</u>

## 18.4 Leasehold land of the Company and building thereon represents 402,304 square meters of land located at Industrial Estate, Gadoon Amazai, District Sawabi Khyber Pakhtunkhwa.

## 18.5 Based on the latest revaluation exercise carried-out on June 30, 2023, forced sale value of the Company's revalued assets was Rs.6,655.140 million.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 18.6 Disposal of operating fixed assets

Asset Description	Cost / Revaluation	Accumulated Depreciation	Net Book Value	Sale Proceeds / Insurance claims	Gain / (loss)	Mode of disposal	Particulars of buyer
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----- Rupees in '000 -----

Assets having net book value exceeding Rs.500,000 each  
Vehicles

Toyota Land Cruiser	17,245	16,195	1,050	16,000	14,950	Negotiation	M/s Saif Holdings Ltd. (an associated company)
Toyota Vitz	1,440	848	592	671	79	Company Policy	Mr. Laiq Akber (an employee) Mr. Noman Ahmed
Honda Civic	3,180	1,686	1,494	1,599	105	Company Policy	(ex - Chief Financial Officer)
Honda Civic	2,573	1,752	821	821	-	Company Policy	Mr. Humayun Saifullah Khan (an ex-employee & a relative of director)
Honda Civic	3,342	1,879	1,463	3,500	2,037	Company Policy	Mr. Shahab ud Din Saqib (ex- Technical Director)
Suzuki Cultus	1,432	817	615	649	34	Company Policy	Mr. Waheed Aslam (an employee)
Suzuki Cultus	1,434	819	615	523	(92)	Company Policy	Mr. Asim Shehzad Khan (an employee)
Suzuki Cultus	1,433	829	604	528	(76)	Company Policy	Mr. Taimour Hassan (an employee)
	32,079	24,825	7,254	24,291	17,037		

Various assets having net book value upto Rs.500,000 each  
2023

	11,473	7,770	3,703	3,566	(137)	Negotiation	Various parties
	43,552	32,595	10,957	27,857	16,900		
2022	137,164	105,466	31,698	53,915	22,217		

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 18.7 Depreciation for the year has been apportioned as under:

	2023	2022
	-- Rupees in '000 --	
Cost of sales	305,825	306,465
Administrative expenses	8,233	7,622
	<u>314,058</u>	<u>314,087</u>

## 18.8 Right-of-use assets

	2023			2022		
	Vehicles	Buildings	Total	Vehicles	Buildings	Total
	----- Rupees in '000 -----					
<b>Cost</b>						
Opening balance	58,601	17,477	76,078	69,325	17,414	86,739
Reassessment due to mark-up rate change	-	395	395	-	63	63
Transferred to own assets	(18,786)	-	(18,786)	(6,378)	-	(6,378)
Derecognized during the year	-	-	-	(4,346)	-	(4,346)
	<u>39,815</u>	<u>17,872</u>	<u>57,687</u>	<u>58,601</u>	<u>17,477</u>	<u>76,078</u>
<b>Accumulated depreciation</b>						
Opening balance	36,878	6,793	43,671	36,048	1,451	37,499
Deprecation for the year	3,470	5,578	9,048	6,316	5,342	11,658
Transferred to own assets	(11,595)	-	(11,595)	(3,130)	-	(3,130)
On derecognized during the year	-	-	-	(2,356)	-	(2,356)
	<u>28,753</u>	<u>12,371</u>	<u>41,124</u>	<u>36,878</u>	<u>6,793</u>	<u>43,671</u>
<b>Net book value at end of the year</b>	<u>11,062</u>	<u>5,501</u>	<u>16,563</u>	<u>21,723</u>	<u>10,684</u>	<u>32,407</u>
Depreciation rate (%)	20	33.33		20	33.33	

Depreciation expense relating to right of use asset - vehicles and buildings has been charged to administrative expenses

## 18.9 Capital work-in-progress

	Note	2023	2022
		-- Rupees in '000 --	
Advance payments			
- factory buildings		2,240	7,225
- plant and machinery		2,801	5,768
		<u>5,041</u>	<u>12,993</u>

## 19. INTANGIBLE ASSETS - Computer software

### Cost at beginning of the year

Less: amortisation:

- at beginning of the year
- charge for the year
- at end of the year

### Book value as at June 30,

19.1

### Amortisation rate

	2023	2022
	19,265	19,265
	19,265	17,561
	-	1,704
	19,265	19,265
	-	-
	20%	20%

## 19.1 Computer software has been fully amortised during the preceding financial year. However, these intangible assets are still in use of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 20. LONG TERM INVESTMENT - at FVTOCI

### Debt Instruments

Habib Bank Limited - term finance certificates (TFCs)

25 TFCs of Rs.100,000 each

Note

20.1

Adjustment arising from re-measurement  
to fair value

2023

2022

--- Rupees in '000 ---

2,500

2,500

(117)

(125)

2,383

2,375

Soneri Bank Limited - term finance certificates (TFCs)

25 TFCs of Rs.100,000 each

20.2

Adjustment arising from re-measurement  
to fair value

2,500

-

3

-

2,503

-

### Equity securities - un-quoted

Naymat Collateral Management Company Ltd.

