



**Ideal**Group



**36th**  
**ANNUAL**  
**REPORT**

**2024**

**IDEAL**

**SPINNING MILLS LIMITED**

**CONTENTS****PAGE NO.**

VISION & MISSION	2
COMPANY INFORMATION	3
NOTICE OF MEETING	4-5
CHAIRMAN'S REVIEW	6-7
DIRECTOR'S REPORT	8-23
STATEMENT OF COMPLIANCE	24-27
KEY OPERATING AND FINANCIAL DATA	28
REVIEW REPORT	29
AUDITOR'S REPORT	30-36
STATEMENT OF FINANCIAL POSITION	37
STATEMENT OF PROFIT OR LOSS	38
STATEMENT OF COMPREHENSIVE INCOME	39
STATEMENT OF CHANGES IN EQUITY	40
CASH FLOW STATEMENT	41
NOTES TO THE ACCOUNTS	42-74
GENDER PAY GAP	75
PATTERN OF SHAREHOLDINGS	76
CATEGORIES OF SHAREHOLDING	77
REQUEST FOR E-TRANSMISSION OF ANNUAL REPORT	78
ELECTRONIC CREDIT MANDATE FORM	79
PROXY FORM	80-81



## VISION

*To deliver innovation and quality to our customers by following a progressive and on time approach and further the cause of a sustainable future by promoting an eco friendly approach in all our operations.*

## MISSION

*To be a foremost Company receptive to the needs of our customers, acknowledge for consistently providing fine quality products and services by understanding the customer's behaviour and preparing fully to meet the challenges of global market and to maximize profit by making best efforts in production planning, quality of products and making strategies.*

**COMPANY INFORMATION**

<b>CHAIRMAN:</b>	MR. MOHAMMAD SAEED
<b>CHIEF EXECUTIVE OFFICER:</b>	MR. AMJAD SAEED
<b>DIRECTORS:</b>	MRS. ROBINA AMJAD MR. OMER SAEED MR. AHSAN SAEED MR. KHIZER SAEED MR. MUHAMMAD AZHAR (INDEPENDENT) MR. RIZWAN-UL-HASSAN (INDEPENDENT)
<b>AUDIT COMMITTEE:</b>	
<b>CHAIRMAN</b>	MR. MUHAMMAD AZHAR
<b>MEMBER</b>	MR. MUHAMMAD SAEED
<b>MEMBER</b>	MR. AHSAN SAEED
<b>H.R. &amp; REMUNERATION COMMITTEE:</b>	
<b>CHAIRMAN</b>	MR. MUHAMMAD AZHAR
<b>MEMBER</b>	MR. AHSAN SAEED
<b>MEMBER</b>	MRS. ROBINA AMJAD
<b>NOMINATION COMMITTEE:</b>	
<b>CHAIRMAN</b>	MR. OMER SAEED
<b>MEMBER</b>	MR. AHSAN SAEED
<b>MEMBER</b>	MR. KHIZER SAEED
<b>RISK MANAGEMENT COMMITTEE:</b>	
<b>CHAIRMAN</b>	MR. AHSAN SAEED
<b>MEMBER</b>	MR. OMER SAEED
<b>MEMBER</b>	MR. KHIZER SAEED
<b>CHIEF FINANCIAL OFFICER:</b>	MR. MUHAMMAD KASHIF ZAHUR
<b>COMPANY SECRETARY:</b>	MR. MUHAMMAD NADEEM
<b>SHARE REGISTRAR:</b>	F. D. Registrar Services (Pvt.) Limited  17 <sup>th</sup> Floor, Saima Trade Tower-A, I. I. Chundrigar Road Karachi.
<b>AUDITORS:</b>	M/S RIAZ AHMAD & COMPANY.  CHARTERED ACCOUNTANTS
<b>BANKERS:</b>	BANK AL-FALAH LTD NATIONAL BANK OF PAKISTAN ASKARI BANK LTD BANK AL-HABIB LTD HABIB METROPOLITAN BANK LTD THE BANK OF PUNJAB HABIB BANK LIMITED SAMBA BANK LTD MEEZAN BANK LTD
<b>REGISTERED OFFICE :</b>	ROOM NO 404 & 405, 4 <sup>TH</sup> FLOOR, BUSINESS CENTRE, MUMTAZ HASSAN ROAD, KARACHI. <a href="http://www.idealsm.com">www.idealsm.com</a>
<b>FACTORY:</b>	35-K.M SHEIKHUPURA ROAD, TEHSIL JARANWALA, DISTT. FAISALABAD.



**NOTICE OF 36TH ANNUAL GENERAL MEETING  
IDEAL SPINNING MILLS LIMITED**

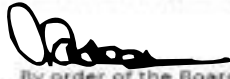
NOTICE IS HEREBY GIVEN that the 36th Annual General Meeting (AGM) of the Shareholders of IDEAL SPINNING MILLS LIMITED will be held at 4045, Business Centre 4th Floor Muntaz Hassan Road Near "SBP" Karachi on Monday October 28, 2024 at 10:15 a.m. to transact the following business:-

The Company has also arranged the participation of shareholders through video facility. The detailed procedure is mentioned later in the notes. Following businesses will be transacted during the meeting:

**ORDINARY BUSINESSES**

1. To confirm Minutes of the Last Annual General Meeting held on Saturday October 28, 2023.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2024, together with the reports of the directors and auditors.
3. To appoint auditors for the ensuing year and fix their remuneration.
4. Any other business with the permission of the Chair.

Karachi:  
September 30, 2024

  
By order of the Board  
**MUHAMMAD NADEEM**  
Company Secretary

**Notes:****I. Online Participation in the Annual General Meeting**

In order to facilitate and for the safety and well-being of the shareholders, the Company in addition to convening a physical meeting, has also arranged the attendance of the share holders virtually through video link facility. The shareholders who are interested in attending the AGM proceedings online may send the below information along with the valid copy of both sides of CNIC with the subject "Registration for Ideal Spinning Mills Limited AGM" at nadeem@idealsm.com for their appointed proxy's verification. Such information should be sent from their duly registered valid email ID for the registration purposes latest by October 19, 2024.

Shareholder's Name	Folio / CDC No.	No. of shares held	CNIC No.	Cell No.	Registered Email ID
--------------------	-----------------	--------------------	----------	----------	---------------------

A detailed procedure shall be communicated through the email directly to the shareholders who have provided their valid email IDs and the same shall be placed at the Company's website: <https://www.idealsm.com> in the investor relations section.

The shareholders can also provide their comments/suggestions for the agenda items of the AGM at the email address nadeem@idealsm.com.

Members are therefore, encouraged to attend the AGM through video link or by consolidating their attendance through proxies.

**II. Closure of Share Transfer Books**

The Share Transfer Books of the Company will remain closed from October 19, 2024 to October 28, 2024 (both days inclusive). No transfer will be accepted for registration during this period. Transfers received at Share Registrar Office M/s F.D Registrar Services (Pvt) Ltd, 17th Floor Saima Trade Tower-A, I.I. Chundrigar Road Karachi 74000 at the close of business on October 18, 2024, will be treated in time to attend and vote at the meeting.

**III. For Attending the Meeting**

In case of individuals, the account holders or sub-account holders and/or the persons whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate their identity by showing original Computerized National Identity Cards (CNIC) or original passport at the time of attending the meeting.

In case of a corporate entity, the Board of Directors' Resolution/Power of Attorney with the specimen signature of the nominee shall be produced (if it has not been provided earlier) at the time of attending the meeting.

**IV. Proxy**

A member entitled to attend and vote at this General Meeting is entitled to appoint a Proxy to attend, speak and vote in his place at the meeting. Instrument appointing a proxy must be deposited at the registered office of the Company at least forty-eight hours before the time of the meeting.

To facilitate identification for the right to attend the Annual General Meeting, the shareholder whose holdings are on the Central Depository Company (CDC) or his Proxy should authenticate his identity by showing his original CNIC or original passport at the time of attending the meeting, along with the Participant's Identity Number and Shareholder's account number allocated by the Central Depository Company.

In case of corporate entity, the Board of Directors' Resolution/Power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

**V. Notice to Shareholders who have not provided their CNIC**

The individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company/Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, M/s F.D Registrar Services (Pvt) Ltd, in case of non-receipt of the copy of a valid CNIC, the Company would be constrained under section 243(3) of the Companies Act, 2017, to withhold dividend (if any) of such shareholders.

**VI. Deposit of Physical Shares in CDC Account.**

As per Section 72 of the Companies Act, 2017, every existing listed company is required to replace its physical shares with book-entry form. Therefore, the shareholders having physical shares requested to convert the shares into book entry.

**VII. Placement of Financial Statements on Website**

Pursuant to the notification of the SECP (SRO 634(I)/2014) dated: 10th July 2014 the financial Statements of the Company have been placed on Company's website at [www.idealsm.com](http://www.idealsm.com)

**VIII. Unclaimed Dividends And Share Certificates:**

Shareholders of the Company are hereby informed that as per the record, there are some unclaimed/ uncollected /unpaid dividends and shares. Shareholders who could not collect their dividends/shares are advised to contact our Share Registrar M/s. FD Registrar Services (Pvt) Ltd 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi during working hours, Ph: 0092-21-32271905 Email: fdregistrar@yahoo.com to collect/enquire about their unclaimed dividend or shares, if any.

**IX. Change of Address**

The Shareholders are requested to intimate any changes in their addresses to the Share Registrar, M/s F.D Registrar Services (Pvt) Ltd.

# آئیڈیل اسپیننگ ملز لمیٹڈ

اطلاع کیا جاتا ہے کہ آئیڈیل اسپیننگ ملز لمیٹڈ کے مندرجہ ذیل ذیلی اداروں کا پختہ ہوا سالانہ اجلاس عام (AGM) بروز جمعہ 28 اکتوبر 2024 کو صبح 10:15 بجے بے 404/5 پرنس سینٹر چیمبرز، منٹول روڈ، لاہور۔ "SBP" کراچی میں منعقد ہونے والے اجلاس کی اطلاع کی جا رہی ہے۔

۱۔ آٹھ ماہ ساکنہ اجلاس عام (AGM) منعقد ہونے پر روز پانچ بجے 28 اکتوبر 2023 کی کارروائی کی توثیق۔

۲۔ 30 جون 2024 کو پیش ہونے والے سالانہ اجلاس عام (AGM) کے اگے سالانہ اجلاس عام کی اطلاع کی جا رہی ہے۔

۳۔ اگلے سال کیلئے آڈیٹرز کی تقرری اور ان کے معاہدے کے بارے میں۔

۴۔ پانچ ماہ کی اجازت سے دیگر امور کی اطلاع دی جا رہی ہے۔



محکم بورڈ  
محمد ندیم  
کمپنی سیکریٹری

کراچی 30 ستمبر 2024ء

**گزارشات:**

- 1۔ سالانہ اجلاس عام میں ان ذیلی اداروں کی شرکت: کمپنی نے مندرجہ ذیل اداروں کی خاطر انہیں سہولت فراہم کرنے کا فیصلہ کرتے ہوئے سالانہ اجلاس عام میں مدعو کیا ہے۔ ان کی حاضری کا اہتمام کیا ہے۔ اجلاس عام (AGM) کی آن لائن کارروائی میں مدعو کیے ہوئے ہوں۔ دو ماہ سے درست کاپی فراہم کرنے کی کارروائی جاری ہے۔ ان کے پاس پاس ورڈ کے ساتھ ساتھ ان کی توثیق کی اجازت ملے گی۔ nadeem@idealsm.com پر سہولت فراہم کی جائے گی۔

حاضریت کے نام	ذیلی ادارہ کی نمائندگی	ملکی حاکمیت کی تعداد	CNIC نمبر	موبائل	رجسٹرڈ ای میل ایڈریس
---------------	------------------------	----------------------	-----------	--------	----------------------

- 2۔ سالانہ اجلاس عام کیلئے بھیجنے والے حاکمیت کی تعداد: سالانہ اجلاس عام کیلئے بھیجنے والے حاکمیت کی تعداد 119 اکتوبر 2024 سے 28 اکتوبر 2024 (شمول دوں ایام) تک ہے۔ اس مدت کے دوران کسی بھی حاکمیت کی رجسٹریشن قبول نہیں کی جائے گی۔ رجسٹرڈ سرورسز (پرائیویٹ) کے ساتھ ساتھ 18 اکتوبر 2024 کو بھیج دینے والے حاکمیت کو اجلاس عام میں شرکت اور ووٹ دینے کی سہولت فراہم کی جائے گی۔
- 3۔ اجلاس عام میں حاضری کیلئے: اجلاس عام میں حاضری کے لئے وارڈ اپنی کاپی کو ساتھ لے کر اجلاس عام میں شرکت کرنے کے لئے اجلاس عام کے قریب پہنچنے کی ضرورت ہے۔ اس وقت کے دوران کسی بھی حاکمیت کی رجسٹریشن قبول نہیں کی جائے گی۔
- 4۔ سالانہ اجلاس عام کیلئے بھیجنے والے حاکمیت کی تعداد: سالانہ اجلاس عام کیلئے بھیجنے والے حاکمیت کی تعداد 119 اکتوبر 2024 سے 28 اکتوبر 2024 (شمول دوں ایام) تک ہے۔ اس مدت کے دوران کسی بھی حاکمیت کی رجسٹریشن قبول نہیں کی جائے گی۔ رجسٹرڈ سرورسز (پرائیویٹ) کے ساتھ ساتھ 18 اکتوبر 2024 کو بھیج دینے والے حاکمیت کو اجلاس عام میں شرکت اور ووٹ دینے کی سہولت فراہم کی جائے گی۔
- 5۔ CNIC فراہم کرنے کے لئے: سالانہ اجلاس عام کیلئے بھیجنے والے حاکمیت کو اجلاس عام میں شرکت کرنے کے لئے سالانہ اجلاس عام میں حاضری کے لئے وارڈ اپنی کاپی کو ساتھ لے کر اجلاس عام کے قریب پہنچنے کی ضرورت ہے۔ اس وقت کے دوران کسی بھی حاکمیت کی رجسٹریشن قبول نہیں کی جائے گی۔
- 6۔ سالانہ اجلاس عام کیلئے بھیجنے والے حاکمیت کی تعداد: سالانہ اجلاس عام کیلئے بھیجنے والے حاکمیت کی تعداد 119 اکتوبر 2024 سے 28 اکتوبر 2024 (شمول دوں ایام) تک ہے۔ اس مدت کے دوران کسی بھی حاکمیت کی رجسٹریشن قبول نہیں کی جائے گی۔ رجسٹرڈ سرورسز (پرائیویٹ) کے ساتھ ساتھ 18 اکتوبر 2024 کو بھیج دینے والے حاکمیت کو اجلاس عام میں شرکت اور ووٹ دینے کی سہولت فراہم کی جائے گی۔
- 7۔ سالانہ اجلاس عام کیلئے بھیجنے والے حاکمیت کی تعداد: سالانہ اجلاس عام کیلئے بھیجنے والے حاکمیت کی تعداد 119 اکتوبر 2024 سے 28 اکتوبر 2024 (شمول دوں ایام) تک ہے۔ اس مدت کے دوران کسی بھی حاکمیت کی رجسٹریشن قبول نہیں کی جائے گی۔ رجسٹرڈ سرورسز (پرائیویٹ) کے ساتھ ساتھ 18 اکتوبر 2024 کو بھیج دینے والے حاکمیت کو اجلاس عام میں شرکت اور ووٹ دینے کی سہولت فراہم کی جائے گی۔
- 8۔ سالانہ اجلاس عام کیلئے بھیجنے والے حاکمیت کی تعداد: سالانہ اجلاس عام کیلئے بھیجنے والے حاکمیت کی تعداد 119 اکتوبر 2024 سے 28 اکتوبر 2024 (شمول دوں ایام) تک ہے۔ اس مدت کے دوران کسی بھی حاکمیت کی رجسٹریشن قبول نہیں کی جائے گی۔ رجسٹرڈ سرورسز (پرائیویٹ) کے ساتھ ساتھ 18 اکتوبر 2024 کو بھیج دینے والے حاکمیت کو اجلاس عام میں شرکت اور ووٹ دینے کی سہولت فراہم کی جائے گی۔
- 9۔ سالانہ اجلاس عام کیلئے بھیجنے والے حاکمیت کی تعداد: سالانہ اجلاس عام کیلئے بھیجنے والے حاکمیت کی تعداد 119 اکتوبر 2024 سے 28 اکتوبر 2024 (شمول دوں ایام) تک ہے۔ اس مدت کے دوران کسی بھی حاکمیت کی رجسٹریشن قبول نہیں کی جائے گی۔ رجسٹرڈ سرورسز (پرائیویٹ) کے ساتھ ساتھ 18 اکتوبر 2024 کو بھیج دینے والے حاکمیت کو اجلاس عام میں شرکت اور ووٹ دینے کی سہولت فراہم کی جائے گی۔

**CHAIRMAN'S REVIEW****FOR THE YEAR ENDED JUNE 30, 2024**

The Board has carefully prepared and granted approval for the director's report, ensuring its inclusion with the Company's quarterly and annual financial statements. The report has been crafted in full compliance with relevant laws and regulations.

The Board has also overseen the recruitment, evaluation, and compensation of key executives, including the CEO, CFO, Company Secretary, and Head of Internal Audit. Furthermore, they have taken steps to guarantee that members receive timely and adequate information, ensuring they are kept informed of developments between meetings.

In exercising its authority, the Board has consistently operated within the powers prescribed by applicable laws and regulations, with a persistent commitment to compliance in all decisions and actions. Essential Board agendas and supporting documents were distributed ahead of Board and Committee meetings to allow thorough review. Non-executive and independent directors continue to play an equal and integral role in significant Board decisions.

Despite facing macroeconomic challenges, the Company has demonstrated strong annual performance achieving an 8.88% increase in gross profit, a 21.74% reduction in operating expenses, and a 36.71% decrease in financial expenses. As a result, the after-tax loss stands at Rs. 322.240 million, a significant improvement compared to the Rs. 554.070 million loss recorded during the same period last year.

Acknowledging the importance of tackling these challenges, the Company has proactively implemented measures to reduce their impact. Our management team is actively monitoring the situation and evaluating multiple strategies to improve financial performance. We are committed to achieve sustainable growth and creating value for our stakeholders, We are confident that, with the appropriate measures in place, we can successfully navigate these challenges and emerge even stronger.