1,000,000 ordinary shares of Rs.10 each

10,000

10,000

14,886

12,375

**20.1** These carry profit at the rate of 3 months KIBOR + 1.60%. Effective profit rates charged, during the current financial year, ranged from 16.92% to 23.68% (2022: 9.05% to 16.39%) per annum.

**20.2** These carry profit at the rate of 6 months KIBOR + 1.70%. Effective profit rates charged, during the current financial year, ranged from 18.76% to 23.83% per annum.

## 21. LONG TERM LOANS - Considered good

Loans and advances to employees

Note

21.1

Less: amounts due within twelve months and  
shown under current assets

2023

2022

--- Rupees in '000 ---

25,254

24,561

1,934

3,842

23,320

20,719

**21.1** These loans are interest free and have been advanced for construction of house, employees' children educational expenses and for other purposes. These are recoverable in monthly instalments and are adjustable against the gratuity balances of the employees at the end of respective employment terms.

## 22. STORES, SPARE PARTS AND LOOSE TOOLS

Stores including in-transit inventory

valuing Rs. Nil (2022: Rs.24.368 million)

Spare parts

Loose tools

2023

2022

--- Rupees in '000 ---

223,273

219,459

153,699

86,696

1,179

2,294

378,151

308,449

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 23. STOCK-IN-TRADE

	Note	2023 -- Rupees in '000 --	2022
Raw materials:			
- at mills		1,238,687	1,114,183
- in transit	23.2	217,031	1,114,528
		1,455,718	2,228,711
Work-in-process		426,686	303,109
Finished goods		911,443	1,438,236
		2,793,847	3,970,056

**23.1** Stock-in-trade include inventories valuing Rs.1,671.575 million (2022: Rs.2,448.828 million) which are pledged with commercial banks as security for short term borrowings (note 15).

**23.2** Raw materials include items costing Rs.1,407.215 million (2022: Rs.759.435 million) which have been stated at their net realizable value aggregated Rs.1,195.244 million (2022: Rs.679.680 million). The amount charged to cost of sales in respect of stocks written down to their realizable value is Rs.211.971 million (2022: 79.755 million).

## 24. TRADE DEBTS

	Note	2023 --- Rupees in '000 ---	2022
<b>Unsecured - local</b>		1,501,406	2,469,696
<b>Secured</b>			
- export		69,802	75,367
- local		43,808	21,843
		113,610	97,210
Less: allowance for expected credit loss	24.1	(88,389)	(25,809)
		1,526,627	2,541,097

### 24.1 Provision for impairment

Balance at beginning of the year	25,809	26,432
Charge for the year	76,203	33,000
Written-off during the year	13,623	33,623
Balance at end of the year	88,389	25,809

## 25. LOANS AND ADVANCES - Considered good

Current portion of long term loans to employees	1,934	3,842
Advances to:		
- employees	5,979	9,361
- suppliers	54,745	86,715
	62,658	99,918



# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

26. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS	Note	2023 -- Rupees in '000 --	2022
Prepayments	26.1	<u>8,053</u>	<u>5,920</u>

**26.1** These prepayments have been made against different day to day expenses.

27. OTHER RECEIVABLES	Note	2023 -- Rupees in '000 --	2022
Due from related party	27.1	25,257	46,027
Receivable from Sui Northern Gas Pipelines Ltd.	27.2	23,331	23,331
Advances against letters of credit		586	1,142
Mark-up subsidy	27.3	25,680	25,680
		<u>74,854</u>	<u>96,180</u>

**27.1** This balance has arisen in the normal course of business and is due from the Mediterranean Textile Company (S.A.E.), Egypt (a related party).

**27.1.1** The maximum outstanding balance due from the related parties at the end of any month during the year was as follows:

	2023 --- Rupees in '000 ---	2022
- Mediterranean Textile Company (S.A.E.), Egypt	<u>25,257</u>	<u>46,027</u>

**27.2** This represents excessive gas bills paid, during the financial year ended June 30, 2010 and 2015, under protest against which the Company has filed a complaint with the Oil & Gas Regulatory Authority, Islamabad. Presently, the Company's case is pending with the Regional Detection & Evaluation Committee of Sui Northern Gas Pipelines Ltd. for final decision.

**27.3** These represent mark-up subsidy claims booked under the Government's "Technology Up-gradation Support Order 2010". These claims have been duly verified by the banks of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

28. INVESTMENTS		2023	2022
(at fair value through statement of profit or loss)	Note	--- Rupees in '000 ---	
<b>Equity securities - quoted</b>			
National Bank of Pakistan			
Nil (2022: 105,000) ordinary shares of Rs.10 each		-	3,840
Pakistan Petroleum Ltd.			
Nil (2022: 1,000) ordinary shares of Rs.10 each		-	87
		-	3,927
Adjustment on remeasurement to fair value - net		-	925
		-	3,002
<b>29. DEPOSIT FOR SHARES</b>			
Security Electric Power Company Ltd. - SEPCL			
(an Ex - Associated Company)	29.1	10,000	10,000
Less: provision for doubtful deposit for shares	29.2	10,000	10,000
		-	-

**29.1** The Company had deposited Rs.5 million during the financial year ended September 30, 1994 and Rs.5 million during the financial year ended September 30, 1998 with SEPCL for purchase of shares. Shares against these deposits, however, have not been issued so far.

**29.2** Full provision against these doubtful deposits was made as the management was of the view that SEPCL had abandoned the project due to IPP crisis and SEPCL utilised this amount in payment of penalty imposed by the Private Power Infrastructure Board (Ministry of Water and Power). The Company had filed a complaint before the Wafaqi Muhtasib for recovery of the said deposit along with penalty. As remote chances of recovery existed, full provision for doubtful deposits for shares was made in the books of account during the financial year ended September 30, 2000.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 30. TAXATION - net

		2023	2022
	Note	--- Rupees in '000 ---	
<b>Balance of advance tax</b>			
<b>at beginning of the year</b>		219,432	322,703
Add: income tax deducted / paid during the year		134,886	185,924
		354,318	508,627
Less: provision made for			
- current year	30.2	145,877	268,442
- prior year		(7,925)	472
		137,952	268,914
Less: refunds received during the year		-	20,281
<b>Balance of advance tax at end of the year</b>		216,366	219,432

**30.1** Income tax assessments of the Company have been finalized by the Income Tax Department or deemed to be assessed under section 120 of the Ordinance upto the tax year 2022.

**30.2** No numeric tax rate reconciliation has been given in these financial statements as provisions made for the current financial year represents tax payable under sections 113 (minimum tax) and 154 (tax on export proceeds) of the Ordinance.

## 31. TAXES REFUNDS DUE FROM GOVERNMENT

		2023	2022
	Note	--- Rupees in '000 ---	
Minimum tax paid under protest	31.1	5,034	5,034

**31.1** The Company had made payments aggregating Rs.12.736 million till September 30, 2003 under protest; however, Rs.3.000 million were adjusted against the completed assessment during the financial year ended September 30, 2004. The Company, during the financial year ended June 30, 2008, had received refund of Rs.4.702 million.

## 32. CASH AND BANK BALANCES

		2023	2022
	Note	--- Rupees in '000 ---	
Cash-in-hand		864	-
Cash at banks on:			
- current accounts	32.1	14,840	42,582
- saving accounts		491	499
		16,195	43,081

**32.1** These include foreign currency balances of U.S.\$ 956.33 (2022: U.S.\$ 956.33).

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 33. SALES - Net

2023 2022  
--- Rupees in '000 ---

### Own manufactured goods:

#### Local

- yarn	12,200,197	13,662,235
- waste	120,921	97,544
- surgical cotton	73,994	49,528

12,395,112	13,809,307
------------	------------

#### Export

- yarn	41,428	194,023
- surgical cotton	208,577	284,668
	250,005	478,691

### Trading activities:

#### Local

- yarn	-	5,653
- raw materials	998,992	357,834
	998,992	363,487

#### Export

- yarn	-	72,802
--------	---	--------

13,644,109	14,724,287
------------	------------

#### Less: sales tax

1,951,697	2,059,268
11,692,412	12,665,019

- 33.1** All the contracts with the customers were under one performance obligation and the revenue has been recognised at the point in time when the goods have been transferred to the customers.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 34. COST OF SALES

		2023	2022
	Note	--- Rupees in '000 ---	
Raw materials consumed	34.1	7,983,684	7,680,968
Salaries, wages and benefits	34.2	824,073	1,154,218
Packing materials consumed		192,116	217,600
Dyes and chemical consumed		216,056	244,771
Power and fuel		852,080	1,023,970
Repair and maintenance		235,396	196,580
Depreciation	18.7	305,825	306,465
Insurance		36,041	25,841
Rent		6,587	7,402
Vehicles' running and maintenance		22,501	15,333
Travelling and conveyance		7,653	6,603
Textile cess		107	100
Others		17,235	17,256
		10,699,354	10,897,107
Adjustment of work-in-process			
Opening		303,109	232,576
Closing		(426,686)	(303,109)
		(123,577)	(70,533)
Cost of goods manufactured		10,575,777	10,826,574
Adjustment of finished goods			
Opening stock		1,438,236	744,626
Purchases		127,425	171,126
Closing stock		(911,443)	(1,438,236)
		654,218	(522,484)
		11,229,995	10,304,090
<b>34.1 Raw materials consumed</b>			
Opening stock		2,228,712	1,331,542
Purchases (for manufacturing)		6,203,889	8,291,633
Cost of raw materials sold		1,006,184	285,611
		7,210,073	8,577,244
		9,438,785	9,908,786
Less: closing stock		1,455,718	2,228,711
		7,983,067	7,680,075
Add: cotton cess		617	893
		7,983,684	7,680,968

**34.2** These include Rs.39.252 million (2022: Rs.34.552 million) in respect of staff retirement benefits - gratuity.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 35. DISTRIBUTION COST