Muhammad Saeed

Chairman  
Faisalabad  
September 30, 2024

## چیئر مین کا جائزہ

30 جون 2024 کو ختم ہونے والے سال کیلئے

بورڈ نے کمپنی کے سماجی اور سالانہ مالیاتی گوشواروں کے ساتھ اس کی شمولیت کو یقینی بناتے ہوئے، ڈائریکٹرز کی رپورٹ کو احتیاط سے تیار کیا اور اس کی منظوری دے دی ہے۔ رپورٹ کو متعلقہ قوانین اور ضوابط کی تعمیل کرتے ہوئے تیار کیا گیا ہے۔

بورڈ نے چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری، اور اندرونی آڈٹ کے سربراہ سمیت اہم ایگزیکٹوز کی بھرتی، ترقی اور معاوضے کی بھی نگرانی کی ہے۔ مزید برآں، انہوں نے اس بات کی ضمانت کیلئے اقدامات کیے ہیں کہ اراکین کو بروقت اور مناسب معلومات ملیں، اس بات کو یقینی بناتے ہوئے کہ انہیں میٹنگز کے درمیان ہونے والی پیش رفت سے آگاہ رکھا جائے۔

اپنے اختیار کا استعمال کرتے ہوئے، بورڈ نے تمام فیصلوں اور اقدامات کی تعمیل کیلئے مستقل عزم کیا ہے، قابل اطلاق قوانین اور ضوابط کے ذریعے مقرر کردہ اختیارات کے اندر کام کیا ہے۔ بورڈ کے ضروری ایجنڈے اور معاون دستاویزات کو بورڈ اور کمپنی کے تمام اجلاس سے پہلے تقسیم کیا گیا تاکہ مکمل جائزہ لیا جاسکے۔ فیبر ایگزیکٹو اور آزاد ڈائریکٹرز بورڈ کے اہم فیصلوں میں مساوی اور آواز کوٹ کر ادا کرتے رہتے ہیں۔

میکرو اکنامک چیلنجز کا سامنا کرنے کے باوجود، کمپنی نے مجموعی منافع میں 8.88% اضافہ، آپریٹنگ اخراجات میں 21.74% کمی، اور مالی اخراجات میں 36.71% کمی کیساتھ مضبوط سالانہ کارکردگی کا مظاہرہ کیا ہے۔ نتیجتاً، بعد از ٹیکس خسارہ 322,240 ملین روپے کا ہے۔ گزشتہ سال کی اسی مدت کے دوران یہ خسارہ 554,070 ملین کا نقصان ریکارڈ کیا گیا تھا۔

ان چیلنجوں سے نمٹنے کی اہمیت کو تسلیم کرتے ہوئے، کمپنی نے ان کے اثرات کو کم کرنے کیلئے اقدامات کو فعال طور پر نافذ کیا ہے۔ ہماری انتظامی ٹیم صورتحال کی سرگرمی سے نگرانی کر رہی ہے اور مالی کارکردگی کو بہتر بنانے کیلئے متعدد حکمت عملی کا جائزہ لے رہی ہے۔ ہم پائیدار ترقی حاصل کرنے اور اپنے اسٹیک ہولڈرز کیلئے قدر پیدا کرنے کیلئے پرعزم ہیں، ہمیں یقین ہے کہ مناسب اقدامات کیساتھ، ہم کامیابی کیساتھ ان چیلنجوں کا سامنا کر سکتے ہیں اور مزید مضبوط ہو سکتے ہیں۔

*Head Signed*

محمد سعید

چیئر مین

فیصل آباد

30 ستمبر 2024

**DIRECTORS' REPORT TO THE SHAREHOLDERS**

The directors of Ideal Spinning Mills Limited feel pleasure to present 36<sup>th</sup> Annual Report accompanied by the Audited Financial Statements of the company for the year ended June 30, 2024.

**PRINCIPAL ACTIVITIES AND BUSINESS REVIEW:**

We are delighted to present our 2024 business review,

Global economic uncertainty, rising production costs involving raw materials and labor, have eroded the global competitiveness of Pakistan's textile industry. Additionally, frequent energy shortages and power outages in the country have hindered the textile industry. Compounding these challenges is fierce competition from regional players like Bangladesh, India and Vietnam, who are aggressively expanding their textile sectors, offering competitive pricing and high-quality products. This presents a formidable challenge to Pakistan's market share.

As in the effort to secure an IMF bailout, the government was compelled to increase charges for electricity and fuel. This action had the consequence of dampening economic activity. Moreover, our management had to grapple with a set of significant challenges, including increased borrowing costs, elevated material prices, rising fuel & energy prices, higher inflation, increase in minimum wages and pressure on yarn prices.

Despite the factors mentioned above, the Company achieved an 8.88% increase in gross profit and a prudent reduction in distribution, administrative, and financial expenses, leading to a reduced loss of Rs. 322.240 million compared to Rs. 554.070 million in the same period last year.

In the face of these challenges, we remain fully committed to our shareholders. We are actively addressing these issues through strategic measures aimed at optimizing operations and enhancing cost efficiency. Our core objective remains the creation of long-term value for all stakeholders. The Company's operational results are summarized as follows:

	<b>(RUPEES IN THOUSAND)</b>	
	<b><u>30.06.2024</u></b>	<b><u>30.06.2023</u></b>
REVENUE FROM CONTRACTS WITH CUSTOMERS	<b>5,559,463</b>	<b>6,859,842</b>
COST OF SALES	<b>(5,351,493)</b>	<b>(6,668,837)</b>
GROSS PROFIT	<b>207,970</b>	<b>191,005</b>
DISTRIBUTION COST	<b>(112,587)</b>	<b>(193,006)</b>
ADMINISTRATIVE EXPENSES	<b>(302,575)</b>	<b>(347,547)</b>
OTHER EXPENSES	<b>(5,935)</b>	<b>(4,190)</b>
OTHER INCOME	<b>35,757</b>	<b>52,339</b>
FINANCE COST	<b>(179,559)</b>	<b>(283,699)</b>
LOSS BEFORE TAXATION AND LEVY	<b>(356,929)</b>	<b>(585,098)</b>
LEVY	<b>(69,463)</b>	<b>(78,152)</b>
LOSS BEFORE TAXATION	<b>(426,392)</b>	<b>(663,250)</b>
TAXATION	<b>104,152</b>	<b>109,180</b>
LOSS AFTER TAXATION	<b>(322,240)</b>	<b>(554,070)</b>
LOSS PER SHARE-BASIC AND DILUTED (RUPEES)	<b>(32.48)</b>	<b>(55.85)</b>

**ECONOMIC AND INDUSTRY OVERVIEW:**

In the midst of escalating political turbulence and economic uncertainties, Pakistan's currency recently reached an unprecedented low against the US dollar, closing at 278.30 rupees per dollar.

The rising costs have made managing imports and raw materials progressively challenging. It has also led to shortages of key raw materials. Additionally, elevated interest rates have posed challenges for businesses.

The textile industry remains a cornerstone of Pakistan's economy, given its vital role in foreign exchange earnings.

Adding to these complexities is the persistent challenge of dwindling cotton supply, exacerbated by surging demand from the textile sector. Over the last decade, cotton production has substantially declined due to reduced cultivation and diminished yields, stemming from factors such as water scarcity and erratic rainfall and floods.

Looking ahead, Pakistan's economy faces daunting challenges. The textile industry is expected to confront ongoing pressure, marked by subdued demand from both local and export markets, coupled with rising energy expenses.

In this complex landscape, our industry remains resilient, actively exploring innovative strategies to thrive amid adversity, while upholding our commitment to quality and sustainability.

**PRINCIPAL RISKS AND UNCERTAINTIES:**

Risk assessment is an ongoing and essential process that identifies various uncertainties capable of posing potential threats to the achievement of the Company's objectives. If these risks are not promptly addressed, they may lead to losses. Such risks and uncertainties can originate from both external and internal factors within the Company. The risks that could potentially impact the Company's operations are categorized as follows:

**Strategic Risks:** These encompass uncertainties and untapped opportunities inherent in the Company's strategic objectives. Strategic risks are of paramount concern to the Board of Directors and have implications for the entire business rather than isolated units.

**Commercial Risks:** Commercial risks pertain to potential losses arising from interactions with trading partners or within the markets in which the Company operates.

**Operational Risks:** Operational risks arise from internal procedural breakdowns, personnel issues, and system failures.

**Financial Risks:** Financial risk serves as an overarching term encompassing various types of risk associated with financing, profitability, liquidity, and credit.



Continuous vigilance and proactive mitigation of these risks are imperative to safeguard the Company's interests and ensure the successful attainment of its objectives.

**HEALTH SAFETY AND ENVIRONMENT:**

Our company is dedicated to enhancing Health, Safety, and Environmental standards to ensure sustainable performance. We have swiftly implemented Standard Operating Procedures (SOPs) to address environmental concerns, particularly in combating climate change by reducing emissions of greenhouse gases, notably carbon dioxide (CO<sub>2</sub>) and methane. These SOPs are rigorously adhered to as part of our unwavering commitment to HSE excellence.

**CORPORATE SOCIAL RESPONSIBILITY:**

The Company acknowledges its corporate social responsibility (CSR) to the community and remains committed to supporting it.

**INTERNAL CONTROL SYSTEM:**

The Board of Directors recognizes its pivotal role in overseeing the internal control system and has successfully implemented robust, efficient, and effective controls while maintaining regular monitoring.

Consequently, the Company upholds a well-defined control framework that includes transparent structures, authoritative limits, and clearly defined responsibilities, all guided by comprehensive policies and procedures.

The internal control system in place is fully equipped to ensure the efficient and effective execution of operations, the protection of Company assets, adherence to relevant laws and regulations, and the provision of dependable financial reporting.

**STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE:**

The company has diligently adhered to all stipulations outlined in the Listed Companies (Code of Corporate Governance) Regulations, 2019. A comprehensive statement confirming this compliance is attached herewith in this annual report.

**FUTURE OUTLOOK:**

We anticipate a positive trajectory for the Company's financial performance in the upcoming year, driven by significant investments in the modernization and replacement of machinery. These strategic investments are expected to yield long-term benefits. Additionally, we are committed to enhancing our self-energy generation capabilities, effectively reducing production costs.

We remain optimistic that the Government will maintain supportive policies for the textile sector, bolstering the prospects of our exporting industries and contributing to the country's economic growth.



**BOARD COMPOSITION, REMUNERATION AND MEETINGS:**

The Board's composition and detail of the directors and meetings attended is as under:

**Composition of the Board:**

Category	Male	Female	Total
Executive Director	2	-	2
Non-Executive Director	3	1	4
Independent Director	2	-	2
<b>Total</b>	<b>7</b>	<b>1</b>	<b>8</b>

**Detail of the directors and meetings attended:**

Name of Directors	Designation	Attendance
Mr. Muhammad Saeed	Chairman (Non-Executive Director)	4
Mr. Amjad Saeed	Chief Executive Officer	4
Mr. Omer Saeed	Executive Director	4
Mrs. Rubina Amjad (Female)	Non-Executive Director	4
Mr. Ahsan Saeed	Non-Executive Director	4
Mr. Khizer Saeed	Non-Executive Director	4
Mr. Muhammad Azhar	Independent Director	4
Mr. Rizwan-ul-Hassan	Independent Director	4

Our company maintains a well-defined policy and transparent procedures for the remuneration of its Directors, aligning with the Companies Act, 2017, and the Listed Companies (Code of Corporate Governance) Regulations, 2019.

For comprehensive details on the remuneration, including Director Fees for attending board meetings, and compensation for the Chief Executive Officer, please refer to Note 35 in the financial statements.

**CHAIRMAN'S REVIEW**

The Directors hereby affirm the Chairman's review report on the company's performance.

**OUTSTANDING STATUTORY PAYMENTS:**

All pending payments are of a routine and negligible nature.

**RETIREMENT BENEFITS FUNDS:**

The Company maintains an unfunded gratuity scheme for its employees, as indicated in the financial statements.



**AUDITORS:**

The current auditors, M/S RIAZ AHMAD & CO. Chartered Accountants, who are eligible, have expressed their willingness for re-appointment for the year 2024-2025, in line with the recommendation of the audit committee.

**PATERN OF SHAREHOLDING:**

The pattern of shareholding as of June 30, 2024, is included in the annex.

**RELATED PARTY TRANSACTIONS:**

All dealings with related parties are conducted on an arm's length basis within the normal course of business and are in full conformity with the relevant provisions of the Companies Act 2017. Pricing is established in accordance with the comparable uncontrolled price method, and the Company is in strict compliance with the best practices in transfer pricing as stipulated in the listing regulations of the Pakistan Stock Exchanges (PSX).

**BOARD COMMITTEES:**

The Board in compliance with the Code of Corporate Governance has established following committees and their composition is as under:

**A. Audit Committee:**

<b>Name</b>	<b>Designation</b>
Mr. Muhammad Azhar	Chairman
Mr. Muhammad Saeed	Member
Mr. Ahsan Saeed	Member

**B. Human Resource And Remuneration Committee:**

<b>Name</b>	<b>Designation</b>
Mr. Muhammad Azhar	Chairman
Mr. Ahsan Saeed	Member
Mrs. Rubina Amjad	Member

**C. Nomination Committee:**

<b>Name</b>	<b>Designation</b>
Mr. Omer Saeed	Chairman
Mr. Ahsan Saeed	Member
Mr. Khizer Saeed	Member

**A. Risk Management Committee:**

<b>Name</b>	<b>Designation</b>
Mr. Ahsan Saeed	Chairman
Mr. Omer Saeed	Member
Mr. Khizer Saeed	Member

**CORPORATE GOVERNANCE:**

The Board acknowledges the pivotal role that well-structured corporate governance practices play in fostering accountability. We are steadfast in our commitment to upholding elevated corporate governance standards to preserve and enhance stakeholder value. The Board has demonstrated diligence and has made significant contributions to steer the Company in its strategic endeavors. Our Company maintains a robust relationship with the Securities and Exchange Commission of Pakistan and the Pakistan Stock Exchange, ensuring unwavering compliance with the principles of Good Corporate Governance in both word and deed. A comprehensive statement affirming our adherence to the best practices of Corporate Governance is provided in the annex.

**CORPORATE AND FINANCIAL REPORTING FRAME WORK:**

In accordance with the regulations of the Pakistan Stock Exchange and as mandated by the Companies Act, 2017, we are pleased to affirm the following:

1. The financial statements, meticulously prepared by our management, accurately reflect the Company's financial position, operating results, cash flows, and changes in equity.
2. Properly maintained books of accounts are in place for the Company.
3. We have consistently applied appropriate accounting policies, and our accounting estimates are grounded in reasonable and prudent judgment.
4. The preparation of financial statements adheres to the International Financial Reporting Standards, as relevant in Pakistan. Our internal control system is well-structured, effectively implemented, and continually monitored.
5. There is no uncertainty regarding the Company's ability to continue as a going concern.
6. We have maintained alignment with the best practices of corporate governance, as outlined in the listing regulations, with no significant deviations.
7. A summarized form of key operational and financial data from the past six years is provided in the annex.

**EVENTS AFTER THE REPORTING PERIOD:****Appropriations:**

In light of the Company's financial performance this year, which has resulted in a loss, the Board of Directors has determined that it would not be prudent to propose a cash dividend for approval by the members in the Annual General Meeting. Instead, the Company will prioritize the prudent allocation of resources to address current challenges, strengthen its financial position, and support its long-term sustainability.

**Other events:**

Following the reporting period, notable events have taken place, including a low cotton crop, import of yarn in abundance. We are currently assessing how these events might affect the Company's financial position and performance.

Rest assured, we will take appropriate actions to address any potential impacts. A detailed evaluation and disclosure of these events, as required by regulations, will be provided in our upcoming report, ensuring transparency.

Our unwavering commitment remains focused on delivering sustainable growth and value to our stakeholders, and we are confident that with the right measures in place, we will overcome these challenges and emerge stronger.

**ACKNOWLEDGEMENT:**

The Board places on record its appreciation for loyalty and devotion to work, by staff and workers for the company. The relationship between management and workers remained very cordial and we hope that these will further improve in the years to come.

The Board extends its gratitude for the unwavering loyalty and dedication displayed by our staff and workers. The relationship between the management and our workforce has been exceptionally harmonious, and we anticipate further enhancements in the years ahead.

On Behalf of the Board



Omer Saeed  
Director  
September 30, 2024



Khizer Saeed  
Director

## شیمز ہولڈرز کیلئے بورڈ آف ڈائریکٹرز کی رپورٹ

آئیڈیل اسپننگ ملز لمیٹڈ کے ڈائریکٹرز 30 جون 2024 کو ختم ہونے والے سال کیلئے کمپنی کی آڈٹ شدہ مالی گوشواروں کے ساتھ 36 ویں سالانہ رپورٹ پیش کرنے پر خوشی محسوس کرتے ہیں۔

### مرکزی سرگرمیوں اور کاروبار کا جائزہ

ہمیں اہم مالیاتی پیش رفت کو اجاگر کرتے ہوئے اپنا 2024 کاروباری جائزہ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

عالمی اقتصادی غیر یقینی صورتحال، خام مال اور لیبر پر مشتمل بڑھتی ہوئی پیداواری لاگت نے پاکستان کی ٹیکسٹائل انڈسٹری کی عالمی مسابقت کو ختم کر دیا ہے۔ مزید برآں، ملک میں توانائی کی مسلسل قلت اور بجلی کی بندش نے ٹیکسٹائل کی صنعت کو متاثر کیا ہے۔ ان چیلنجوں کو بڑھانا بنگلہ دیش، بھارت اور ویتنام جیسے علاقائی کھلاڑیوں سے سخت مقابلہ ہے، جو جارحانہ انداز میں اپنے ٹیکسٹائل کے شعبوں کو بڑھا رہے ہیں، مسابقتی قیمتوں اور اعلیٰ معیار کی مصنوعات پیش کر رہے ہیں۔ یہ پاکستان کے مارکیٹ شیئر کے لیے ایک زبردست چیلنج پیش کرتا ہے۔

جیسا کہ آئی ایم ایف سے بیل آؤٹ حاصل کرنے کی کوشش میں، حکومت بجلی اور ایندھن کے چار جز بڑھانے پر مجبور ہوئی۔ اس اقدام کے نتیجے میں معاشی سرگرمیاں متاثر ہوئیں۔ مزید برآں، ہماری انتظامیہ کو بہت سے اہم چیلنجوں سے نمٹنا پڑا، جن میں قرض لینے کی بڑھتی ہوئی لاگت، مادی قیمتوں میں اضافہ، ایندھن اور توانائی کی بڑھتی ہوئی قیمتیں، زیادہ اخراجات، کم از کم اجرت میں اضافہ اور سوت کی قیمتوں پر دباؤ شامل ہیں۔

مذکورہ عوامل کے باوجود، کمپنی نے مجموعی منافع میں 8.88 فیصد اضافہ اور تقسیم، انتظامی، اور مالی اخراجات میں کمی کے باعث 322.240 ملین روپے کا نقصان ہوا جو کہ پچھلے سال کی اسی مدت میں 554.070 ملین روپے تھا۔

ان چیلنجوں کا سامنا کرتے ہوئے، ہم اپنے شیمز ہولڈرز کے لیے پوری طرح پر عزم ہیں۔ ہم ان مسائل کو سٹرٹیجک اقدامات کے ذریعے فعال طور پر حل کر رہے ہیں جن کا مقصد آپریشنز کو بہتر بنانا اور لاگت کی کارکردگی کو بڑھانا ہے۔ ہمارا بنیادی مقصد تمام اسٹیک ہولڈرز کے لیے طویل مدتی قدر کی تخلیق ہے۔

کمپنی کے آپریشننگ نتائج کا خلاصہ مندرجہ ذیل ہے:

(روپے ہزار میں)		
30.06.2023	30.06.2024	
6,859,842	5,559,463	کسٹمرز کے ساتھ معاہدوں سے آمدنی
(6,668,837)	(5,351,493)	کاسٹ آف سیلز
191,005	207,970	مجموعی منافع
(193,006)	(112,587)	تقسیم کی لاگت
(347,547)	(302,575)	انتظامی اخراجات
(4,190)	(5,935)	دیگر اخراجات
52,339	35,757	دیگر آمدنی
(283,699)	(179,559)	مالیاتی لاگت
(585,098)	(356,929)	ٹیکس اور لیوی سے پہلے نقصان
(78,152)	(69,463)	لیوی
(663,250)	(426,392)	ٹیکس سے پہلے نقصان
109,180	104,152	ٹیکس
(554,070)	(322,240)	نقصان بعد از ٹیکس
(55.85)	(32.48)	فی شیئر نقصان - بنیادی

معاشی اور صنعتی جائزہ

بڑھتے ہوئے سیاسی انتشار اور معاشی غیر یقینی صورتحال کے درمیان، پاکستان کی کرنسی حال ہی میں امریکی ڈالر کے مقابلے میں غیر معمولی کم ترین سطح پر پہنچ گئی، جو 278.30 روپے فی ڈالر پر بند ہوئی۔

بڑھتی ہوئی لاگت نے درآمدات اور خام مال کا انتظام بتدریج مشکل بنا دیا ہے۔ اس کی وجہ سے اہم خام مال کی قلت بھی ہوئی ہے۔ مزید برآں، بلند شرح سود نے کاروباروں کے لیے چیلنجز پیدا کیے ہیں۔

زرمبادلہ کمانے میں اس کے اہم کردار کے پیش نظر ٹیکسٹائل کی صنعت پاکستان کی معیشت کا سنگ بنیاد ہے۔

ان پھیدگیوں میں اضافہ کپاس کی رسد میں کمی کا مستقل نتیجہ ہے، جو کہ ٹیکنائل سیکٹری بڑھتی ہوئی طلب سے بڑھ گیا ہے۔ کچھلی دہائی کے دوران، کپاس کی پیداوار میں کافی حد تک کمی واقع ہوئی ہے جس کی وجہ سے کاشت میں کمی اور پیداوار میں کمی آئی ہے، جو پانی کی کمی اور بے ترتیب بارشوں اور سیلاب جیسے عوامل کی وجہ سے ہے۔

آگے دیکھتے ہوئے، پاکستان کی معیشت کو خوفناک چیلنجز کا سامنا ہے۔ توقع کی جاتی ہے کہ ٹیکنائل کی صنعت کو جاری دباؤ کا سامنا کرنا پڑے گا، جس کی نشاندہی مقامی اور برآمدی منڈیوں سے کم مانگ کے ساتھ ساتھ توانائی کے بڑھتے ہوئے اخراجات کے ساتھ ہوگی۔

اس پھیدہ مظر نامے میں، ہماری صنعت کو الٹی اور پائیداری کے لیے اپنی وابستگی کو برقرار رکھتے ہوئے، مشکلات کے درمیان ترقی کی منازل طے کرنے کے لیے فعال طور پر اختراعی حکمت عملیوں کی تلاش میں لگ چکے ہیں۔

#### اہم خطرات اور غیر یقینیاں

خطرے کی تشخیص ایک جاری اور ضروری عمل ہے جو کمپنی کے مقاصد کے حصول کے لیے ممکنہ خطرات پیدا کرنے کے قابل مختلف فیر یقینی صورتحال کی نشاندہی کرتا ہے۔ اگر ان خطرات کو فوری طور پر حل نہ کیا جائے تو یہ نقصانات کا باعث بن سکتے ہیں۔ اس طرح کے خطرات اور غیر یقینی صورتحال کمپنی کے اندر بیرونی اور اندرونی دونوں عوامل سے پیدا ہو سکتی ہے۔ وہ خطرات جو کمپنی کے آپریشنز کو ممکنہ طور پر متاثر کر سکتے ہیں ان کی درجہ بندی درج ذیل ہے:

اسٹریٹجک خطرات: یہ کمپنی کے اسٹریٹجک مقاصد میں شامل فیر یقینی صورتحال اور فیر استعمال شدہ مواقع کو گھیرنے ہوئے ہیں۔ اسٹریٹجک خطرات بورڈ آف ڈائریکٹرز کے لیے انتہائی تشویشناک ہیں اور الگ تھلگ اکائیوں کے بجائے پورے کاروبار پر اثرات رکھتے ہیں۔ تجارتی خطرات: تجارتی خطرات تجارتی شراکت داروں کے ساتھ یا ان مارکیٹوں کے اندر جن میں کمپنی کام کرتی ہے کے ساتھ ہونے والے ممکنہ نقصانات سے متعلق ہے۔

آپرییشنل خطرات: آپرییشنل خطرات داخلی طریقہ کار کی خرابیوں، عملے کے مسائل، اور سسٹم کی ناکامی سے پیدا ہوتے ہیں۔ مالیاتی خطرات: مالیاتی رسک ایک وسیع اصطلاح کے طور پر کام کرتا ہے جس میں فنڈنگ، منافع، لیکویڈیٹی، اور کریڈٹ سے وابستہ مختلف قسم کے خطرات شامل ہیں۔

کمپنی کے مفادات کے تحفظ اور اس کے مقاصد کے کامیاب حصول کو یقینی بنانے کے لیے ان خطرات کی مسلسل چوکی اور فعال تخفیف ناگزیر ہے۔

**صحت کی حفاظت اور ماحولیات:**

ہماری کمپنی پائیدار کارکردگی کو یقینی بنانے کے لیے صحت، حفاظت اور ماحولیاتی معیارات کو بڑھانے کے لیے وقف ہے۔ ہم نے ماحولیاتی خدشات کو دور کرنے کے لیے، خاص طور پر گرین ہاؤس گیسوں، خاص طور پر کاربن ڈائی آکسائیڈ (CO2) اور میتھین کے اخراج کو کم کر کے موسمیاتی تبدیلیوں سے نمٹنے کے لیے تیزی سے معیاری آپریٹنگ طریقہ کار (SOPs) کو نافذ کیا ہے۔ ان SOPs پر سختی سے عمل کیا جاتا ہے جو کہ HSE کی عمدہ کارکردگی کے لیے ہماری غیر محاذی وابستگی کے حصے کے طور پر ہے۔

**کارپوریٹ سماجی ذمہ داری:**

کمپنی کیونٹی کے لیے اپنی کارپوریٹ سماجی ذمہ داری (CSR) کو تسلیم کرتی ہے اور اس کی حمایت کے لیے پرعزم ہے۔

**اندرونی کنٹرول سسٹم:**

بورڈ آف ڈائریکٹرز اندرونی کنٹرول کے نظام کی نگرانی میں اپنے اہم کردار کو تسلیم کرتا ہے اور اس نے باقاعدہ نگرانی کو برقرار رکھتے ہوئے مضبوط، موثر اور موثر کنٹرول کو کامیابی سے نافذ کیا ہے۔

نتیجتاً، کمپنی ایک اچھی طرح سے متعین کنٹرول فریم ورک کو برقرار رکھتی ہے جس میں شفاف ڈھانچے، مستند حدود، اور واضح طور پر بیان کردہ ذمہ داریاں شامل ہیں، یہ سبھی جامع پالیسیوں اور طریقہ کار سے رہنمائی کرتے ہیں۔

داخلی کنٹرول کا نظام پوری طرح سے کاموں کے موثر اور موثر عمل کو یقینی بنانے، کمپنی کے اثاثوں کے تحفظ، متعلقہ قوانین اور ضوابط کی پابندی، اور قابل اعتماد مالیاتی رپورٹنگ کی فراہمی کو یقینی بنانے کے لیے پوری طرح لیس ہے۔

**کوڈ آف کارپوریٹ گورننس پر عمل درآمد کا بیان:**

کمپنی نے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 میں بیان کردہ تمام شرائط کی پوری تہی سے پابندی کی ہے۔ اس قبیل کی تصدیق کرنے والا ایک جامع بیان اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

**مستقبل سے توقعات:**

ہم آنے والے سال میں کمپنی کی مالیاتی کارکردگی کے لیے ایک مثبت پیش رفت کی توقع کرتے ہیں، جو مشینری کی جدید کاری اور تہذیبی میں اہم سرمایہ کاری کے ذریعے کارفرما ہے۔ ان اسٹریٹجک سرمایہ کاری سے طویل مدتی فوائد کی توقع ہے۔ مزید برآں، ہم پیداواری لاگت کو مؤثر طریقے

سے کم کرتے ہوئے اپنی خود توانائی پیدا کرنے کی صلاحیتوں کو بڑھانے کے لیے پرعزم ہیں۔

ہم پر امید ہیں کہ حکومت نیکسٹائل سیکٹر کے لیے معاون پالیسیاں برقرار رکھے گی، جو ہماری برآمد کرنے والی صنعتوں کے امکانات کو تقویت دے گی اور ملک کی اقتصادی ترقی میں اپنا حصہ ڈالے گی۔

بورڈ کی ترتیب، معاوضہ اور اجلاس

بورڈ کی ترتیب، ڈائریکٹرز اور اجلاسوں کی تفصیل درج ذیل کے مطابق ہے:

بورڈ کی تشکیل			
عہدہ	مرد	خواتین	مُل
ایگزیکٹو ڈائریکٹر	2	-	2
نان ایگزیکٹو ڈائریکٹر	3	1	4
آزاد ڈائریکٹر	2	-	2
مُل	7	1	8

ڈائریکٹرز اور مینیجنگز میں شرکت کی تفصیل:

ڈائریکٹرز کے نام	عہدہ	حاضری
جناب محمد سعید	چیرمین (نان ایگزیکٹو ڈائریکٹر)	4
جناب امجد سعید	چیف ایگزیکٹو آفیسر	4
جناب عمر سعید	ایگزیکٹو ڈائریکٹر	4
مسزہ بینا امجد (خاتون)	نان ایگزیکٹو ڈائریکٹر	4
جناب احسن سعید	نان ایگزیکٹو ڈائریکٹر	4
جناب حفص سعید	نان ایگزیکٹو ڈائریکٹر	4
جناب محمد اعظم	آزاد ڈائریکٹر	4
جناب رضوان احسن	آزاد ڈائریکٹر	4



ہماری کمپنی کمپنیز ایکٹ، 2017، اور سیکورٹیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے مطابق اپنے ڈائریکٹرز کے معاوضے کے لیے ایک اچھی طرح سے طے شدہ پالیسی اور شفاف طریقہ کار کو برقرار رکھتی ہے۔  
معاوضے کے بارے میں جامع تفصیلات کے لیے، بشمول بورڈ میٹنگز میں شرکت کے لیے ڈائریکٹرز فیس، اور چیف ایگزیکٹو آفیسر کے لیے معاوضہ، برائے مہربانی مالی بیانات میں نوٹ 35 کا حوالہ دیں۔

چیئرمین کا جائزہ:

ڈائریکٹرز اس طرح کمپنی کی کارکردگی پر چیئرمین کی جائزہ رپورٹ کی توثیق کرتے ہیں۔

آؤٹ اسٹینڈنگ اسٹیٹیو ری ادائیکیاں:

تمام ذریعہ اتواء ادائیکیاں معمول کی اور نہ ہونے کے برابر ہیں۔

ریٹائرمنٹ بینیفٹ فنڈز:

کمپنی اپنے ملازمین کے لیے ایک غیر فنڈ گریجویٹ اسکیم برقرار رکھتی ہے، جیسا کہ مالیاتی بیانات میں اشارہ کیا گیا ہے۔

آڈیٹرز:

موجودہ آڈیٹرز میسرز ریاض احمد اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، اہل ہونے کی حیثیت سے سال 2024-2025 کیلئے دوبارہ تقریری کیلئے خود کو پیش کرتے ہیں جیسا کہ آڈٹ کمیٹی نے تجویز کی ہے۔

شیئرز ہولڈنگ کی ترتیب

شیئرز ہولڈنگ کی ترتیب برطانیہ 30 جون 2024 منسلک ہے

متعلقہ پارٹی کی ٹرانزیکشنز:

متعلقہ فریقوں کے ساتھ تمام معاملات کاروبار کے معمول کے مطابق ایک بازو کی لمبائی کی بنیاد پر کیے جاتے ہیں اور کمپنیز ایکٹ 2017 کی متعلقہ دفعات کے ساتھ پوری طرح مطابقت رکھتے ہیں۔ قیمتوں کا تعین موازنہ آن کنٹرولڈ پرائس کے طریقہ کار کے مطابق کیا جاتا ہے، اور کمپنی پاکستان اسٹاک ایکسچینج (PSX) کے لسٹنگ کے ضوابط کے مطابق ٹرانسفر پرائسنگ کے بہترین طریقوں کی سختی سے تعمیل کرتی ہے۔

بورڈ کمیٹی:

کوڈ آف کارپوریٹ گورننس کی تعمیل میں بورڈ نے مندرجہ ذیل کمیٹیاں تشکیل دی ہیں اور ان کی تشکیل مندرجہ ذیل ہے:

1- آڈٹ کمیٹی:

نام	عہدہ
مسٹر محمد اظہر	چیئرمین
مسٹر محمد سعید	ممبر
مسٹر احسن سعید	ممبر

2- افرادی وسائل اور معاوضہ کمیٹی:

نام	عہدہ
مسٹر محمد اظہر	چیئرمین
مسٹر احسن سعید	ممبر
مسز روبینہ امجد	ممبر

3- نامزدگی کمیٹی:

نام	عہدہ
مسٹر عمر سعید	چیئرمین
مسٹر احسن سعید	ممبر
مسٹر خضر سعید	ممبر

4- رسک مینجمنٹ کمیٹی:

نام	عہدہ
مسٹر احسن سعید	چیئرمین
مسٹر عمر سعید	ممبر
مسٹر خضر سعید	ممبر

کارپوریٹ گورننس:

بورڈ اس اہم کردار کو تسلیم کرتا ہے جو اچھی طرح سے تشکیل شدہ کارپوریٹ گورننس کے طرز عمل احتساب کو فروغ دینے میں ادا کرتے ہیں۔ ہم اسٹیک ہولڈر کی قدر کو برقرار رکھنے اور بڑھانے کے لیے کارپوریٹ گورننس کے اعلیٰ معیارات کو برقرار رکھنے کے اپنے عزم پر ثابت قدم ہیں۔ بورڈ نے مستعدی کا مظاہرہ کیا ہے اور کمپنی کو اس کی اسٹریٹجک کوششوں میں آگے بڑھانے میں اہم شراکت کی ہے۔ ہماری کمپنی پاکستان کے سکیورٹیز اینڈ ایکسچینج کمیشن اور پاکستان اسٹاک ایکسچینج کے ساتھ مضبوط تعلقات کو برقرار رکھتی ہے، اس بات کو یقینی بناتی ہے کہ گڈ کارپوریٹ گورننس کے اصولوں کی بات اور عمل دونوں میں غیر متزلزل تعمیل ہو۔ کارپوریٹ گورننس کے بہترین طریقوں پر ہماری پابندی کی تصدیق کرنے والا ایک جامع بیان ضمیمہ میں فراہم کیا گیا ہے۔

کارپوریٹ اور فنانسئل رپورٹنگ فریم ورک:

- پاکستان اسٹاک ایکسچینج کے ضوابط کے مطابق اوکٹوبر 2017 کے مطابق، ہمیں درج ذیل باتوں کی تصدیق کرتے ہوئے خوشی ہو رہی ہے:
- 1- مالی بیانات، جو ہماری انتظامیہ کی طرف سے احتیاط سے تیار کیے گئے ہیں، کمپنی کی مالی پوزیشن، آپریٹنگ نتائج، کیش فلو، اور ایکویٹی میں تبدیلیوں کی درست عکاسی کرتے ہیں۔
  - 2- کمپنی کے لیے اکاؤنٹس کی صحیح طریقے سے دیکھ بھال کی گئی کتابیں موجود ہیں۔
  - 3- ہم نے مسلسل مناسب اکاؤنٹنگ پالیسیوں کا اطلاق کیا ہے، اور ہمارے اکاؤنٹنگ تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
  - 4- مالیاتی گوشواروں کی تیاری بین الاقوامی مالیاتی رپورٹنگ کے معیارات پر عمل کرتی ہے، جیسا کہ پاکستان میں متعلقہ ہے۔ ہمارا اندرونی کنٹرول کا نظام اچھی طرح سے منظم، مؤثر طریقے سے نافذ اور مسلسل نگرانی میں ہے۔
  - 5- جاری تشویش کے طور پر کمپنی کی جاری رکھنے کی صلاحیت کے بارے میں کوئی غیر یقینی صورتحال نہیں ہے۔
  - 6- ہم نے کارپوریٹ گورننس کے بہترین طریقوں کے ساتھ صف بندی برقرار رکھی ہے، جیسا کہ کسی اہم انحراف کے بغیر فہرست سازی کے ضوابط میں بیان کیا گیا ہے۔
  - 7- پچھلے چھ سالوں کے کلیدی آپریشنل اور مالیاتی ڈیٹا کی ایک خلاصہ شکل ضمیمہ میں فراہم کی گئی ہے۔

رپورٹنگ مدت کے بعد کی تقریبات

منافع کی تقسیم:

کمپنی کی اس سال مالیاتی کارکردگی کی روشنی میں، جس کے نتیجے میں نقصان ہوا، بورڈ آف ڈائریکٹرز نے فیصلہ کیا ہے کہ سالانہ جنرل مینٹنگ میں ممبران کی منظوری کے لیے نقد ڈیویڈنڈ تجویز کرنا دانشمندی نہیں ہوگی۔ اس کے بجائے، کمپنی موجودہ چیلنجوں سے نمٹنے، اپنی مالی پوزیشن کو مضبوط کرنے، اور اس کی طویل مدتی پائیداری کی حمایت کے لیے وسائل کی دانشمندانہ تقسیم کو ترجیح دے گی۔

دیگر تقریبات:

رپورٹنگ کی مدت کے بعد، قابل ذکر واقعات رونما ہوئے ہیں، بشمول پچھلے سال کی ریکارڈ کم پیداوار کے بعد کپاس کی فصل کی قیمت میں مثبت موڑ اور کثرت سے یارن کی درآمد۔ ہم فی الحال اس بات کا اندازہ لگا رہے ہیں کہ یہ واقعات کمپنی کی مالی حالت اور کارکردگی کو کس طرح متاثر کر سکتے ہیں۔

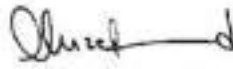
یقین رکھیں، ہم کسی بھی ممکنہ اثرات سے نمٹنے کے لیے مناسب اقدامات کریں گے۔ ان واقعات کا تفصیلی جائزہ اور افشاء، جیسا کہ ضوابط کی ضرورت ہے، شفافیت کو یقینی بناتے ہوئے، ہماری آنے والی رپورٹ میں فراہم کیا جائے گا۔

ہمارا غیر محزول عزم ہمارے اسٹیک ہولڈرز کو پائیدار ترقی اور قدر فراہم کرنے پر مرکوز ہے، اور ہمیں یقین ہے کہ صحیح اقدامات کے ساتھ، ہم ان چیلنجوں پر قابو پالیں گے اور مضبوط ہو کر ابھریں گے۔

اعتراف:

بورڈ کمپنی کے لیے عملے اور کارکنوں کی طرف سے کام سے وفاداری اور لگن کے لیے اپنی تعریف کو ریکارڈ پر رکھتا ہے۔ انتظامیہ اور کارکنوں کے درمیان تعلقات انتہائی خوشگوار رہے اور ہمیں امید ہے کہ آنے والے سالوں میں ان میں مزید بہتری آئے گی۔

بورڈ ہمارے عملے اور کارکنوں کی جانب سے ظاہر کی گئی غیر محزول وفاداری اور لگن کے لیے شکریہ ادا کرتا ہے۔ انتظامیہ اور ہماری افرادی قوت کے درمیان تعلقات غیر معمولی طور پر ہم آہنگ رہے ہیں، اور ہمیں آنے والے سالوں میں مزید بہتری کی توقع ہے۔



مختصر سعید  
ڈائریکٹر



عمر سعید  
ڈائریکٹر

30 ستمبر 2024

**Statement of Compliance****With Listed Companies (Code of Corporate Governance) Regulations, 2019****IDEAL SPINNING MILLS LIMITED  
FOR THE YEAR ENDED JUNE 30, 2024**

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

1. The total number of directors is eight as per the following:
  - a. Male: Seven
  - b. Female: One
2. The composition of the board is as follows:

<b>Category</b>	<b>Name</b>
a. Independent directors	Mr. Muhammad Azhar Mr. Rizwan-UI- Hassan
b. Non-executive directors	Mr. Muhammad Saeed Mr. Ahsan Saeed Mr. Khizer Saeed
c. Executive directors	Mr. Amjad Saeed Mr. Omer Saeed
d. Female director	Mrs. Rubina Amjad

Board of Directors is of the view that considering the volume of business, independent directors should not be more than two as required by these regulations. Hence, the fraction of independent directors has not been rounded up.

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 Companies Act 2017 "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. The Board has already arranged Directors' Training program for the following:

<b>Name</b>	<b>Category</b>
Mr. Omer Saeed	Executive Director
Mrs. Rubina Amjad	Non-Executive Director
Mr. Ahsan Saeed	Non-Executive Director
Mr. Khizer Saeed	Non-Executive Director

Moreover, our following two directors meet the exemption criteria of minimum 14 years of education and 15 years of experience on the boards of listed companies, hence are exempt from Directors' Training Program:

Mr. Muhammad Saeed	Non-Executive Director
Mr. Amjad Saeed	Executive Director

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below.-

a. Audit Committee

Mr. Muhammad Azhar	Chairman
Mr. Muhammad Saeed	Member
Mr. Ahsan Saeed	Member

b. HR and Remuneration Committee

Mr. Muhammad Azhar	Chairman
Mr. Ahsan Saeed	Member
Mrs. Rubina Amjad	Member

c. Nomination Committee

Mr. Omer Saeed	Chairman
Mr. Ahsan Saeed	Member
Mr. Khizer Saeed	Member

d. Risk Management Committee

Mr. Ahsan Saeed	Chairman
Mr. Omer Saeed	Member
Mr. Khizer Saeed	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 aforesaid committees during the financial year ended June 30, 2024, were as per following:
- a. Audit Committee: Quarterly
  - b. HR and Remuneration Committee: Annually
  - c. Nomination Committee: Annually
  - d. Risk Management Committee: Annually
15. The Board has set up an effective internal audit function who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, head of internal audit, company secretary or 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 requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
19. Explanations for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:



Sr. No.	Requirement	Explanation of Non-Compliance	Regulation Number
1	<b>Directors' Training</b> It is encouraged that by 30 June 2022, all directors on the Board have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.	The Independent director Mr. Muhammad Azhar and Mr. Rizwan-ul-Hassan did not attend the director's training program due to tight schedule. However, company is arranging directors' training program as early as possible.	19(1)
2	<b>Female Executive's Training</b> Companies are encouraged to arrange training for at least one female executive every year under the Directors' Training Program from year July 2020.	The Company will arrange directors' training program for its female executive in next financial year.	19(3)(i)
3	<b>Training of Head of Department</b> At least one head of department every year is required to be trained under the Director's Training Program from July 2022.	The Company will organize the training of its one head of department each year from next financial year.	19(3)(ii)

Signatures

MUHAMMAD SAEED  
CHAIRMAN

30 September 2024

Signatures

OMER SAEED  
DIRECTOR



KEY OPERATING & FINANCIAL DATA  
FOR LAST SIX YEARS

PARTICULARS	2024	2023	2022	2021	2020	2019
(Rupees in Millions)						
<b>FINANCIAL POSITION</b>						
Paid up capital	99.200	99.200	99.200	99.200	99.200	99.200
Fixed assets at cost / revalued amount	3,109.927	2,939.739	2,871.105	2,312.58	1,997.710	1,941.467
Fixed assets (Lease) at cost				-	-	-
Accumulated depreciation	1,417.373	1,285.757	1,140.293	1,039.79	946.906	852.366
Current assets	1,469.253	1,890.975	1,606.192	1,492.735	1,053.24	965.143
Current liabilities	2,587.709	2,479.681	1,637.064	1,474.098	1,102.113	1,152.62
<b>INCOME</b>						
Sales	5,559.463	6,859.842	6,095.257	4,793.15	3,923.725	3,512.935
Other income	35.757	52.339	29.721	7.681	11.389	30.040
Pre levy & tax (loss)/ Profit	(356.929)	(585.098)	515.257	296.777	146.668	96.039
Levy	(69.463)	(78.152)				
Taxation	-	-	(192.224)	(94.473)	(39.721)	(36.924)
Taxation	104.152	109.180				
<b>STATISTICS AND RATIOS</b>						
Pre levy & tax (loss)/Profit to sales %	(6.420)	(8.53)	8.45	6.19	3.74	2.734
Pre levy & tax (loss)/Profit to capital %	(359.810)	(589.82)	519.41	299.17	147.85	96.81
Current ratio	1:0.57	1:0.76	1:0.98	1:1.01	1:0.96	1:0.84
Paid up value per share (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00
Loss / Earnings after levy & tax per share (Rs.)	(32.48)	(55.85)	32.56	20.39	10.78	5.96
Cash dividend %	-	-	20	18	13	12
Break up value per share (Rs.)	61.140	81.04	137.06	103.42	69.58	55.36

**INDEPENDENT AUDITOR'S REVIEW REPORT****To the members of Ideal Spinning Mills Limited****Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Ideal Spinning Mills Limited (the Company) for the year ended 30 June 2024 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2024.

**RIAZ AHMAD & COMPANY**  
**Chartered Accountants****Faisalabad****Date: September 30, 2024****UDIN: CR202410158GQbIKj1pB**

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

We have audited the annexed financial statements of Ideal Spinning Mills Limited (the Company), which comprise the statement of financial position as at 30 June 2024, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2024 and of the loss, other comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

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

**Key Audit Matters**

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

Following are the key audit matters:

<b>Sr. No.</b>	<b>Key audit matters</b>	<b>How the matters were addressed in our audit</b>
<b>1.</b>	<p><b>Inventory existence and valuation</b></p> <p>Inventories as at 30 June 2024 amounting to Rupees 787.945 million, break up of which is as follows:</p> <ul style="list-style-type: none"> <li>- Stores, spare parts and loose tools of Rupees 102.607 million</li> <li>- Stock-in-trade of Rupees 685.338 million</li> </ul> <p>Inventories are stated at lower of cost and net realizable value.</p> <p>We identified existence and valuation of inventories as a key audit matter due to their size, representing 24.02% of the total assets of the Company as at 30 June 2024, and the judgment involved in valuation.</p> <p>For further information on inventories, refer to the following:</p> <ul style="list-style-type: none"> <li>- Material accounting policy information, Inventories (Note 2.7 to the financial statements).</li> <li>- Stores, spare parts and loose tools (Note 16) and Stock-in-trade (Note17) to the financial statements.</li> </ul>	<p>Our procedures over existence and valuation of inventories included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management.</li> <li>• For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets.</li> <li>• On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any.</li> <li>• In the context of our testing of the calculation, we analyzed individual cost components and traced them back to the corresponding underlying documents.</li> <li>• We also made inquiries from management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.</li> <li>• We also assessed the adequacy of the disclosures made in respect of the accounting policies and related notes to the financial statements.</li> </ul>

Sr. No.	Key audit matters	How the matters were addressed in our audit
2.	<p><b>Recoverability of deferred income tax asset</b></p> <p>Under International Accounting Standard 12 'Income Taxes', the Company is required to review recoverability of the deferred income tax asset recognized in the statement of financial position at each reporting period.</p> <p>Recognition of deferred income tax asset is dependent on management's estimate of availability of sufficient future taxable profits against which carried forward losses and tax credits can be utilized. The future taxable profits are based on approved management's projections. This estimation is inherently uncertain and requires judgement in relation to the future cash flows and also involves assessment of timing of reversals of unused tax losses and tax credits.</p> <p>As at 30 June 2024, the Company have recognized deferred income tax asset amounting to Rupees 266.492 million on unused tax losses, on carried forwarded minimum tax, on carried forwarded alternate corporate tax, on staff retirement gratuity and on allowances for doubtful receivables.</p> <p>We considered this as key audit matter due to significant value of deferred income tax asset and significant management judgement regarding assumptions used in this area.</p>	<p>We performed procedures which included:</p> <ul style="list-style-type: none"> <li>• We obtained understanding of the income taxes process, evaluated the design and tested management's controls over the calculation of the deferred income tax asset and the review of the future recoverability;</li> <li>• We tested management's computation of unused tax losses, carried forwarded minimum tax, carried forwarded alternate corporate tax, staff retirement gratuity and allowances for doubtful receivables for which deferred income tax assets were recognized;</li> <li>• We analyzed the requirements of Income Tax Ordinance, 2001, in relation to above and considering the ageing analysis, expiry periods of relevant deferred income tax assets and tax rates enacted in consultation with our in house tax specialist;</li> <li>• We assessed the reasonableness of cash flow projection, taxable profits projections, challenging and performing audit procedures on assumptions such as growth rate, production patterns, future revenue and costs, by comparing the assumptions to historical results for assessing the quality of Company's forecasting process in determining the future taxable profits;</li> <li>• We tested mathematical accuracy of future projections and the use of appropriate tax rate applicable on temporary differences; and</li> </ul>

<b>Sr. No.</b>	<b>Key audit matters</b>	<b>How the matters were addressed in our audit</b>
	<p>For further information on deferred income tax asset, refer to the following:</p> <ul style="list-style-type: none"> <li>- Material accounting policy information, Taxation (Note 2.11 to the financial statements).</li> <li>- Deferred income tax asset (Note 15 to the financial statements).</li> </ul>	<ul style="list-style-type: none"> <li>• We assessed the appropriateness of management's accounting for deferred taxes and the accuracy of related disclosures in accordance with the accounting and reporting standards.</li> </ul>
<b>3.</b>	<p><b>Revenue recognition</b></p> <p>The Company recognized net revenue of Rupees 5,559.463 million for the year ended 30 June 2024.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> <li>- Material accounting policy information, Revenue recognition (Note 2.19 to the financial statements).</li> <li>- Revenue from contracts with customers (Note 24 to the financial statements).</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue.</li> <li>• We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents.</li> <li>• We compared a sample of revenue transactions recorded around the year- end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period.</li> <li>• We assessed whether the accounting policies for revenue recognition</li> </ul>

Sr. No.	Key audit matters	How the matters were addressed in our audit
		<p>complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'.</p> <ul style="list-style-type: none"> <li>We also considered the appropriateness of disclosures in the financial statements.</li> </ul>

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue

an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.





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

### **Report on Other Legal and Regulatory Requirements**

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of 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 auditor's report is Mubashar Mehmood.

**RIAZ AHMAD & COMPANY**  
**Chartered Accountants**

**Faisalabad**  
**Date: September 30, 2024**  
**UDIN: AR202410158MQ36h0qG5**

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024**

	NOTE	2024 (RUPEES IN THOUSAND)	2023 (RUPEES IN THOUSAND)	NOTE	2024 (RUPEES IN THOUSAND)	2023 (RUPEES IN THOUSAND)
<b>EQUITY AND LIABILITIES</b>						
<b>SHARE CAPITAL AND RESERVES</b>						
<b>Authorized share capital</b>						
20 000 000 (2023: 20 000 000) ordinary shares of Rupees 10 each		200,000	200,000			
<b>Issued, subscribed and paid up share capital</b>						
9 920 000 (2023: 9 920 000) ordinary shares of Rupees 10 each fully paid in cash		99,200	99,200			
<b>Sponsors' loans</b>	3	241,800	241,800			
<b>Capital reserves</b>						
Equity portion of shareholders' loans	4	183,291	183,291			
Surplus on revaluation of freehold land		360,555	235,857			
		543,846	419,148			
<b>(Accumulated loss) / unappropriated profit</b>		(278,321)	43,841			
<b>Total equity</b>		606,525	803,989			
<b>LIABILITIES</b>						
<b>NON-CURRENT LIABILITIES</b>						
Long term financing	5	70,000	153,518	16	102,607	133,997
Staff retirement gratuity	6	16,549	120,777	17	685,338	947,375
		86,549	274,295	18	227,534	367,611
<b>CURRENT LIABILITIES</b>						
Trade and other payables	7	854,186	956,431	19	17,677	20,348
Undeclared dividend		2,599	2,801	20	939	331
Accrued mark-up	8	28,568	46,126	21	23,290	31,453
Short term borrowings	9	1,610,813	1,439,323	22	315,506	318,872
Current portion of long term financing	5	91,543	35,000	23	96,362	70,988
		2,587,709	2,479,681		1,459,253	1,890,975
<b>TOTAL LIABILITIES</b>		2,674,258	2,753,976			
<b>CONTINGENCIES AND COMMITMENTS</b>	10					
<b>TOTAL EQUITY AND LIABILITIES</b>		3,280,783	3,557,965		3,280,783	3,557,965

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

**Statement under section 232(1) of the Companies Act, 2017:**

The Chief Executive Officer of the Company is presently out of the country. Therefore these Financial Statements have been signed by Two Directors and Chief Financial Officer as required under section 232(1) of the Companies Act, 2017.



**OMER SAEED**  
DIRECTOR



**KHIZAR SAEED**  
DIRECTOR



**MUHAMMAD KASHIF ZAHUR**  
CHIEF FINANCIAL OFFICER

**STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED 30 JUNE 2024**

	NOTE	2024 (RUPEES IN THOUSAND)	2023
REVENUE FROM CONTRACTS WITH CUSTOMERS	24	5,559,463	6,859,842
COST OF SALES	25	(5,351,493)	(6,668,837)
GROSS PROFIT		207,970	191,005
DISTRIBUTION COST	26	(112,587)	(193,006)
ADMINISTRATIVE EXPENSES	27	(302,575)	(347,547)
OTHER EXPENSES	28	(5,935)	(4,190)
OTHER INCOME	29	35,757	52,339
FINANCE COST	30	(179,559)	(283,699)
LOSS BEFORE TAXATION AND LEVY		(356,929)	(585,098)
LEVY	31	(69,463)	(78,152)
LOSS BEFORE TAXATION		(426,392)	(663,250)
TAXATION	32	104,152	109,180
LOSS AFTER TAXATION		(322,240)	(554,070)
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)	33	(32.48)	(55.85)


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

Statement under section 232(1) of the Companies Act, 2017:

The Chief Executive Officer of the Company is presently out of the country. Therefore these Financial Statements have been signed by Two Directors and Chief Financial Officer as required under section 232(1) of the Companies Act, 2017.



OMER SAEED  
DIRECTOR



KHIZAR SAEED  
DIRECTOR



MUHAMMAD KASHIF ZAHUR  
CHIEF FINANCIAL OFFICER

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2024


	NOTE	2024 (RUPEES IN THOUSAND)	2023 (RUPEES IN THOUSAND)
LOSS AFTER TAXATION		(322,240)	(554,070)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of staff retirement gratuity	6.3	110	22,923
Deferred income tax related to remeasurements	15.1.1	(32)	(4,653)
		78	18,270
Surplus on revaluation of freehold land	4	124,698	-
		124,776	18,270
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the year - net of deferred income tax		124,776	18,270
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(197,464)</u>	<u>(535,800)</u>

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

**Statement under section 232(1) of the Companies Act, 2017:**

The Chief Executive Officer of the Company is presently out of the country. Therefore these Financial Statements have been signed by Two Directors and Chief Financial Officer as required under section 232(1) of the Companies Act, 2017.

  
OMER SAEED  
DIRECTOR

  
KHIZAR SAEED  
DIRECTOR

  
MUHAMMAD KASHIF ZAHUR  
CHIEF FINANCIAL OFFICER

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2024**

	ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL	SPONSORS' LOANS	CAPITAL RESERVES			UNAPPROPRIATED PROFIT / (ACCUMULATED LOSS)	TOTAL EQUITY
			Equity portion of shareholders' loans	Surplus on revaluation of freehold land	Total		
-----RUPEES IN THOUSAND-----							
<b>Balance as at 01 July 2022</b>	99,200	241,800	183,291	235,857	419,148	599,481	1,359,629
Transaction with owners - Final cash dividend for the year ended 30 June 2022 at the rate of Rupees 2.00 per share	-	-	-	-	-	(19,840)	(19,840)
Loss for the year	-	-	-	-	-	(554,070)	(554,070)
Other comprehensive income for the year	-	-	-	-	-	18,270	18,270
Total comprehensive loss for the year	-	-	-	-	-	(535,800)	(535,800)
<b>Balance as at 30 June 2023</b>	99,200	241,800	183,291	235,857	419,148	43,841	803,989
Loss for the year	-	-	-	-	-	(322,240)	(322,240)
Other comprehensive income for the year	-	-	-	124,698	124,698	78	124,776
Total comprehensive loss for the year	-	-	-	124,698	124,698	(322,162)	(197,464)
<b>Balance as at 30 June 2024</b>	99,200	241,800	183,291	360,555	543,846	(278,321)	606,525

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

**Statement under section 232(1) of the Companies Act, 2017:**

The Chief Executive Officer of the Company is presently out of the country. Therefore these Financial Statements have been signed by Two Directors and Chief Financial Officer as required under section 232(1) of the Companies Act, 2017.



**OMER SAEED**  
DIRECTOR



**KHIZAR SAEED**  
DIRECTOR



**MUHAMMAD KASHIF ZAHUR**  
CHIEF FINANCIAL OFFICER



**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2024**

	NOTE	2024 (RUPEES IN THOUSAND)	2023 (RUPEES IN THOUSAND)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from / (used in) operations</b>	34	270,763	(70,915)
Finance cost paid		(189,092)	(239,223)
Income tax and levy paid		(61,300)	(97,854)
Staff retirement gratuity paid	6	(78,205)	(19,412)
Net decrease / (increase) in long term loans		47	(6)
Workers' profit participation fund paid		-	(32,477)
Net (increase) / decrease in long term deposits and prepayments		(215)	46
<b>Net cash used in operating activities</b>		(58,002)	(459,841)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment and intangible assets		(61,804)	(47,513)
Proceeds from disposal of property, plant and equipment		8,892	500
<b>Net cash used in investing activities</b>		(52,912)	(47,013)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing		(35,000)	(19,780)
Dividend paid		(202)	(19,216)
Acquisition of short term borrowings - net		171,490	571,398
<b>Net cash from financing activities</b>		136,288	532,402
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		25,374	25,548
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		70,988	45,445
<b>Net foreign exchange difference on translating cash and bank balances</b>		-	(5)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	23	96,362	70,988

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

Statement under section 232(1) of the Companies Act, 2017:

The Chief Executive Officer of the Company is presently out of the country. Therefore these Financial Statements have been signed by Two Directors and Chief Financial Officer as required under section 232(1) of the Companies Act, 2017.