	Note	2023 --- Rupees in '000 ---	2022
Staff salaries and benefits	35.1	28,158	27,727
Travelling		5,961	3,474
Vehicles' running and maintenance		4,452	4,330
Communication		362	314
Loading and unloading		26,714	32,201
Freight on local yarn sales		64,151	35,840
Freight on export yarn sales		15,518	73,467
Export expenses		624	1,361
Insurance		1,057	540
Commission on sales		34,947	56,786
Quality claims on sale supplies		8,000	20,000
		<u>189,944</u>	<u>256,040</u>

**35.1** These include Rs.8.977 million (2022: Rs.7.901 million) in respect of staff retirement benefits - gratuity.

## 36. ADMINISTRATIVE EXPENSES

	Note	2023 --- Rupees in '000 ---	2022
Directors' meeting fee		690	600
Salaries and benefits	36.1	184,123	191,467
Travelling and conveyance		4,564	3,760
Rent, rates and taxes		7,616	9,667
Ijarah rentals		43,425	21,390
Entertainment		4,750	3,852
Communication		3,538	5,478
Printing and stationery		3,706	2,272
Electricity, gas and water		4,994	3,985
Insurance		5,220	3,750
Repair and maintenance		8,331	4,928
Vehicles' running and maintenance		24,036	19,156
Advertisement		114	109
Fees and subscription		21,686	20,615
Newspapers and periodicals		153	414
Depreciation related to operating fixed assets	18.7	8,233	7,622
Depreciation related to right of use assets	18.8	9,048	11,658
Amortisation	19	-	1,704
Auditors' remuneration	36.2	2,351	2,393
Legal and professional (other than Auditors)		2,282	2,713
Others		612	158
		<u>339,472</u>	<u>317,691</u>

**36.1** These include Rs.19.063 million (2022: Rs.16.781 million) in respect of staff retirement benefits - gratuity.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 36.2 Auditors' remuneration

	2023	2022
	--- Rupees in '000 ---	
Statutory audit		
- current year	1,700	1,700
- prior year	110	364
Half yearly review	168	168
Consultancy and certification charges	358	136
Out-of-pocket expenses	15	25
	<u>2,351</u>	<u>2,393</u>

**36.3** The Company, during the current financial year, has shared administrative expenses aggregating Rs.7.484 million (2022: Rs.7.805 million) with Kohat Textile Mills Ltd. a related party on account of proportionate expenses of the combined offices at Karachi and Lahore. These expenses have been booked in the respective heads of account.

## 37. OTHER INCOME

	Note	2023	2022
		--- Rupees in '000 ---	
Sale of scrap - net of sales tax of Rs.5,563 thousand (2022: Rs.6,133 thousand)		27,758	30,692
Profit on bank deposits		29	49
Profit on term finance certificates		690	275
Amortisation of government grant		8,833	16,173
Dividend income		-	2
Gain on sale of short term investments	28	75	-
Gain on sale of operating fixed assets	18.6	16,900	22,217
Gain on derecognition of right to use assets		-	2,713
Payable balances written-back		70,836	-
Reversal of provisions of workers' welfare fund and quality claims		23,435	-
		<u>148,556</u>	<u>72,121</u>

## 38. OTHER EXPENSES

		2023	2022
Donations	38.1	7,590	7,692
Loss on remeasurement of short term investments to fair value	28	376	925
Loss on redemption of short term investments		-	99
Loss on remeasurement of foreign currency commitments		18,064	128,225
Workers' (profit) participation fund		-	45,130
Provision for impairment of trade debts - net	24.1	76,203	33,000
Container detention and demurrage charges		59,752	-
		<u>161,985</u>	<u>215,071</u>



# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

- 38.1** These include Rs.6 million (2022: Rs.6 million) and Rs.1.440 million (2022: Rs.1.332 million) donated to Akbar Kare (a section 42 Company) and Wadaan Foundation for Sustainable Development (Technical and training institute) respectively. Following directors of the company are directors in both the Companies.

Akbar Kare	Wadaan Foundation for Sustainable Development
- Ms. Hoor Yousafzai	- Mr. Osman Saifullah Khan
- Mr. Rana Muhammad Shafi	- Mr. Rana Muhammad Shafi

## **39. FINANCE COST - net**

	<b>2023</b>	<b>2022</b>
	<b>--- Rupees in '000 ---</b>	
Mark-up on long term financing	201,881	190,959
Mark-up on short term borrowings	1,084,747	514,911
Mark-up on loan from an associated company	89,057	-
Lease finance charges	2,612	4,011
Interest on workers' (profit) participation fund	2,318	1,205
Local bills discounting charges	77,169	48,153
Bank and other charges	39,450	32,891
	<b>1,497,234</b>	<b>792,130</b>

## **40. EXCHANGE FLUCTUATION GAIN - net**

Exchange fluctuation gain on foreign debtors	268	5,046
--	-----	-------

## **41. TAXATION**

Current		
- for the year	145,877	268,442
- for prior year	(7,925)	472
	<b>137,952</b>	<b>268,914</b>
Deferred	(581,485)	306,173
	<b>(443,533)</b>	<b>575,087</b>

## **42. BASIC LOSS / EARNINGS PER SHARE**

### **42.1 (Loss) / earning per share**

(Loss) / profit after taxation attributable to ordinary shareholders	(1,133,861)	282,077
--	-------------	---------