  
OMER SAEED  
DIRECTOR

  
KHIZAR SAEED  
DIRECTOR

  
MUHAMMAD KASHIF ZAHUR  
CHIEF FINANCIAL OFFICER

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024****1. THE COMPANY AND ITS OPERATIONS**

Ideal Spinning Mills Limited (the Company) is a public limited company incorporated in Pakistan on 08 June 1989 under the Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited on 30 September 1991. The principal activity of the Company is manufacturing and sale of yarn, cloth and hosiery products. The Company's registered office is situated at Room No. 404-405, 4th Floor, Business Centre, Mumtaz Hassan Road, Karachi.

Geographical location and addresses of all business units of the Company, except for the registered office given above are as follows:

<b>Offices and manufacturing units</b>	<b>Address</b>
Head Office	1088, Jail Road, Faisalabad
Spinning and Weaving Units	32-KM Sheikhpura Road, Tehsil Jaranwala, District Faisalabad
Socks Unit	5-KM Cantt. Road, Shorkot City
Regional Office	506-D, 5th Floor, City Tower, 6-K, Main Boulevard, Gulberg-II, Lahore

**2. MATERIAL ACCOUNTING POLICY INFORMATION**

The material accounting policy information applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, except for the change in accounting policy of taxation and levy made in accordance with "Application guidance on Accounting for Minimum Taxes" issued by Institute of Chartered Accountants of Pakistan through circular 7/2024. The change has been explained in Note 2.11 to these financial statements.

**2.1 Basis of preparation****a) Statement of compliance**

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

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

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

**b) Accounting convention**

These financial statements have been prepared under the historical cost convention, except as otherwise stated in the respective accounting policies.

**c) Critical accounting estimates and judgments**

The preparation of these financial statements in conformity with the approved accounting and reporting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the periods in which the estimates are revised and in any future period affected. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

**Useful lives, patterns of economic benefits and impairment**

The estimate for revalued amount of freehold land is based on valuation performed by external professional valuer. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment along with intangible assets with a corresponding effect on the depreciation / amortization charge and impairment.

**Recovery of deferred income tax assets**

Deferred income tax assets are recognised for deductible temporary differences only if the Company considers it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

**Provisions**

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

**Inventories**

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

**Income tax and levy**

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

**Contingencies**

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

**Allowance for expected credit losses**

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

**Revenue from contracts with customers involving sale of goods**

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

**Staff retirement gratuity**

Certain actuarial assumptions have been adopted as disclosed in Note 6.4 to the financial statements for determination of present value of staff retirement gratuity. Any change in these assumptions in future years might affect the current and remeasurement gains and losses in those years.

**d) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company**

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2023:

- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement' - Disclosure of Accounting Policies;
- Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Change in definition of 'Accounting Estimate';
- Amendments to IAS 12 'Income Taxes' - International Tax Reform - Pillar Two Model Rules

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

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

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2023 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.



**f) Standard and amendments to published approved accounting standards that are not yet effective but relevant to the Company**

Following standard and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2024 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2024. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

On 31 October 2022, the IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for reporting periods beginning on or after 01 January 2024.

On 22 September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 01 January 2024.

Suppliers Finance Arrangements (Amendments to IAS 7 'Statements of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures'). The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. The amendments are effective for annual reporting period beginning on or after 01 January 2024.

Classification and Measurements of Financial Instruments (Amendments to IFRS 7 'Financial Instruments: Disclosures' and IFRS 9 'Financial Instruments') effective for annual periods beginning on or after 01 January 2026. These amendments address matters identified during the post - implementation review of the classification and measurement requirements of IFRS 9.

Lack of Exchangeability (Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates'). The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments are effective for annual reporting periods beginning on or after 01 January 2025.

IFRS 18 'Presentation and Disclosure in Financial Statements' (effective for annual periods beginning on or after 01 January 2027) with a focus on updates to the statement of profit or loss. The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The key concepts introduced in IFRS 18 relate to: the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.

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

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

There are other standards and amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2024 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

**2.2 Property, plant, equipment and depreciation**

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss, while capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use. Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to the construction / erection period of qualifying assets and other directly attributable cost of bringing the assets to working condition.

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

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

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

**Depreciation**

Depreciation on property, plant and equipment is charged to the statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 11.1. The Company charges the depreciation on additions from the month when the asset is available for use and on deletions upto the month preceding the month of disposal. The assets' residual values and useful lives are reviewed by the management at each financial year-end and adjusted if impact on depreciation is significant.

**De-recognition**

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

**2.3 Intangible assets**

Computer softwares acquired by the Company are stated at cost less accumulated amortization and any identified impairment loss. The amortization is made applying the straight line method at the rates stated in Note 12 to these financial statements.

**2.4 Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss.

**2.5 Share capital**

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

**2.6 Borrowing cost**

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

**2.7 Inventories**

Inventories, except for stock in transit and waste stock, are stated at lower of cost and net realizable value. Cost is determined as follows:

**Stores, spare parts and loose tools**

Usable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice amount plus other charges paid thereon.

**Stock-in-trade**

Cost of raw materials, work-in-process and finished goods is determined as follows:

- |  |   |
|--|---|
| (i) For raw materials:                       | Weighted average cost.  |
| (ii) For work-in-process and finished goods: | Average manufacturing cost including a portion of production overheads. |

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock is valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make a sale.

**2.8 Cash and cash equivalents**

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

**2.9 Staff retirement benefit**

The Company operates defined benefit plan - unfunded gratuity scheme for its permanent employees, who have completed the minimum qualifying period of service as defined under the scheme. The liabilities relating to defined benefit plan are determined through actuarial valuation using the Projected Unit Credit Method. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long term nature of these benefits, such estimates are subject to certain uncertainties. Remeasurements changes which comprise actuarial gains and losses are recognized in other comprehensive income in the period in which these arise.

**2.10 Provisions**

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

**2.11 Taxation and levy**

**Change in accounting policy**

**Current**

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. Final taxes levied under the Income Tax Ordinance, 2001 and any excess over the amount designated as provision for current tax are charged as levy in statement of profit or loss. The charge for current tax and levy also includes adjustments, where considered necessary, to provision for tax and levy made in previous years arising from assessments framed during the year for such years. Previously, component representing levy was included in provision for current tax and was not separately charged in statement of profit or loss. This change in accounting policy has been applied retrospectively in accordance with the provisions of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and resulted in following reclassification of corresponding figures:

Reclassified from	Reclassified to	RUPEES IN THOUSAND
<b>Statement of profit or loss:</b>		
Taxation	Levy	78,152
<b>Statement of financial position:</b>		
Advance income tax	Prepaid levy	20,886
Provision for taxation	Levy payable	80,611

Had there been no change in the above referred accounting policy, amounts of levy of Rupees 69.463 million, prepaid levy of Rupees 14.134 million and levy payable of Rupees 69.463 million would have been presented as taxation expense, advance income tax and provision for taxation respectively in these financial statements. Moreover, this change in accounting policy has no impact on loss per share of the Company.

**Deferred**

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

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

## **2.12 Dividend and other appropriations**

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

## **2.13 Financial instruments**

### **i) Classification and measurement of financial instruments**

#### **Financial assets**

##### **a) Classification**

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

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortized cost

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

For assets measured at fair value through profit or loss, gains and losses will be recorded in profit or loss. For investments in debt instruments, this will depend on the business model in which the investment is held.

##### **b) Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### **Debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments:

##### **a) Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on de-recognition is recognized directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses.

##### **b) Fair value through profit or loss (FVTPL)**

Assets that do not meet the criteria for amortized cost or at Fair Value Through Other Comprehensive Income (FVTOCI) are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognized in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

#### **Financial liabilities**

Financial liabilities are classified and 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 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 statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

**ii) Impairment of financial assets**

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

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

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

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

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

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

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

**a) Financial assets**

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. On de-recognition of a financial asset, in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in the statement of profit or loss.

**b) Financial liabilities**

The Company de-recognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as de-recognition of the original liability and the recognition of a new liability, and the difference in respective carrying amount is recognized in the statement of profit or loss.

**iv) Offsetting of financial instruments**

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

**2.14 Borrowings**

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

**2.15 Government grants**

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

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

**2.16 Trade debts and other receivables**

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

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

**2.17 Trade and other payables**

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

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

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss.

**2.19 Revenue recognition**

**i) Revenue from contracts with customers**

**a) Sale of goods**

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

**b) Processing services**

The Company provides conversion / CMT services to local customers. These services are sold separately and the Company's contract with the customer for services constitute a single performance obligation.

Revenue from services is recognized at the point in time, generally at the time of dispatch. There are no terms giving rise to variable consideration under the Company's contracts with its customers.

**ii) Contract assets**

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

**iii) Right of return assets**

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

**iv) Contract liabilities**

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

**v) Other income recognition**

**a) Interest**

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

**b) Rent**

Rent revenue is recognised on straight line basis over the lease term.

**c) Other revenue**

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

**2.20 Segment reporting**

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

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

The Company has three reportable business segments: Spinning (Producing different quality of yarn using natural and artificial fibers), Weaving (Producing different quality of greige fabric using yarn) and Socks (Manufacturing socks from yarn, elastic and other ancillary materials).

Transactions among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases are eliminated from the total.

**2.21 (Loss) / earnings per share**

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

**2.22 Contingent assets**

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

**2.23 Contingent liabilities**

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

**3. SPONSORS' LOANS**

These loans are interest free and payable at the discretion of the Company.

**4. SURPLUS ON REVALUATION OF FREEHOLD LAND**

	2024	2023
	(RUPEES IN THOUSAND)	
Balance as at 01 July	235,857	235,857
Surplus arisen on revaluation of freehold land during the year (Note 11.1)	124,698	-
Balance as at 30 June	360,555	235,857

	2024	2023
	(RUPEES IN THOUSAND)	
<b>5. LONG TERM FINANCING</b>		
<b>From banking company - secured</b>		
Diminishing musharakah (Note 5.1)	105,000	140,000
<b>Unsecured</b>		
From sponsor director / shareholder (Note 5.2)	56,543	48,518
	<u>161,543</u>	<u>188,518</u>
Less: Current portion shown under current liabilities	91,543	35,000
	<u>70,000</u>	<u>153,518</u>
<b>5.1</b>	This musharakah was received from Meezan Bank Limited. It carries profit at the rate of 3 Month KIBOR plus 2% with floor of 5% and cap of 30% having repricing and payment on quarterly basis. This is repayable in sixteen equal quarterly installments commenced from 30 August 2023 and ending on 30 May 2027. This loan is secured against equitable mortgage of Rupees 278.547 million over property located at 1088, Jail Road, Faisalabad owned by Mrs. Rubina Amjad, Director of the Company along with the personal guarantee of six directors of the Company.	
<b>5.2 From sponsor director / shareholder</b>		
Opening balance	48,518	176,048
Add: Fair value adjustment (Note 30)	8,025	11,035
	<u>56,543</u>	<u>187,083</u>
Less: Transferred to short term borrowings	-	138,565
Closing balance	<u>56,543</u>	<u>48,518</u>
<b>5.2.1</b>	This represents unsecured interest free loans obtained from a sponsor director / shareholder of the Company. The loan of Rupees 203.565 million which was repayable in one bullet installment on 31 October 2022 has been rescheduled upto Rupees 65 million which will be repaid in one bullet installment on 30 May 2025. Remaining balance of Rupees 138.565 million was repayable in one bullet installment on 31 October 2022 but has been rescheduled as short term borrowing. A portion of the loan of Rupees 65 million along with the sponsors' loan shown in Note 3 are subordinated to bank borrowings amounting to Rupees 306.616 million collectively. Fair value of the loan was estimated at the present value of future cash flows discounted at effective rate of 16.54% (2023: 16.54%) per annum.	
<b>6. STAFF RETIREMENT GRATUITY</b>		
Opening balance	120,777	101,469
Provision for the year (Note 6.2)	55,016	61,643
Retirement benefit due but not paid (Note 7.2)	(80,929)	-
Retirement benefit paid	(78,205)	(19,412)
Remeasurements (Note 6.3)	(110)	(22,923)
Closing balance	<u>16,549</u>	<u>120,777</u>
<b>6.1 Changes in present value of defined benefit obligation</b>		
Present value of defined benefit obligation	120,777	101,469
Current service cost	49,724	47,498
Past service cost	-	1,986
Interest cost	6,697	12,159
Gains arising on plan settlement	(1,405)	-
Retirement benefit due but not paid	(80,929)	-
Retirement benefit paid	(78,205)	(19,412)
Remeasurements:		
Actuarial losses from changes in financial assumptions	290	1,518
Experience adjustments	(400)	(24,441)
	<u>16,549</u>	<u>120,777</u>
<b>6.2 Provision for the year</b>		
Current service cost	49,724	47,498
Past service cost	-	1,986
Gains arising on plan settlement	(1,405)	-
Interest cost	6,697	12,159
	<u>55,016</u>	<u>61,643</u>
<b>6.3 Remeasurements</b>		
Actuarial losses from changes in financial assumptions	290	1,518
Experience adjustments	(400)	(24,441)
	<u>(110)</u>	<u>(22,923)</u>



	2024	2023
<b>6.4 Principal actuarial assumptions used</b>		
Discount rate used for interest cost in profit or loss charge (per annum)	16.25%	13.25%
Discount rate used for year end obligation (per annum)	14.75%	16.25%
Expected rate of salary increase (per annum)	14.75%	15.25%
Average duration of the defined benefit obligation	2	2
Mortality rates	SLIC 2001-05 set back 1 year	SLIC 2001-05 set back 1 year
Withdrawal rate	Age based	Age based
Retirement assumption	Age 60	Age 60

**6.5** The estimated expenses to be charged to the statement of profit or loss for the year ending on 30 June 2025 is Rupees 34.417 million.

**6.6 Expected benefit payments for the future years:**

One year	1-2 years	2-4 years	Over 4 years
-----RUPEES IN THOUSAND-----			
10,083	17,233	34,535	121,546

**6.7 Sensitivity analysis on defined benefit obligation:**

The sensitivity of the defined benefit obligation as at reporting date to changes in the weighted principal assumption is:

	2024	2023
Discount rate	1.00%	1.00%
Increase in assumption (Rupees in thousand)	(325)	(2,334)
Decrease in assumption (Rupees in thousand)	342	2,454
Future salary increase	1.00%	1.00%
Increase in assumption (Rupees in thousand)	409	2,943
Decrease in assumption (Rupees in thousand)	(396)	(2,848)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognized within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year except for certain changes as given in Note 6.4.

**6.8 Risk associated with the scheme**

**a) Final salary risk (linked to inflation risk)**

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

**b) Demographic risks**

**Mortality risk**

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

**Withdrawal risk**

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

	2024 (RUPEES IN THOUSAND)	2023
<b>7. TRADE AND OTHER PAYABLES</b>		
Creditors (Note 7.1)	533,443	615,172
Accrued liabilities (Note 7.2)	220,374	234,846
Contract liabilities - unsecured	48,985	34,195
Income tax deducted at source	6,361	3,413
Sales tax payable	9,248	34,771
Workers' welfare fund	10,305	10,305
Gas Infrastructure Development Cess (GIDC) payable (Note 7.3)	21,383	21,383
Workers' profit participation fund (Note 7.4)	151	151
Others	3,936	2,195
	<u>854,186</u>	<u>956,431</u>
<b>7.1</b> These include amounts due to following related parties:		
Blue Moon Filling Station	10,290	11,505
Ideal Socks	3,329	2,949
	<u>13,619</u>	<u>14,454</u>
<b>7.2</b> These include gratuity payable due but not paid to employees amounting to Rupees 80.929 million (2023: Rupees Nil).		
<b>7.3</b> This represents Gas Infrastructure Development Cess (GIDC) which was levied through GIDC Act, 2015. Supreme Court of Pakistan upheld this GIDC Act, 2015 to be constitutional and intra-vires.		
<b>7.4 Workers' profit participation fund</b>		
Balance as on 01 July	151	28,821
Interest for the year	-	3,807
	<u>151</u>	<u>32,628</u>
Less: Payments made during the year	-	32,477
Balance as on 30 June	<u>151</u>	<u>151</u>
<b>8. ACCRUED MARK-UP</b>		
Long term financing	2,149	2,962
Short term borrowings	26,419	43,164
	<u>28,568</u>	<u>46,126</u>
<b>9. SHORT TERM BORROWINGS</b>		
<b>From banking companies - secured</b>		
Cash finances (Note 9.1 and 9.4)	105,762	189,788
Running finances (Note 9.2 and 9.4)	198,427	231,371
Other short term finances (Note 9.3 and 9.4)	476,756	405,811
	780,945	826,970
<b>Others - unsecured</b>		
Other related parties (Note 9.5)	829,868	612,353
	<u>1,610,813</u>	<u>1,439,323</u>
<b>9.1</b> These form part of total credit facility of Rupees 1,200 million (2023: Rupees 1,925 million). Rates of mark-up range from 23.10% to 24.91% (2023: 17.16% to 23.98%) per annum during the year on balances outstanding.		
<b>9.2</b> These form part of total credit facility of Rupees 200 million (2023: Rupees 270 million). Rates of mark-up range from 22.12% to 26.40% (2023: 13.89% to 24.08%) per annum during the year on balances outstanding.		
<b>9.3</b> These form part of total credit facility of Rupees 1,214 million (2023: Rupees 885 million). Rates of mark-up range from 17.50% to 26.04% (2023: 3% to 24.24%) per annum during the year on balances outstanding.		
<b>9.4</b> These finances are secured against joint pari passu charge over present and future fixed and current assets, pledge of stocks and lien on import / export documents. These are further secured by the personal guarantee of the directors of the Company.		
<b>9.5</b> These represent interest free loans from Chief Executive Officer, directors and sponsor of the Company to meet the Company's working capital requirements. These are repayable on demand.		

**10. CONTINGENCIES AND COMMITMENTS**

**a) Contingencies**

i) The Company has challenged, before Lahore High Court, Lahore, the provisions of SRO 491(1)/2016 dated 30 June 2016 issued under section 8(1)(b) of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 1125(1)/2011 dated 31 December 2011, claim of input sales tax in respect of packing material has been disallowed. The Company filed a Writ Petition No. 96551/2017 dated 03 November 2017 before Lahore High Court, Lahore. Consequently, the Company has accounted for input sales tax amounting to Rupees 4.791 million (2023: Rupees 4.791 million) paid on such items as receivable balance. Lahore High Court, Lahore through its order dated 25 June 2019 has dismissed the petition filed by the Company. Being aggrieved by the order, an Intra Court Appeal (ICA) No. 1247 of 2020 dated 14 January 2020 has been filed by the Company in Lahore High Court, Lahore. The Company is confident of positive outcome of the appeal, on the advice of legal counsel.

ii) The Company received show cause notice from Assistant Commissioner Inland Revenue dated 16 December 2019 for further tax not paid amounting to Rupees 11.957 million (2023: Rupees 11.957 million) on sale to unregistered persons from 01 July 2018 to 30 June 2019 along with default surcharge and penalty under section 34(1) and section 33 of Sales Tax Act, 1990 respectively. Against the order, an appeal has been filed by the Company on 06 May 2020 before Commissioner Inland Revenue (Appeals) which is pending for decision. No provision has been made in these financial statements as the management is hopeful for positive outcome.

iii) An appeal was filed in Lahore High Court, Lahore on 09 April 2018 against cost of supply of Re-Gasified Liquefied Natural Gas (RLNG) by Sui Northern Gas Pipelines Limited (SNGPL) amounting to Rupees 4.953 million (2023: Rupees 4.953 million). This appeal was allowed by Lahore High Court, Lahore on 13 December 2019 by asking Oil and Gas Regulatory Authority (OGRA) to conduct a public hearing to determine the level of cost of supply of RLNG. Keeping in view the opinion of the legal counsel of the Company, the related provision is not made in these financial statements as there are strong grounds that the decision of the proposed public hearing of OGRA will be decided in favour of the Company.

iv) Sindh High Court, Karachi made decision on 04 June 2021 about the levy of Sindh Infrastructure Cess, against which the Company was contingently liable for Rupees 6.177 million (2023: Rupees 6.177 million). The guarantees were submitted by the Company's Bank for the same amount. Against the decision, the Company lodged a constitution petition No. 4841 / 2021 dated 13 August 2021, in Supreme Court of Pakistan (SCP). Thereafter, on 01 September 2021, SCP allowed the petition, suspended the judgment of Sindh High Court, Karachi and leave to appeal was granted. However, the case is not yet fixed for hearing by SCP. On advice of legal counsel, in view of possible favourable outcome, no provision is accounted for in these financial statements.

v) Faisalabad Electric Supply Company Limited (FESCO), being aggrieved of the decision made by Lahore High Court, Lahore on 18 August 2022 against the fuel price adjustment for the month of July 2022 of Rupees 16.585 million, filed CPLA 1231-L/2023 against the Company in Supreme Court of Pakistan on 19 May 2023. However, on advice of legal counsel, no provision is made in these financial statements in view of possible favourable outcome for the Company.

vi) Guarantees of Rupees 94.294 million (2023: Rupees 54.695 million) are given by the banks of the Company to SNGPL against gas connections and to FESCO against electricity connections.

**b) Commitments**

i) Letters of credit other than for capital expenditure are of Rupees 36.566 million (2023: Rupees 29.531 million).

ii) Commitments arising from short term lease to be recognised on a straight line basis as expense under the practical expedient applied by the Company with respect to IFRS 16 are of Rupees 5.085 million (2023: Rupees 5.650 million) which are to be paid within one year (2023: within one year).

**11. PROPERTY, PLANT AND EQUIPMENT**

	<b>2024</b>	<b>2023</b>
	<b>(RUPEES IN THOUSAND)</b>	
Operating fixed assets (Note 11.1)	1,692,554	1,653,982
Capital work-in-progress (Note 11.2)	11,870	8,395
	<u>1,704,424</u>	<u>1,662,377</u>

### 11.1

#### Operating fixed assets

	Freehold land	Buildings	Plant and machinery	Stand-by equipment	Electric Installations	Factory equipment	Office equipment	Computers	Electric appliances	Furniture and fixtures	Vehicles	Total
<b>At 30 June 2022</b>												
Cost / revalued amount	272,072	463,497	1,661,998	158,177	86,579	37,039	3,083	14,260	15,589	3,565	155,246	2,871,105
Accumulated depreciation	-	(135,565)	(837,080)	(31,409)	(46,774)	(8,239)	(1,622)	(8,518)	(6,487)	(1,494)	(62,105)	(1,140,293)
Net book value	272,072	327,932	824,918	126,768	39,805	28,800	1,461	5,742	9,102	2,071	93,141	1,730,812
<b>Year ended 30 June 2023</b>												
Opening net book value	272,072	326,932	824,918	126,768	39,805	28,800	1,461	5,742	9,102	2,071	93,141	1,730,812
Additions / transfers	-	-	29,387	95	9,218	-	-	728	1,363	-	30,447	71,238
Disposals:												
Cost	-	-	-	-	-	-	-	-	-	-	(2,604)	(2,604)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	2,179	2,179
Depreciation charge	-	(16,346)	(84,203)	(12,677)	(4,092)	(2,886)	(146)	(1,894)	(995)	(207)	(425)	(425)
Closing net book value	272,072	310,586	770,102	114,091	44,931	26,009	1,315	4,576	9,470	1,864	98,966	1,653,982
<b>At 30 June 2023</b>												
Cost / revalued amount	272,072	463,497	1,691,385	158,177	95,797	37,134	3,083	14,988	16,952	3,565	183,089	2,939,739
Accumulated depreciation	-	(152,911)	(921,283)	(44,086)	(50,866)	(11,125)	(1,768)	(10,412)	(7,482)	(1,701)	(84,123)	(1,285,757)
Net book value	272,072	310,586	770,102	114,091	44,931	26,009	1,315	4,576	9,470	1,864	98,966	1,653,982
<b>Year ended 30 June 2024</b>												
Opening net book value	272,072	310,586	770,102	114,091	44,931	26,009	1,315	4,576	9,470	1,864	98,966	1,653,982
Additions / transfers	-	-	48,964	5,881	200	-	-	-	381	-	2,903	58,329
Revaluation surplus (Note 4)	124,698	-	-	-	-	-	-	-	-	-	-	124,698
Disposals:												
Cost	-	-	(10,924)	-	-	-	-	-	-	-	(1,915)	(12,839)
Accumulated depreciation	-	-	2,708	-	-	-	-	-	-	-	1,792	4,500
Depreciation charge	-	(15,528)	(79,019)	(11,752)	(4,511)	(2,601)	(132)	(1,323)	(981)	(187)	(123)	(8,339)
Closing net book value	396,770	295,058	731,831	108,220	40,620	23,408	1,183	3,203	8,870	1,677	81,714	1,692,554
<b>At 30 June 2024</b>												
Cost / revalued amount	396,770	463,497	1,729,425	164,058	95,997	37,134	3,083	14,988	17,333	3,565	184,077	3,109,927
Accumulated depreciation	-	(168,439)	(997,594)	(55,838)	(55,277)	(13,726)	(1,900)	(11,785)	(8,463)	(1,888)	(102,263)	(1,417,373)
Net book value	396,770	295,058	731,831	108,220	40,620	23,408	1,183	3,203	8,870	1,677	81,714	1,692,554
<b>Annual rate of depreciation (%)</b>	-	5	10	10	10	10	10	30	10	10	20	

**11.1.1** Freehold land of the Company was revalued as at 24 June 2024 by Mughal Associates Evaluators and Consulting Engineers, an independent valuer using market value method. Previously the revaluations were carried out on 23 June 2021, 08 December 2017 and 30 June 2016 by independent valuers. The book value of freehold land on cost basis is Rupees 36,215 million (2023: Rupees 36,215 million).

**11.1.2** Forced sale value of freehold land as per last revaluation held on 24 June 2024 was Rupees 337,254 million.

**11.1.3** Depreciation charged for the year has been allocated as follows:

	2024	2023
	(RUPEES IN THOUSAND)	
Cost of sales (Note 25)	102,174	108,505
Administrative expenses (Note 27)	33,942	38,738
	<u>136,116</u>	<u>147,243</u>

11.1.1.4 Detail of operating fixed assets, exceeding the book value of Rupees 500,000, disposed of during the year is as follows:

Description	Quantity	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of purchasers
----- (RUPEES IN THOUSAND) -----								
<b>Plant and machinery</b>								
Sulzer Looms TW11	1	1,257	609	648	772	124	Company Policy	Mubashir Hussain, Chak No. 80 RB, Tehsil Shahkot District Nankana Sahb
Sulzer Looms TW11	1	1,257	609	648	772	124	Company Policy	Muhammad Boota, Chak No. 13 BC, Tehsil and District Bahawalpur
<b>Sub Total</b>		2,514	1,218	1,296	1,544	248		
<b>Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000</b>		10,325	3,282	7,043	7,348	305		
<b>Total</b>		12,839	4,500	8,339	8,892	553		

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

Particulars	Location	Area of land	Covered area
		Acres	Sq. Ft.
Manufacturing facilities and vacant land	32-KM Sheikhpura Road, Tehsil Jaranwala, District Faisalabad	22.544	392 967
Head office (Note 11.1.6)	1088, Jail Road, Faisalabad	0.250	24 728
Other office (Note 11.1.7)	1204, 12 <sup>th</sup> Floor, Tricon Corporate Center, Jail Road, Lahore	-	5 273

**11.1.6** This building is constructed and capitalized on the land which is in the name of a director of the Company.

**11.1.7** The covered area at this location consists of building only because of multi-storey plaza.

**11.2 Capital work-in-progress**

	Stand-by equipment	Vehicles	Intangible assets	Total
<b>At 30 June 2022</b>	-	26,473	5,647	32,120
Add: Additions during the year	-	3,974	2,748	6,722
Less: Transferred to operating fixed assets during the year	-	(30,447)	-	(30,447)
<b>At 30 June 2023</b>	-	-	8,395	8,395
Add: Additions during the year	9,356	2,903	-	12,259
Less: Transferred to operating fixed assets during the year	(5,881)	(2,903)	-	(8,784)
<b>At 30 June 2024</b>	3,475	-	8,395	11,870

**2024 2023  
(RUPEES IN THOUSAND)**

**12. INTANGIBLE ASSETS**

**Computer softwares**

**Net carrying value basis**

Opening net book value	2,659	4,454
Less: Amortization (Note 27)	1,795	1,795
Closing net book value	864	2,659

**Gross carrying amount**

Cost	8,116	8,116
Accumulated amortization	(7,252)	(5,457)
Closing net book value	864	2,659

Amortization rate (per annum)	20% and 33.33%	20% and 33.33%
-------------------------------	----------------	----------------

**13. LONG TERM LOANS**

Considered good - secured	147	239
Less: Current portion shown under current assets (Note 19)	147	192
	-	47

- 13.1** These represent interest free loans given to employees other than executives for meeting their personal expenditure. These are secured against balance to the credit of employees in the staff retirement gratuity and are recoverable in equal monthly installments.

	2024	2023
	(RUPEES IN THOUSAND)	
<b>14. LONG TERM DEPOSITS AND PREPAYMENTS</b>		
Security deposits (Note 14.1)	1,789	1,789
Prepayments	929	409
	<u>2,718</u>	<u>2,198</u>
Less: Current portion shown under current assets (Note 20)	596	291
	<u>2,122</u>	<u>1,907</u>

- 14.1** These mainly include interest free security deposits placed with utility companies for the provision of utility connections.

**15. DEFERRED INCOME TAX ASSET**

**Taxable temporary difference**

Difference in tax and accounting bases of operating fixed assets	(162,372)	(116,391)
--	-----------	-----------

**Deductible temporary differences**

Staff retirement gratuity	28,269	24,518
Unused tax losses	173,449	98,496
Provision for Gas Infrastructure Development Cess (GIDC)	-	4,341
Allowances for doubtful receivables	882	882
Unused tax credits against minimum tax and alternate corporate tax	168,711	-
	<u>371,311</u>	<u>128,237</u>
Deferred income tax asset / (liability)	<u>208,939</u>	<u>11,846</u>
Unrecognized deferred income tax asset (Note 15.2)	(104,819)	(11,846)
At the end of the year	<u>104,120</u>	<u>-</u>

**15.1 Movement in the deferred income tax asset / (liability) balance is as follows:**

At the beginning of the year	-	104,527
------------------------------	---	---------

Add / (less):

-difference in tax and accounting bases of operating fixed assets	45,981	(17,025)
-staff retirement gratuity	(3,751)	(744)
-unused tax losses	(74,953)	(98,496)
-provision for GIDC	4,341	666
-deferred income - Government grant	-	33
-allowances for doubtful receivables	-	(807)
-unused tax credits against minimum tax and alternate corporate tax	(168,711)	-
-unrecognized deferred income tax asset	92,973	11,846
	<u>(104,120)</u>	<u>(104,527)</u>
	<u>(104,120)</u>	<u>-</u>

**15.1.1 Charged to the statement of profit or loss:**

Net movement of temporary differences (Note 15.1)	(104,120)	(104,527)
Remeasurement of staff retirement gratuity	32	4,653
	<u>(104,152)</u>	<u>(109,180)</u>

- 15.2** Deferred income tax asset has been recognized to the extent that the realization of related tax benefits is probable from reversals of existing taxable temporary differences and future taxable profits, as the Company is committed to generate taxable income from the year ending on 30 June 2025 onwards and the unused tax credits against which deferred income tax assets is created will be utilized before their expiry. The Company has unused tax losses of Rupees 598.101 million which include unabsorbed tax depreciation of Rupees 202.225 million and tax loss of Rupees 395.876 million which will expire as follows:

Accounting year to which tax loss relates	Amount of tax	Accounting year in which tax loss will expire
<b>RUPEES IN THOUSAND</b>		
2024	118,423	2030
2023	277,453	2029
	<b>395,876</b>	

- 15.3** The Company has unused tax credits against minimum tax and alternative corporate tax available for carry forward under Section 113 and 113C of the Income Tax Ordinance, 2001 as detailed below:

Accounting year to which the minimum tax / alternative corporate tax relates	Nature	Amount of tax	Accounting year in which tax credit will expire
<b>RUPEES IN THOUSAND</b>			
2024	Minimum tax	54,621	2027
2023	Minimum tax	59,725	2026
2022	Alternative corporate tax	3,948	2032
2021	Minimum tax	21,613	2026
2020	Minimum tax	28,804	2025
		<b>168,711</b>	

Out of Rupees 168.711 million, the Company has created deferred income tax asset of Rupees 63.892 million while deferred income tax asset of Rupees 104.819 million is not recognized.

	2024	2023
	<b>(RUPEES IN THOUSAND)</b>	
<b>16. STORES, SPARE PARTS AND LOOSE TOOLS</b>		
Stores	49,314	51,850
Spare parts	52,888	81,719
Loose tools	405	428
	<b>102,607</b>	<b>133,997</b>
<b>17. STOCK-IN-TRADE</b>		
Raw materials (Note 17.1 and Note 17.2)	266,905	288,868
Work-in-process	84,013	99,755
Finished goods (Note 17.3)	333,375	557,028
Waste	1,045	1,724
	<b>685,338</b>	<b>947,375</b>
<b>17.1</b> Raw materials include stock in transit of Rupees 79.109 million (2023: Rupees 14.627 million).		
<b>17.2</b> These include stock of Rupees 4.533 million (2023: Rupees 6.541 million) sent to outside parties for processing.		
<b>17.3</b> These include stock of Rupees Nil (2023: Rupees 40.588 million) available with outside parties after conversion.		
<b>18. TRADE DEBTS</b>		
<b>Considered good:</b>		
Secured (against letters of credit)	31,697	115,121
Unsecured	198,826	255,479
	<b>230,523</b>	<b>370,600</b>
Less: Allowance for expected credit losses (Note 18.4)	2,989	2,989
	<b>227,534</b>	<b>367,611</b>





	2024	2023
	(RUPEES IN THOUSAND)	
<b>18.1</b>	Trade debts in respect of foreign and local jurisdictions is given under:	
Belgium	-	23,363
Canada	-	5,314
Denmark	44,489	19,435
Germany	18,869	26,799
Netherlands	134	141
Portugal	12,827	52,979
United Kingdom	-	36,069
United States of America	33,150	78,134
Pakistan	118,065	125,377
	227,534	367,611
<b>18.2</b>	Revenue from the sale of goods is recognized at the time of delivery, while payment is generally due within 10 to 30 days in case of local sales and 30 to 120 days in case of export sales.	
<b>18.3</b>	As at 30 June 2024, trade debts amounting to Rupees 20.385 million (2023: Rupees 98.053 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:	
Upto 1 month	10,053	79,379
1 to 6 months	8,956	18,014
More than 6 months	1,376	660
	20,385	98,053
<b>18.4</b>	<b>Allowance for expected credit losses</b>	
Opening balance	2,989	275
Add: Recognized during the year	-	2,986
	2,989	3,261
<b>Less:</b>		
Reversal of allowances for expected credit losses	-	(7)
Bad debts written off	-	(265)
	-	(272)
Closing balance	2,989	2,989
<b>19.</b>	<b>LOANS AND ADVANCES</b>	
	<b>Considered good:</b>	
Employees - interest free and secured		
– Executives		
against expenses	2,595	819
against salary	-	1,765
	2,595	2,584
– Other employees		
against expenses	1,462	1,332
against salary	579	1,155
	2,041	2,487
	4,636	5,071
Current portion of long term loans (Note 13)	147	192
Advances to suppliers / contractors	12,244	14,693
Letters of credit	701	443
	17,728	20,399
Less: Provision for doubtful loans and advances (Note 19.1)	51	51
	17,677	20,348

	2024	2023
	(RUPEES IN THOUSAND)	
<b>19.1 Provision for doubtful loans and advances</b>		
Opening balance	51	45
Add: Recognized during the year	-	6
Closing balance	<u>51</u>	<u>51</u>
<b>20. SHORT TERM DEPOSIT AND PREPAYMENTS</b>		
Deposit	40	40
Prepayments	303	-
Current portion of long term deposits and prepayments (Note 14)	596	291
	<u>939</u>	<u>331</u>
<b>21. ADVANCE INCOME TAX AND LEVY - NET</b>		
<b>Advance income tax - net</b>		
Advance income tax	118,888	131,447
Less: Provision for taxation	(40,269)	(40,269)
	78,619	91,178
<b>Levy payable / prepaid levy - net</b>		
Prepaid levy	14,134	20,886
Less: Levy payable	(69,463)	(80,611)
	(55,329)	(59,725)
	<u>23,290</u>	<u>31,453</u>
<b>22. OTHER RECEIVABLES</b>		
<b>Considered good:</b>		
Sales tax refundable / receivable	289,764	295,857
Export rebate	21,542	18,849
Others	4,200	4,166
	<u>315,506</u>	<u>318,872</u>
<b>23. CASH AND BANK BALANCES</b>		
<b>With banks:</b>		
On current accounts (Note 23.1)	73,412	49,679
On PLS saving accounts	21,636	13,760
	95,048	63,439
<b>Cash in hand</b>	1,314	7,549
	<u>96,362</u>	<u>70,988</u>
<b>23.1</b> These include foreign currency accounts containing USD 1,959 (2023: USD 31,622).		
<b>24. REVENUE FROM CONTRACTS WITH CUSTOMERS</b>		
Local sales (Note 24.1)	4,393,740	4,799,784
Export sales	1,158,249	2,051,130
Export rebate	7,474	8,928
	<u>5,559,463</u>	<u>6,859,842</u>
<b>24.1 Local sales</b>		
Yarn / socks	4,405,587	4,671,023
Waste	26,696	36,318
Sizing income	1,849	-
Conversion income / CMT income / cloth sale	723,333	930,972
Lyocell	34,625	-
	<u>5,192,090</u>	<u>5,638,313</u>
Less: Sales tax	798,350	838,529
	<u>4,393,740</u>	<u>4,799,784</u>
<b>24.2</b> The Company has recognized revenue of Rupees 31.059 million (2023: Rupees 39.791 million) from amounts included in contract liabilities at the year end.		