**---- No. of shares ----**

Weighted average number of ordinary shares outstanding during the year	26,412,880	26,412,880
--	------------	------------

**----- Rupees -----**

(Loss) / earnings per share	(42.93)	10.68
-----------------------------	---------	-------

### **42.2 Diluted**

A diluted (loss) / earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2023 and June 30, 2022 which would have any effect on the (loss) / earnings per share if the option to convert is exercised.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 43. CASH FLOW FROM OPERATING ACTIVITIES

	2023	2022
	--- Rupees in '000 ---	
(Loss) / profit for the year - before taxation	(1,577,394)	857,164
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	323,106	327,449
Staff retirement benefits - gratuity (net)	(44,120)	10,945
Gain on sale of operating fixed assets - net	(16,900)	(22,217)
Gain on derecognition of right to use assets	-	(2,713)
Finance cost	1,457,784	759,239
Exchange fluctuation gain on foreign debtors - net	(268)	(5,046)
Loss on remeasurement of short term investments to fair value - net	376	925
Loss on redemption of short term investments to fair value - net	-	99
Gain on sale of short term investments	(75)	-
<b>Profit before working capital changes</b>	<b>142,509</b>	<b>1,925,845</b>
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(69,702)	(8,515)
Stock-in-trade	1,176,209	(1,661,312)
Trade debts	1,014,738	(260,436)
Loans and advances	37,260	(21,719)
Trade deposits and short term prepayments	(2,133)	(1,586)
Other receivables	21,326	(45,626)
(Decrease) / increase in current liabilities:		
Trade and other payables	(959,738)	778,480
Contract liabilities	108,940	-
	<b>1,326,900</b>	<b>(1,220,714)</b>
<b>Cash generated from operating activities</b>	<b>1,469,409</b>	<b>705,131</b>
Income tax paid	(134,886)	(165,643)
Long term loans	(2,601)	(1,290)
Long term deposits	(2,769)	(8,567)
Long term deposits from employees	6,197	5,113
<b>Net cash generated form operating activities</b>	<b>1,335,350</b>	<b>534,744</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### 44.1 Financial Risk Factors

The Company has exposure to the following risks from its use of financial instruments:

- market risk
- credit risk; and
- liquidity risk.

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

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out by a treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as currency risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of excess liquidity.

### 44.2 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

#### (a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company is exposed to currency risk on financing, import of raw materials, plant & machinery, stores & spares, foreign debtors and claims receivables denominated in U.S. Dollar and Euro. The Company's exposure to foreign currency risk for U.S. Dollar and Euro are as follows:

	2023		
	Rupees	U.S. \$	Euros
	----- Rupees in '000 -----		
Bills payable	155,540	542	-
	155,540	542	-
Trade debts	(69,802)	(244)	-
Due from related parties	(25,257)	(88)	-
Bank balances	(287)	(1)	-
<b>Gross reporting date exposure</b>	60,194	209	-
Outstanding letters of credit	338,992	1,181	-
<b>Net exposure</b>	399,186	1,390	-

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

	2022		
	Rupees	U.S. \$	Euros
	----- Rupees in '000 -----		
Bills payable	758,199	3,662	18
	758,199	3,662	18
Trade debts	(75,367)	(367)	-
Due from related parties	(46,027)	(224)	-
Bank balances	(203)	(1)	-
Gross reporting date exposure	636,602	3,070	18
Outstanding letters of credit	593,195	2,756	11
Net exposure	1,229,797	5,826	29

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2023	2022	2023	2022
U.S. Dollar to Rupee	241.41	185.36	287.1 / 286.6	206 / 205.5
Euro to Rupee	0.00	212.45	0.00	215.75 / 215.23

At June 30, 2023, if Rupee had strengthened by 10% against U.S.\$ and Euro with all other variables held constant, loss after taxation for the year would have been lower / higher by the amount shown below mainly as a result of foreign exchange gains on translation of foreign currency financial liabilities and foreign exchange loss on translation of foreign currency financial assets.

	2023	2022
<b>Effect on profit for the year</b>	<b>--- Rupees in '000 ---</b>	
U.S.\$ to Rupee	6,003	63,242
Euro to Rupee	-	(387)

The weakening of Rupee against U.S. Dollar and Euro would have had an equal but opposite impact on loss after taxation.

The sensitivity analysis prepared is not necessarily indicative of the effects on loss for the year and assets / liabilities of the Company.

## (b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

	2023	2022	2023	2022
	Effective rate		Carrying amount	
Financial liabilities	%	%	---	---
Variable rate instruments			in '000	
Long term financing	3.00 to 24.05	3.00 to 16.33	1,180,485	1,849,105
Lease liabilities	16.39 to 24.09	9.10 to 17.17	6,372	20,429
Short term borrowings	11.55 to 24.98	8.10 to 16.89	5,929,231	5,198,125

## Fair value sensitivity analysis for fixed rate instruments

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

## Cash flow sensitivity analysis for variable rate instruments

At June 30, 2023, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rs.71.161 million (2022: Rs.70.963 million) higher / lower, mainly as a result of higher / lower interest expense on variable rate financial liabilities.