	2024	2023
	(RUPEES IN THOUSAND)	
<b>25. COST OF SALES</b>		
Raw materials consumed (Note 25.1)	3,063,299	4,507,970
Cost of Lyocell sold	26,130	-
Salaries, wages and other benefits (Note 25.2)	423,914	613,834
Stores, spare parts and loose tools consumed	193,946	302,894
Packing materials consumed	185,242	201,962
Sizing materials consumed	27,410	55,937
Outside processing / conversion and other charges	54,709	84,960
Repair and maintenance	3,209	11,903
Fuel and power	1,008,284	876,513
Insurance	15,275	16,216
Rent, rates and taxes (Note 25.3)	6,930	6,550
Other factory overheads	897	2,522
Depreciation (Note 11.1.3)	102,174	108,905
	<u>5,111,419</u>	<u>6,790,166</u>
Work-in-process		
Opening stock	99,755	100,206
Closing stock	(84,013)	(99,755)
	<u>15,742</u>	<u>451</u>
Cost of goods manufactured	<u>5,127,161</u>	<u>6,790,617</u>
Finished goods		
Opening stock	558,752	436,972
Closing stock	(334,420)	(558,752)
	<u>224,332</u>	<u>(121,780)</u>
	<u>5,351,493</u>	<u>6,668,837</u>
<b>25.1 Raw materials consumed</b>		
Opening stock	288,868	321,870
Add: Purchased during the year	3,041,336	4,474,968
	<u>3,330,204</u>	<u>4,796,838</u>
Less: Closing stock	(266,905)	(288,868)
	<u>3,063,299</u>	<u>4,507,970</u>
<b>25.2</b> Salaries, wages and other benefits include staff retirement gratuity amounting to Rupees 41.355 million (2023: Rupees 39.869 million).		
<b>25.3</b> These include rent in respect of short term leases amounting to Rupees 6.780 million (2023: Rupees 6.550 million). These amounts were paid to Waqas Spinning Mills (Private) Limited, a related party and a director of the Company.		
<b>26. DISTRIBUTION COST</b>		
Salaries and other benefits (Note 26.1)	15,521	23,798
Outward freight and handling	31,041	52,259
Commission to selling agents	61,127	107,594
Travelling and accommodation	1,505	7,529
Postage and telephone	337	55
Others	3,056	1,771
	<u>112,587</u>	<u>193,006</u>
<b>26.1</b> Salaries and other benefits include staff retirement gratuity amounting to Rupees 2.123 million (2023: Rupees 3.045 million).		



	2024 (RUPEES IN THOUSAND)	2023
<b>27. ADMINISTRATIVE EXPENSES</b>		
Salaries and other benefits (Note 27.1)	135,136	145,542
Directors' remuneration	11,600	11,600
Rent, rates and taxes	7,302	7,870
Legal and professional	849	311
Insurance	6,101	4,831
Travelling and conveyance	5,637	24,516
Vehicles' running	32,083	35,469
Entertainment	13,252	18,712
Auditor's remuneration (Note 27.2)	1,360	1,360
Advertisement	79	326
Postage and telephone	9,902	11,164
Electricity, gas and water	18,064	12,925
Printing and stationery	2,527	4,294
Repair and maintenance	8,252	8,510
Fee and subscription	6,000	10,303
Miscellaneous	8,694	9,281
Amortization (Note 12)	1,795	1,795
Depreciation (Note 11.1.3)	33,942	38,738
	<u>302,575</u>	<u>347,547</u>
<b>27.1</b> Salaries and other benefits include staff retirement gratuity amounting to Rupees 11.538 million (2023: Rupees 18.719 million).		
<b>27.2 Auditor's remuneration</b>		
Audit fee	1,200	1,200
Half yearly review	110	110
Other certification	50	50
	<u>1,360</u>	<u>1,360</u>
<b>28. OTHER EXPENSES</b>		
Donation (Note 28.1)	575	400
Trade debts written off	42	50
Allowance for expected credit loss (Note 18.4)	-	2,986
Net exchange loss	5,318	-
Loans and advances written off	-	748
Provision for doubtful loans and advances	-	6
	<u>5,935</u>	<u>4,190</u>
<b>28.1</b> Whole of the donation was given to Faisalabad Women Chamber of Commerce and Industry where a director Mrs. Rubina Amjad is President.		
<b>29. OTHER INCOME</b>		
<b>Income from financial assets</b>		
Profit on deposits with banks (Note 29.1)	3,232	1,486
Reversal of allowance for expected credit losses	-	7
Bad debts recovered	-	395
Net exchange gain	-	42,921
	<u>3,232</u>	<u>44,809</u>
<b>Income from non-financial assets</b>		
Gain on disposal of property, plant and equipment	553	75
Amortization of deferred grant	-	141
Rental income	18,355	-
Credit balances written back	13,617	7,314
	<u>32,525</u>	<u>7,530</u>
	<u>35,757</u>	<u>52,339</u>
<b>29.1</b> Rate of profit on bank deposits as disclosed in Note 23 ranges from 6.75% to 20.50% (2023: 6.00% to 19.50%) per annum.		

		2024	2023
		(RUPEES IN THOUSAND)	
<b>30. FINANCE COST</b>			
Mark-up on:			
Long term financing		29,901	27,431
Short term borrowings		130,346	227,386
Fair value adjustment of loans from sponsor director / shareholder (Note 5.2)		8,025	11,035
Interest on workers' profit participation fund		-	3,807
Bank charges and commission		11,287	14,027
Adjustment due to impact of IFRS 9 on GIDC		-	13
		<u>179,559</u>	<u>283,699</u>
<b>31. LEVY</b>			
Charge for the year:			
Current (Note 31.1)		68,755	80,611
Prior year		708	(2,459)
		<u>69,463</u>	<u>78,152</u>
<b>31.1</b>	The provision for current levy represents minimum tax on local sales and final tax on export sales as per Income Tax Ordinance, 2001. Reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is not given in view of unused tax losses of the Company as given in Note 15.2 to these financial statements.		
<b>32. TAXATION</b>			
Deferred		<u>(104,152)</u>	<u>(109,180)</u>
<b>33. LOSS PER SHARE - BASIC AND DILUTED</b>			
There is no dilutive effect on the basic loss per share which is based on:			
		<b>2024</b>	<b>2023</b>
Loss for the year	(Rupees in thousand)	<u>(322,240)</u>	<u>(554,070)</u>
Weighted average number of ordinary shares	(Numbers)	<u>9 920 000</u>	<u>9 920 000</u>
Loss per share	(Rupees)	<u>(32.48)</u>	<u>(55.85)</u>
		<b>2024</b>	<b>2023</b>
		(RUPEES IN THOUSAND)	
<b>34. CASH GENERATED FROM / (USED IN) OPERATIONS</b>			
<b>Loss before taxation and levy</b>		(356,929)	(585,098)
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation (Note 11.1.3)		136,116	147,643
Amortization (Note 12)		1,795	1,795
Gain on disposal of property, plant and equipment (Note 29)		(553)	(75)
Provision for staff retirement gratuity (Note 6.2)		55,016	61,643
Allowance for expected credit losses - net		-	2,979
Net exchange loss / (gain)		176	(683)
Finance cost (Note 30)		179,559	283,699
Credit balances written back (Note 29)		(13,617)	(7,314)
Amortization of deferred grant		-	(141)
Loans and advances written off		-	748
Provision for doubtful loans and advances		-	6
Working capital changes (Note 34.1)		269,200	23,883
		<u>270,763</u>	<u>(70,915)</u>
<b>34.1 Working capital changes</b>			
Decrease / (increase) in current assets			
- Stores, spare parts and loose tools		31,390	(31,647)
- Stock-in-trade		262,037	(88,327)
- Trade debts		139,901	(1,257)
- Loans and advances		2,671	11,936
- Short term deposit and prepayments		(608)	330
- Other receivables		3,366	(255,630)
		<u>438,757</u>	<u>(364,595)</u>
(Decrease) / increase in trade and other payables		<u>(169,557)</u>	<u>388,478</u>
		<u>269,200</u>	<u>23,883</u>



**34.2** Reconciliation of movements of liabilities to cash flows arising from financing activities:

	2024				2023			
	Long term financing	Short term borrowings	Unclaimed dividend	Total	Long term financing	Short term borrowings	Unclaimed dividend	Total
	----- (RUPEES IN THOUSAND) -----				----- (RUPEES IN THOUSAND) -----			
Balance as at 01 July	188,518	1,439,323	2,801	1,630,642	335,687	729,360	2,177	1,067,224
Dividend declared	-	-	-	-	-	-	19,840	19,840
Other changes - non cash movement	8,025	-	-	8,025	(127,389)	138,565	-	11,176
Short term borrowings - net	-	171,490	-	171,490	-	571,398	-	571,398
Repayment of long term financing	(35,000)	-	-	(35,000)	(19,780)	-	-	(19,780)
Dividend paid	-	-	(202)	(202)	-	-	(19,216)	(19,216)
Balance as at 30 June	161,543	1,610,813	2,599	1,774,955	188,518	1,439,323	2,801	1,630,642

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

The aggregate amount charged in the financial statements for remuneration including all benefits to Chief Executive Officer, directors and executives of the Company is as follows:

	Chief Executive Officer		Director		Executives	
	2024	2023	2024	2023	2024	2023
	-----RUPEES IN THOUSAND-----					
<b>Managerial remuneration</b>	5,455	5,455	4,364	4,364	48,085	56,129
<b>Allowances</b>						
Others	545	545	436	436	4,808	5,613
<b>Staff retirement gratuity paid</b>	-	-	-	-	5,498	5,787
	6,000	6,000	4,800	4,800	58,391	67,529
<b>Number of persons</b>	1	1	1	1	25	24

**35.1** Chief Executive Officer, some directors and certain executives are provided with Company maintained vehicles and are entitled to reimbursement of travelling expenses and other utilities.

**35.2** During the year, an amount of Rupees 800,000 (2023: Rupees 800,000) was paid to eight directors (2023: eight directors) as meeting fee.

**35.3** Apart from the meeting fee, no remuneration was paid to non-executive directors of the Company.

**36. NUMBER OF EMPLOYEES**

	2024	2023
Number of employees as at 30 June	637	1 232
Average number of employees during the year	838	1 294

**37. TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise associated company / undertakings, other related parties and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements is as follows:

Name	Basis of relationship	Nature of transactions	2024	2023
			(RUPEES IN THOUSAND)	
<b>Associated company / undertakings:</b>				
Blue Moon Filling Station	Director of the Company is the member of Board of Trustees	Fuel purchased	4,341	6,010
Waqas Spinning Mills (Private) Limited	Common directorship	Rental expense	4,500	4,087
		Sales	8,813	-
Ideal Socks	Directors of the Company are the members of Board of Trustees	Rental expense	2,280	2,088
<b>Other related parties</b>				
Directors and sponsors	Members of board of directors, key management personnel and sponsor	Loans obtained from directors/sponsor-net	217,515	247,850
		Rental expense	-	375
		Dividend paid	-	16,577

**37.1** Detail of compensation to key management personnel comprising of Chief Executive Officer, directors and executives is disclosed in Note 35.

**38. PLANT CAPACITY AND ACTUAL PRODUCTION**

		<b>2024</b>	<b>2023</b>
<b>Spinning</b>			
100 % plant capacity converted to 20s count based on 3 shifts per day for 1 098 shifts (2023: 1 095 shifts)	(Kgs.)	17 836 890	17 788 155
100 % plant capacity converted to 20s count based on 3 shifts per day for 1 080 shifts (2023: 1 093 shifts)	(Kgs.)	11 154 492	15 663 224
<b>Weaving</b>			
100 % plant capacity converted to 60 picks based on 3 shifts per day for 1 098 shifts (2023: 1 095 shifts)	(Sq.Mtr.)	28 879 736	28 800 830
100 % plant capacity converted to 60 picks based on 3 shifts per day for 715 shifts (2023: 1 083 shifts)	(Sq.Mtr.)	11 023 054	22 025 237
<b>Socks</b>			

Capacity of such unit cannot be determined due to nature of its operations.

**38.1 REASON FOR LOW PRODUCTION**

Under utilization of available capacity of spinning and weaving is mainly due to curtailment of production in order to minimise the losses and partial closure of weaving facility for some period during the year. Moreover periodical scheduled maintenance was also the factor for low production.

39. SEGMENT INFORMATION

	Spinning		Weaving		Socks		Elimination of Inter-segment transactions		Total - Company	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenue from contracts with customers										
External	3,755,153	3,985,268	828,045	1,381,065	976,265	1,493,509	-	-	5,559,463	6,859,842
Inter segment	224,184	987,104	-	-	-	-	(224,184)	(982,104)	-	-
Cost of sales	3,979,337	4,967,372	828,045	1,381,065	976,265	1,493,509	(224,184)	(982,104)	5,559,463	6,859,842
Gross profit / (loss)	(3,871,628)	(5,099,621)	(827,555)	(1,271,077)	(876,494)	(1,280,243)	224,184	982,104	(5,351,493)	(6,668,837)
Distribution cost	107,709	(132,249)	490	109,888	99,771	213,266	-	-	207,970	191,005
Administrative expenses	(12,209)	(19,931)	(14,548)	(27,062)	(85,830)	(146,013)	-	-	(112,587)	(193,006)
Other income	(153,127)	(179,290)	(65,730)	(61,132)	(83,718)	(107,125)	-	-	(302,575)	(347,547)
(Loss) / profit before taxation and unallocated expenses	35,481	8,252	276	11,773	-	32,314	-	-	35,757	52,339
Unallocated expenses:	(22,146)	(323,218)	(79,512)	33,567	(69,777)	(7,558)	-	-	(171,435)	(297,209)
Other expenses									(5,935)	(4,190)
Finance cost									(179,559)	(283,699)
Levy									(69,463)	(78,152)
Taxation									104,152	109,180
Loss after taxation									(322,240)	(554,070)

39.1 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Socks		Total - Company	
	2024	2023	2024	2023	2024	2023	2024	2023
Total assets as per statement of financial position	2,118,682	2,026,495	446,044	756,748	588,647	743,269	3,153,373	3,526,512
Unallocated assets:								
Deferred income tax asset							104,120	-
Advance income tax and levy - net							23,290	31,453
Total assets as per statement of financial position	1,438,188	1,325,880	247,302	462,539	988,768	965,557	3,280,783	3,557,965
Total liabilities as per statement of financial position							2,674,258	2,753,976



**39.2 Geographical information**

The Company's segment wise revenue from external customers as per geographical locations is detailed below:

	Spinning		Weaving		Socks		Total - Company	
	2024	2023	2024	2023	2024	2023	2024	2023
	..... (RUPEES IN THOUSAND) .....							
Australia	-	-	-	-	-	1,109	-	1,109
Belgium	-	-	78,494	290,493	66,635	24,294	145,129	314,787
Canada	-	-	-	-	-	5,351	-	5,351
Denmark	-	-	-	-	153,249	192,479	153,249	192,479
Germany	-	-	-	-	44,473	37,614	44,473	37,614
Hong Kong	-	-	-	10,890	-	-	-	10,890
Italy	-	-	-	-	-	31,480	-	31,480
Jordan	-	-	-	-	-	90,043	-	90,043
Kuwait	-	-	-	-	-	11,240	-	11,240
Netherlands	-	-	-	-	92,731	98,171	92,731	98,171
Poland	-	-	-	-	30,692	-	30,692	-
Portugal	-	-	218,236	317,902	-	-	218,236	317,902
Spain	-	-	21,994	-	36,938	-	58,932	-
Sweden	-	-	-	-	-	13,506	-	13,506
United Kingdom	-	-	-	-	104,096	528,316	104,096	528,316
United States of America	-	-	-	-	318,187	407,170	318,187	407,170
Pakistan	3,755,153	3,985,268	509,321	761,780	129,264	52,736	4,393,738	4,799,784
	3,755,153	3,985,268	828,045	1,381,065	976,265	1,493,509	5,559,463	6,859,842

**39.3 Disaggregation of revenue from contracts with customers by major products / service lines**

Yarn / socks / lycell	3,744,381	3,969,911	-	-	859,242	1,446,955	4,603,623	5,416,866
Waste	10,772	15,357	-	-	11,849	15,597	22,621	30,954
Sizing income	-	-	1,567	-	-	-	1,567	-
Conversion income / CMT income / doth sale	-	-	826,478	1,381,065	105,174	30,957	931,652	1,412,022
	3,755,153	3,985,268	828,045	1,381,065	976,265	1,493,509	5,559,463	6,859,842

**39.4** All non-current assets of the Company as at reporting date are located and operating in Pakistan.

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

**39.6 Revenue from major customers**

The Company's revenue is earned from a long mix of customers.

**40. FINANCIAL RISK MANAGEMENT**

**40.1 Financial risk factors**

The Company's activities expose it to a variety of financial risks namely market risk (currency risk, other price risk and interest rate risk), credit risk and liquidity risk. Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. Such policies entail identifying, evaluating and addressing financial risks of the Company. The Company's overall risk management procedures to minimise the potential adverse effects of these risks on the Company's performance are as follows:

**(a) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of holdings of financial instruments. The Company is not exposed to equity price risk. The exposure to other risks and their management is explained below:

**(i) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to United States Dollar (USD) and Euro. Currently the Company's foreign exchange risk exposure is restricted to bank balances and the amounts receivable from the foreign entities. The Company's exposure to currency risk was as follows:

	<b>2024</b>	<b>2023</b>
Trade debts - USD	346,776	622,745
Cash at banks - USD	1,959	31,662
	<u>348,735</u>	<u>654,407</u>
Trade debts - Euro	<u>43,511</u>	<u>169,323</u>
Trade debts - GBP	<u>-</u>	<u>29,154</u>

Following significant exchange rates were applied during the year:

**Rupees per US Dollar**

Average rate	282.45	246.05
Reporting date rate	278.30	286.60

**Rupees per Euro**

Average rate	305.80	264.48
Reporting date rate	297.88	313.72

**Rupees per GBP**

Average rate	300.27	307.04
Reporting date rate	351.22	364.77

**Sensitivity analysis**

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro and GBP with all other variables held constant, the impact on loss after taxation for the year would have been Rupees 5.446 million (2023: Rupees 12.440 million) lower / higher, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

**(ii) Interest rate risk**

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

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

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

	2024	2023
	(RUPEES IN THOUSAND)	
<b>Fixed rate instruments</b>		
<b>Financial liabilities</b>		
Short term borrowings	132,000	140,000
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Bank balances - saving accounts	21,636	13,760
<b>Financial liabilities</b>		
Long term financing	105,000	140,000
Short term borrowings	648,945	686,970

**Fair value sensitivity analysis for fixed rate instruments**

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

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

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rupees 7.323 million (2023: Rupees 8.132 million) higher / lower, mainly as a result of higher / lower interest expense / income on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at reporting date were outstanding for the whole year.