### (c) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market.

The Company is exposed to equity securities price risk because of its investments classified as fair value through profit or loss. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the board of directors.

A 10% increase / decrease in market value of equity investments, loss before taxation for the year would have been lower / higher by Rs. Nil (2022: Rs.300 thousand).

### 44.3 Credit risk exposure and concentration of credit risk

Credit risk represents the risk of a loss to the Company if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

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 abilities 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.

Credit risk primarily arises from long term deposits, trade debts, investments and balances with banks. To manage exposure to credit risk in respect of trade debts, management

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 30 days to reduce the credit risk. Credit risk on bank balances is limited as the counter parties are banks with reasonably high crediting ratings.

## Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2023 along with comparative is tabulated below:

	2023	2022
	--- Rupees in '000 ---	
Long term investments	14,886	12,375
Long term deposits	35,241	32,472
Trade debts	1,615,016	2,566,906
Other receivables	74,854	96,180
Investments	-	3,002
Bank balances	16,195	43,081
	<u>1,756,192</u>	<u>2,754,016</u>
Trade debts exposure by geographic region is as follows:		
Domestic	1,545,214	2,491,539
Export	69,802	75,367
	<u>1,615,016</u>	<u>2,566,906</u>

The majority of export debts of the Company are situated in Europe, Asia and America.

The ageing of trade debts at the reporting date is as follows:

	2023	2022
	--- Rupees in '000 ---	
Not yet due	776,921	2,521,008
Past due		
- upto 30 days	408,776	21,620
- more than 30 days	429,319	24,278
	<u>1,615,016</u>	<u>2,566,906</u>

The Company uses simplified approach for measuring the expected credit losses for all trade and other receivables including contract assets based on lifetime expected credit losses. The Company has estimated credit losses using a provision matrix where trade receivables are grouped based on different customer attributes along with historical, current and forward looking assumptions. As at reporting date, the Company's management believes the required impairment allowance in respect of doubtful trade debts has been accounted for, as trade debts aggregating Rs.837.36 million have been realised subsequent to the year-end and for other trade debts there are reasonable grounds to believe that the amounts will be realised in short course of time. Further, major export debts are secured through letters of credit.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

Investments comprise of share-holdings in listed and un-listed securities. The management assesses the credit quality ratings of its holdings and diversifies its portfolio accordingly.

## 44.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach for managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

	2023				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	5 years and above
----- Rupees in '000 -----					
Long term financing	1,180,485	1,441,462	592,685	848,777	-
Lease liabilities	6,372	7,644	7,644	-	-
Trade and other payables	752,256	752,256	752,256	-	-
Accrued mark-up and interest	414,485	414,485	414,485	-	-
Short term borrowings	5,929,231	6,613,647	6,613,647	-	-
Unpaid dividends	477	477	477	-	-
Unclaimed dividends	8,591	8,591	8,591	-	-
	<u>8,291,897</u>	<u>9,238,562</u>	<u>8,389,785</u>	<u>848,777</u>	<u>-</u>

	2022				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	5 years and above
----- Rupees in '000 -----					
Long term financing	1,849,105	2,081,137	826,286	1,252,372	2,479
Lease liabilities	20,429	23,320	13,316	10,004	-
Trade and other payables	1,666,864	1,666,864	1,666,864	-	-
Accrued mark-up and interest	179,966	179,966	179,966	-	-
Short term borrowings	5,198,125	5,437,501	5,437,501	-	-
Unpaid dividends	486	486	486	-	-
Unclaimed dividends	8,597	8,597	8,597	-	-
	<u>8,923,572</u>	<u>9,397,871</u>	<u>8,133,016</u>	<u>1,262,376</u>	<u>2,479</u>



# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest / mark-up rates effective at the respective year-ends. The rates of interest / mark-up have been disclosed in the respective notes to these financial statements.

## 44.5 Fair value measurement of financial instruments

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

### Valuation techniques used to determine fair values

**Level 1:** The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in Level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The Company's financial assets measured at fair value consists of level 1 financial assets amounting to Rs. Nil (2022: Rs.3.002 million), level 2 financial assets amounting to Rs.4.886 million (2022: Rs.2.375 million) and level 3 financial assets amounting to Rs.10 million (2022: Rs.10 million). The carrying values of other financial assets and liabilities reflected in the financial statements approximate their fair values.

Except for the above, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values as at reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 44.6 Financial instruments by category

	Amortised cost	Financial assets at fair value through OCI	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Financial assets at fair value through profit or loss
	2023	2022	2023	2022	
<b>Financial assets as per statement of financial position</b>	<b>----- Rupees in '000 -----</b>				
Long term investments	-	-	14,886	-	12,375
Long term loans	23,320	20,719	-	-	-
Long term deposits	35,241	32,472	-	-	-
Trade debts	1,615,016	2,566,906	-	-	-
Loans and advances	7,913	13,203	-	-	-
Other receivables	74,854	96,180	-	-	-
Short term investments	-	-	-	-	3,002
Bank balances	16,195	43,081	-	-	-
	<u>1,772,539</u>	<u>2,772,561</u>	<u>14,886</u>	<u>-</u>	<u>12,375</u>
					<u>3,002</u>

	<b>Financial liabilities measured at amortised cost</b>	
	<b>2023</b>	<b>2022</b>
<b>Financial liabilities as per statement of financial position</b>	<b>-- Rupees in '000 --</b>	
Long term financing	1,180,485	1,849,105
Lease liabilities	6,372	20,429
Long term deposits	19,351	13,154
Trade and other payables	752,256	1,711,994
Accrued mark-up and interest	414,485	179,966
Short term borrowings	5,929,231	5,198,125
Unpaid dividends	477	486
Unclaimed dividends	8,591	8,597
	<u>8,311,248</u>	<u>8,981,856</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 44.7 Reconciliation of movements of liabilities to cash flows arising from financing activities

	2023				
	Liabilities				
	Long term financing	Lease Liabilities	Short term borrowings	Accrued mark-up and interest	Dividend
	----- Rupees in '000 -----				
Balance as at July 01, 2022	1,849,105	20,429	5,198,125	179,966	9,083
Changes from financing activities					
Finances obtained	65,151	-	-	-	-
Finances repaid	(743,836)	-	731,106	-	-
Transferred to deferred income	10,065	-	-	-	-
Reassessment due to mark-up rate change	-	395	-	-	-
Repayment of finance lease liabilities	-	(17,064)	-	-	-
Finance cost paid	-	-	-	(1,223,265)	-
Dividends paid	-	-	-	-	(15)
Total changes from financing cash flows	1,180,485	3,760	5,929,231	(1,043,299)	9,068
Other changes	-	-	-	-	-
Mark-up / Interest expense	-	2,612	-	1,457,784	-
Balance as at June 30, 2023	1,180,485	6,372	5,929,231	414,485	9,068
	2022				
	Liabilities				
	Long term financing	Lease Liabilities	Short term borrowings	Accrued mark-up and interest	Dividend
	----- Rupees in '000 -----				
Balance as at July 01, 2021	2,431,876	37,799	4,097,397	114,352	9,079
Changes from financing activities					
Finances obtained	251,683	-	-	-	-
Finances repaid	(818,358)	-	1,100,728	-	-
Transferred to deferred income	12,621	-	-	-	-
Reassessment due to mark-up rate change	-	64	-	-	-
Repayment of finance lease liabilities	-	(19,041)	-	-	-
Derecognized on termination of lease contract	-	(2,404)	-	-	-
Finance cost paid	-	-	-	(693,625)	-
Dividends paid	-	-	-	-	4
Total changes from financing cash flows	1,877,822	16,418	5,198,125	(579,273)	9,083
Other changes	-	-	-	-	-
Mark-up / Interest expense	(28,717)	4,011	-	759,239	-
Balance as at June 30, 2022	1,849,105	20,429	5,198,125	179,966	9,083

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 45. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. It is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (long term finances and short term borrowings as shown in the statement of financial position) less cash and bank balances. Total equity includes all capital and reserves of the Company that are managed as capital. Total capital is calculated as equity as shown in the statement of financial position plus net debt.

	2023	2022
	--- Rupees in '000 ---	
Total borrowings	7,122,932	7,076,687
Less: cash and bank balances	16,195	43,081
Net debt	7,106,737	7,033,606
Total equity	4,145,185	3,931,757
Total capital	11,251,922	10,965,363
Gearing ratio	63%	64%

## 46. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the Associated Companies, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of related parties (with whom the Company has transacted) along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

### 46.1 Name and nature of relationship

#### Associated Companies and undertaking (due to common directorship)

Saif Holdings Ltd.

Kohat Textile Mills Ltd.

Mediterranean Textile Company (S.A.E.), Egypt

Akbar Kare

Wadaan Foundation for Sustainable Development

Skyelectric (Pvt.) Limited

#### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the entity. The Company considers its Chief Executive, directors and all team members of its management team to be its key management personnel.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 46.2 Significant transactions with the related parties

	2023	2022
	--- Rupees in '000 ---	
<b>Sales of:</b>		
- raw material	192,801	-
- yarn	-	11,805
- operating fixed asset	16,000	10,000
<b>Purchase of:</b>		
- raw material	3,126	24,637
- operating fixed asset	65,151	5,000
<b>Loan obtained</b>	770,000	-
<b>Markup on loan</b>	89,056	-
<b>Donations</b>	7,440	7,332
<b>Key management personnel</b>		
- remuneration and other employment benefits	35,620	39,745
<b>Others</b> - consultancy charges	10,000	24,000
Sale of fixed asset	1,281	-

## 47. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

	Chief Executive		Executives	
	2023	2022	2023	2022
	----- Rupees in '000 -----			
Meeting fees	75	60	-	-
Managerial remuneration	14,395	14,787	41,630	45,922
House rent and utilities	7,917	8,133	22,897	25,257
Retirement benefits	-	-	2,604	14,233
Medical expenses reimbursed	17	21	2,495	1,834
	22,404	23,001	69,626	87,246
Number of persons	1	1	17	17

**47.1** Meeting fees of Rs.690 thousand (2022: Rs.600 thousand) were also paid to seven (2022: seven) non-executive directors during the year.

**47.2** Chief executive and some of the executives have also been provided with the Company maintained cars and residential telephones.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 48. CAPACITY AND PRODUCTION

### 48.1 Spinning units

		2023	2022
No. of spindles installed		107,760	107,760
Average of spindles shifts installed	Figure in '000	117,997	117,997
Average of spindles shifts worked	Figure in '000	84,512	104,914
No. of days worked		365	365
No. of shifts worked		1,095	1,095
Average count		34.62	33.09
Actual production	Kgs Figure in '000	14,714	18,930

It is difficult to describe precisely the production capacity in textile spinning industry since it fluctuates widely depending on various factors, such as count of yarn spun, spindles speed, twist per inch and raw materials used, etc. It also varies according to the pattern of production adopted in a particular year.

### 48.2 Dyeing

#### Cotton / Fibre Dyeing Unit

		2023	2022
Total number of days worked		365	365
No. of shift worked		1,095	1,095
Installed capacity	Kgs Figure in '000	4,563	4,563
Actual production	Kgs Figure in '000	1,888	3,425

## 49. OPERATING SEGMENT

These financial statements have been prepared on the basis of single reportable segment.

49.1 Yarn sales represent 90% (2022: 95%) of the total sales of the Company.

49.2 98% (2022: 96%) of the Company's sales relate to customers in Pakistan.

49.3 All non-current assets of the Company as at June 30, 2023 are located in Pakistan.

49.4 The Company does not have any customer having sales of ten percent or more during the year ended June 30, 2023 and 2022.

## 50. NUMBER OF EMPLOYEES

	2023	2022
Total number of employees as at June 30,	2,120	2,549
Average number of employees during the year	2,339	2,525

## 51. CORRESPONDING FIGURES

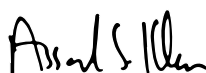
Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison. However no material re-arrangements and re-classifications have been made in these financial statements.

## 52. DATE OF AUTHORISATION

These financial statements were authorised for issue on 05 October 2023 by the Board of Directors of the Company.



**FAHAD TALAL**  
Chief Financial Officer



**ASSAD SAIFULLAH KHAN**  
Director



**SOHAIL HUSSAIN HYDARI**  
Chief Executive Officer





# FORM OF PROXY

I/we.....of.....being a member of  
Saif Textile Mills Limited hereby appoint Mr./Ms.....  
of .....failing whom Mr./Ms.....  
of .....as my proxy to attend act for me, and on my behalf, at the Annual  
General Meeting of the Company to be held on Friday, 27 October, 2023 at 11:00 a.m.  
and any adjournment there of.  
Dated this .....day of .....2023.

Revenue  
Stamp  
Rs..50/-

Specimen Signature of Proxy

Folio No.....

Participant I.D No.....

Sub Account No. ....

Signature of Shareholder

Specimen Signature of Alternate Proxy

Folio No.....

Folio No.....

Participant I.D No.....

Participant I.D No.....

Sub Account No.....

Sub Account No.....

## Note:

- i) If a member is unable to attend the Meeting, he/she may appoint another member as his/her proxy and send this form to Saif Textile Mills Limited, APTMA House, Tehkal Payan, Jamrud Road, Peshawar to reach not less than 48 hours before the time appointed for holding the meeting.
- ii) Attested copies of CNIC or the Passport of the beneficial owners and the Proxy shall be furnished with the Proxy form.
- iii) The Proxy shall produce his original CNIC or original Passport at the time of the meeting.
- iv) In case of 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.

# فارم آف پراسی

مورخه-----بروز-----ماه-----2023

حصہ دار کا دستخط \_\_\_\_\_  
 فولیو نمبر \_\_\_\_\_  
 شرکت کنندہ کی شناختی کارڈ نمبر \_\_\_\_\_  
 ذیلی اکاؤنٹ نمبر \_\_\_\_\_

- (i) اگر کوئی ممبر اجلاس میں حاضر ہونے سے قاصر ہے تو وہ اپنا پراکسی تعینات کرنے کا مجاز ہے اور فارم ہذا کو اجلاس کے انعقاد کے لئے مقررہ وقت سے کم از کم ۴۸ گھنٹے پہلے تک سیف ٹیکسٹائل ملز لمیٹڈ واقع آبپا ہاؤس، تہکال پایاں، جمرود روڈ، پشاور میں جمع کرادے۔
- (ii) مستفید مالکان اور پراکسی کے شناختی کارڈ یا پاسپورٹ کے مصدقہ نقول پراکسی فارم کے ساتھ منسلک ہونا چاہیئے۔
- (iii) اجلاس کے وقت پراکسی کو اپنا اصلی شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا۔
- (iv) کمپنی ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ مختار نامہ بشمول نمونہ دستخط (بشرطیکہ پہلے سے کمپنی کو فراہم نہ کیا گیا ہو) پراکسی فارم کے ساتھ جمع کرنا ہوگا۔

## NOTES

This image shows a single page from a notebook or ledger. It features ten evenly spaced, thin black horizontal lines across its entire width. The background is plain white, and there are no margins, text, or other markings present.



## Saif Textile Mills Limited

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