**(b) Credit risk**

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

Loans and advances	726	3,159
Deposits	1,829	1,829
Trade debts	227,534	367,611
Other receivables	4,200	4,166
Bank balances	95,048	63,439
	329,337	440,204

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

The Company attempts to control credit risk by monitoring credit exposures limiting transactions with the specific counterparties and continually assessing the credit worthiness of the counterparties.

The Company's policy is to enter into financial contracts in accordance with the policies and guidelines approved by the management. Credit risk arises from trade debts, bank balances, other receivables, loans, advances and deposits.

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

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

	Rating			2024	2023
	Short term	Long term	Agency	(RUPEES IN THOUSAND)	
<b>Banks</b>					
<b>Conventional Accounts</b>					
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,693	4,856
MCB Bank Limited	A1+	AAA	PACRA	1,186	563
Allied Bank Limited	A1+	AAA	PACRA	89	145
United Bank Limited	A-1+	AAA	VIS	28	70
Faysal Bank Limited	A1+	AA	PACRA	22	39
National Bank of Pakistan	A1+	AAA	PACRA	356	400
Habib Bank Limited	A-1+	AAA	VIS	177	197
Askari Bank Limited	A1+	AA+	PACRA	167	2,731
Bank Alfalah Limited	A1+	AA+	PACRA	21,408	13,645
Bank Al-Habib Limited	A1+	AAA	PACRA	7	183
The Bank of Punjab	A1+	AA+	PACRA	24,634	28,869
Soneri Bank Limited	A1+	AA-	PACRA	56	376
				49,823	52,074
<b>Shariah Compliant Accounts</b>					
AlBaraka Bank (Pakistan) Limited	A-1	A+	VIS	1,169	1,121
Habib Bank Limited	A-1+	AAA	VIS	203	405
Meezan Bank Limited	A-1+	AAA	VIS	43,849	9,835
BankIslami Pakistan Limited	A1	AA-	PACRA	4	4
				45,225	11,365
				<u>95,048</u>	<u>63,439</u>

The Company's exposure to credit risk and allowance for expected credit losses related to trade debts is disclosed in Note 18.

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

### (c) Liquidity risk

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

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2024, the Company had Rupees 1,853.055 million (2023: Rupees 2,253.030 million) available borrowing limits from financial institutions and Rupees 96.362 million (2023: Rupees 70.988 million) cash and bank balances. Moreover, the Company has Rupees 490.440 million (2023: Rupees 450.400 million) unfunded borrowing limits out of which Rupees 146.034 million (2023: Rupees 84.226 million) were utilized. Management believes the liquidity risk to be low. Followings are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the tables are undiscounted cash flows.



Contractual maturities of financial liabilities as at 30 June 2024:

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
RUPEES IN THOUSAND						
<b>Non-derivative financial liabilities:</b>						
Long term financing	161,543	207,948	28,690	91,744	47,649	39,865
Trade and other payables	757,753	757,753	757,753	-	-	-
Unclaimed dividend	2,599	2,599	2,599	-	-	-
Accrued mark-up	28,568	28,568	28,568	-	-	-
Short term borrowings	1,610,813	1,693,185	1,546,231	146,954	-	-
	<u>2,561,276</u>	<u>2,690,053</u>	<u>2,363,841</u>	<u>238,698</u>	<u>47,649</u>	<u>39,865</u>

Contractual maturities of financial liabilities as at 30 June 2023:

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
RUPEES IN THOUSAND						
<b>Non-derivative financial liabilities:</b>						
Long term financing	188,518	263,165	34,932	32,212	106,404	89,617
Trade and other payables	852,213	852,213	852,213	-	-	-
Unclaimed dividend	2,801	2,801	2,801	-	-	-
Accrued mark-up	46,126	46,126	46,126	-	-	-
Short term borrowings	1,439,323	1,513,560	1,441,633	71,927	-	-
	<u>2,528,981</u>	<u>2,677,865</u>	<u>2,377,705</u>	<u>104,139</u>	<u>106,404</u>	<u>89,617</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest / mark-up / profit rates effective as at 30 June. The rates of interest / profit / mark-up have been disclosed in Note 5 and Note 9 to these financial statements.

40.2 Financial instruments by categories

	2024 (RUPEES IN THOUSAND)	2023 (RUPEES IN THOUSAND)
<b>At amortized cost</b>		
<b>Assets as per statement of financial position</b>		
Loans and advances	726	3,159
Deposits	1,829	1,829
Trade debts	227,534	367,611
Other receivables	4,200	4,166
Cash and bank balances	96,362	70,988
	<u>330,651</u>	<u>447,753</u>
<b>Liabilities as per statement of financial position</b>		
Long term financing	161,543	188,518
Trade and other payables	757,753	852,213
Unclaimed dividend	2,599	2,801
Accrued mark-up	28,568	46,126
Short term borrowings	1,610,813	1,439,323
	<u>2,561,276</u>	<u>2,528,981</u>

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

	2024			2023		
Financial assets	Other than financial assets	Total as per statement of financial position	Financial assets	Other than financial assets	Total as per statement of financial position	
(RUPEES IN THOUSAND)						
<b>Assets as per statement of financial position</b>						
Long term loans	-	-	47	-	47	
Long term deposits and prepayments	1,789	333	1,789	118	1,907	
Trade debts	227,534	-	227,534	367,611	367,611	
Loans and advances	726	16,951	17,677	3,112	17,236	
Short term deposit and prepayments	40	899	939	40	291	
Other receivables	4,200	311,306	315,506	4,166	314,706	
Cash and bank balances	96,362	-	96,362	70,988	70,988	
	<u>330,651</u>	<u>329,489</u>	<u>660,140</u>	<u>447,753</u>	<u>332,351</u>	
<b>Liabilities as per statement of financial position</b>						
Long term financing	161,543	-	161,543	188,518	188,518	
Trade and other payables	757,753	96,433	854,186	852,213	104,218	
Unclaimed dividend	2,599	-	2,599	2,801	2,801	
Accrued mark-up	28,568	-	28,568	46,126	46,126	
Short term borrowings	1,610,813	-	1,610,813	1,439,323	1,439,323	
	<u>2,561,276</u>	<u>96,433</u>	<u>2,657,709</u>	<u>2,528,981</u>	<u>2,633,199</u>	

**40.4 Offsetting financial assets and financial liabilities**

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

**40.5 Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends to be paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing (except subordinated loans) and short term borrowings obtained by the Company as referred to in Note 5 and Note 9 respectively. Equity represents 'total equity' as shown in the statement of financial position and the portion of loan from sponsor director / shareholder which is subordinated to bank borrowings as referred in Note 5.2.1. Total capital employed includes 'total equity' plus 'borrowings'. The Company's strategy remained unchanged from last year.

		2024	2023
Borrowings	(Rupees in thousand)	1,707,540	1,563,025
Total equity	(Rupees in thousand)	671,341	868,805
Total capital employed	(Rupees in thousand)	<u>2,378,881</u>	<u>2,431,830</u>
Gearing ratio	(Percentage)	<u>71.78</u>	<u>64.27</u>

The increase in gearing ratio resulted primarily from loss after taxation of the Company.

**41. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS**

Fair value is the amount that would be received to sell an asset or either pay or transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences may arise between the carrying value and the fair value estimates. The Company classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. The fair value hierarchy is as follows:

Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

**Level 1:** Quoted market price in an active market for an identical instrument.

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

**Level 3:** Valuation techniques using significant un-observable inputs.

However as at reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels.

**42. RECOGNIZED FAIR VALUE MEASUREMENTS - NON FINANCIAL ASSETS**

**(i) Fair value hierarchy**

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

	Level 1	Level 2	Level 3	Total
-----RUPEES IN THOUSAND-----				
<b>At 30 June 2024</b>				
Freehold land	-	396,770	-	396,770
<b>At 30 June 2023</b>				
Freehold land	-	272,072	-	272,072

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

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

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

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

**Valuation processes**

The Company engages external, independent and qualified valuer to determine the fair value of the Company's freehold land at least after every three years. The latest valuation of freehold land was performed by Messrs Mughal Associates Evaluators and Consulting Engineers as at 24 June 2024.

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

**43. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX**

Description	Note	2024		2023	
		(RUPEES IN THOUSAND)			
<b>Revenue earned from shariah compliant business</b>	24	5,559,463		6,859,842	
<b>Net exchange gain</b>		-		42,921	
<b>Shariah compliant bank deposits and bank balances</b>					
Bank balances	40.1(b)	45,225		11,365	
<b>Profit earned from shariah compliant bank deposit</b>					
Profit on deposits with banks		26		43	
<b>Mark-up on Islamic mode of financing</b>					
Long term musharaka		29,901		27,197	
Short term borrowings		864		2,842	
<b>Profit earned or interest paid on any conventional loan / advance</b>					
Mark-up on long term financing		-		233	
Mark-up on short term borrowings		129,482		224,545	
Profit earned on deposit with bank		3,206		1,443	
<b>Loans / advances obtained as per Islamic mode</b>					
Long term financing	5	161,543		188,518	
Contract liabilities	7	48,985		34,195	
Short term borrowings		829,868		641,297	

There was no dividend on any investment. Moreover the relationship with all shariah compliant banks for the current year are related to bank accounts as given in Note 40.1(b) along with a musharaka facility from Meezan Bank Limited.

**44. CORRESPONDING FIGURES**

Corresponding figures have been re-arranged and reclassified for better presentation, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made except for as disclosed in Note 2.11 to these financial statements and as follows.

PARTICULARS	RECLASSIFICATION		RUPEES IN THOUSAND
	FROM	TO	
Gas Infrastructure Development Cess (GIOC) payable	Current portion of non-current liabilities	Trade and other payables	21,383

**45. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on September 30, 2024 by the Board of Directors of the Company.

**46. GENERAL**

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.

Statement under section 232(1) of the Companies Act, 2017:

The Chief Executive Officer of the Company is presently out of the Country. Therefore These Financial Statements have been Signed by Two Directors and Chief Financial Officer as required under section 232(1) of the Companies Act, 2017.

  
OMER SAEED  
DIRECTOR

  
KHIZAR SAEED  
DIRECTOR

  
MUHAMMAD KASHIF ZAHUR  
CHIEF FINANCIAL OFFICER



Gender pay gap statement under Circular No 10 dated 17 April 2024 .

Following is gender pay gap calculated for the year ended **30-06-2024**

- (i) Mean Gender Pay Gap : Nil
- (ii) Median Gender Pay Gap : Nil
- (iii) Any other data : Nil

---

**OMER SAEED**  
DIRECTOR

30 September 2024





FORM - 20

THE COMPANIES ACT , 2017  
(Section 227(2)(f))  
PATTERN OF SHAREHOLDING

1.1 Name of the Company **IDEAL SPINNING MILLS LIMITED**

2.1 Pattern of holding of the shares held by the shareholders **30-06-2024**

2.2 No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
513	1	100	42652
614	101	500	270199
73	501	1000	67664
88	1001	5000	223674
14	5001	10000	115733
4	10001	15000	49207
2	40001	45000	81000
2	45001	50000	97599
1	55001	60000	56500
1	60001	65000	60176
1	170001	175000	175000
1	210001	215000	214274
1	225001	230000	227000
1	535001	540000	535726
1	625001	630000	628396
1	880001	885000	883000
1	890001	895000	890726
1	920001	925000	922300
2	930001	935000	1865876
1	965001	970000	968300
1	1540001	1545000	1544998
<b>1,324</b>			<b>9,920,000</b>

**Categories of Shareholding**  
As at June 30,2024

Categories of Shareholding	Numbers	Shares held	Percentage (%)
<b>Associated companies, Undertakings and Related Parties</b>			
<b>NIT and ICP</b>	3	1000	0.01
<b>Directors, Chief Executive &amp; their spouse and Adult Children</b>			
Mr. Muhammad Saeed Sheikh (Chairman)	1	5000	0.05
Mr. Amjad Saeed (Chief Executive)	2	2080724	20.98
Mrs. Rubina Amjad (Director)	2	1105000	11.14
Mr. Umar Saeed (Director)	2	1110000	11.19
Mr. Khizar Saeed (Director)	2	1857300	18.72
Mr. Ahsan Saeed (Director)	2	1105876	11.15
Mr. Muhammad Azhar (Independent Director)	1	500	0.01
Mr. Rizwan-ul-Hassan (Independent Director)	1	100	0.00
<b>Executives</b>			
<b>Public Sector Companies and Corporations</b>			
Banks, Development Finance Institutions,	1	369	0.00
Non - Banking Finance Institutions,			
Jont Stock Companies	5	2400	0.02
Insurance Companies, Modaraba and Mutual Funds	1	628396	6.33
Individuals	1299	1961047	19.77
Others	2	62288	0.63
<b>Total</b>	<b>1324</b>	<b>9920000</b>	<b>100.00</b>

**SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE COMPANY**

Name of Shareholder	No of Sharrs held	Percentage
Amjad Saeed	2080724	20.98
Rubina Amjad	1105000	11.14
Umar Saeed	1110000	11.19
Khizar Saeed	1857300	18.72
Ahsan Saeed	1105876	11.15
Kanwal Saeed	1024800	10.33
CDC-TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	628396	6.33

**Statement showing shares bought and sold by directors, CEO, CFO,  
Company secretary and the minor family members  
form 01 July 2023 to 30 June 2024**

S.NO	Name	Designation	Shares bought	Shares sold
1	Mr. Mohammad Saeed Sheikh	Chairman	NIL	NIL
2	Mr. Amjad Saeed	Chief Executive	NIL	NIL
3	Mrs. Rubina Amjad	Director	NIL	NIL
4	Mr. Omer Saeed	Director	NIL	NIL
5	Mr. Khizer Saeed	Director	NIL	NIL
6	Mr. Ahsan Saeed	Director	NIL	NIL
7	Mr. Muhammad Azhar	Independent Director	NIL	NIL
8	Mr. Rizwan-ul-Hassan	Independent Director	NIL	NIL
9	Muhammad Kashif Zahur	Chief Financial Officer	NIL	NIL
10	Mr. Muhammad Nadeem	Company Secretary	NIL	NIL



M/S F.D.Registrar Services (SMC-Pvt) Ltd.,  
1705,17<sup>th</sup> Floor Saima Trade Tower-A  
I.I.Chundrigar Road Karachi-74000

Dear Sir

The Share Registrar Ideal Spinning Mills Ltd  
Request for E-Transmission of Annual Report

Pursuant to S.R.O.787(1)/2014 dated September 08,2014 issued by the Securities and Exchange Commission of Pakistan (SECP),kindly note requisite information for electronic transmission of annual balance sheet and profit and loss account, auditor’s report and directors report etc. ( Audited Financial Statements) along with notice of annual general meeting (Notice) {collectively referred to as ‘Annual Report’} of Ideal Spinning Mills Ltd (ISM).The email address provided hereunder may please be recorded in the members’ register of the Company being maintained under Section 473 of the Companies Act 2017.

Particulars	
Name of shareholder	
Folio No./ CDC ID No.	
CNIC No.	
Passport No.(for Foreign shareholder	
E-mail address	
Land line Telephone No.	
Cell No.	

It is stated that the above-mentioned information is correct and I hereby agree and give my consent for future transmission of the Company’s Annual Report via email address provided above.

It is further stated that being the shareholder of Company, it my responsibility to communicate any change in the registered email address in a timely manner.

Yours Truly,

\_\_\_\_\_

Shareholder’s Signature

Complete Address -----

-----

Copy to -----

The Company Secretary  
Ideal Spinning Mills Ltd  
404/05, Business Centre, Mumtaz Hasan Road  
Karachi

**THE MANAGER****F.D.REGISTRAR SERVICES(SMC-PVT) LTD  
OFFICE#.1705, 17TH FLOOR, TRADE TOWER  
A-II,CHUNDRIGAR ROAD KARACHI  
KARACHI-74000  
TEL:92-21-32271905-6****DATE:** \_\_\_\_\_**MANDATORY PAYMENT OF DIVIDEND THROUGH ELECTRONIC MODE**

Dear Sir,

I hereby communicate to receive my future dividend directly in my bank account as detailed below

<b>A. Shareholder's Detail</b>	
Name of Company	
Name of shareholder	
Folio No. /CDC Participant ID A/c No.	
CNIC No.	
Passport No. (in case of foreign shareholder)	
Land Line Phone Number	
Cell Number	
E-mail address of shareholder	
<b>B. Shareholder's Bank Detail</b>	
Title of bank account	
Bank Account (IBAN 24-DIGITS starting with PK )	
Bank Name	
Bank's Branch Name	
Branch's complete address	

It is stated that the above-mentioned information is correct, that I will intimate the changes in the above-mentioned information to the above addresses as soon as these occur.

\_\_\_\_\_  
**Signature of shareholder**

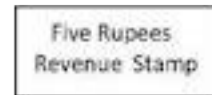


FORM OF PROXY
36<sup>th</sup> ANNUAL GENERAL MEETING

I/We \_\_\_\_\_ S/o/D/o/W/o \_\_\_\_\_
of \_\_\_\_\_ being a member
of IDEAL SPINNING MILLS LIMITED and holder of \_\_\_\_\_ Ordinary Shares as per Share Register
Folio No. \_\_\_\_\_ and/or CDC Participant ID No. \_\_\_\_\_ and Account / Sub-account \_\_\_\_\_
No \_\_\_\_\_ do hereby appoint Mr./Mrs./Miss \_\_\_\_\_
\_\_\_\_\_ Folio No./CDC No. of \_\_\_\_\_ failing him/her .
Mr./Mrs./Miss \_\_\_\_\_ Folio No./CDC No. \_\_\_\_\_ of
\_\_\_\_\_ as my/our proxy to attend, act and vote for me/us on my/our behalf at Annual General
Meeting of the Company to be held on Monday, October 28, 2024 at 10.15 a.m at 404 -405, 4<sup>th</sup> Floor
Business Centre Mumtaz Hassan Road Karachi and at any adjournment thereof in the same manner
as I/we myself/ourselves would vote if personally present at such meeting.

Signature of Shareholder
Folio / CDC A/C NO.

Signature of Proxy



Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2024

WITNESS:

- 1. Signature -----
Name -----
Address -----
CNIC No. -----
or Passport No.-----
2. Signature -----
Name -----
Address -----
CNIC No.-----
or Passport No.-----

Notes:

- 1. A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on member's behalf.
2. If a member is unable to attend the meeting. He/She may complete and sign this form and send it to the Company's Share Registrar M/s. F.D. Registrar Service (PVT) Limited 1705 17<sup>th</sup> Floor Saima Trade Tower A, I.I. Chundrigar Road Karachi so as to reach not less than 48 hours before the time appointed for holding the Meeting.
3. For CDC Account Holders / Corporate Entities; in addition to the above the following Requirements have to be met:
(a) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers be stated on the form.
(b) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.

© The proxy shall produce his original CNIC or original passport at the time of the meeting. In case of a corporate entity, the Board of Directors resolution/ power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

## آئیڈیل اسپننگ ملز لمیٹڈ

کمرہ نمبر 404-405 چوتھی منزل بزنس سینٹر ممتاز حسن روڈ، کراچی

### پراکسی فارم

36 واں سالانہ اجلاس

میں اہم  
آئیڈیل اسپننگ ملز لمیٹڈ کے ممبران رجسٹرڈ فولیو نمبر اسٹراکامی آئی ڈی ای سی ایس بی اکاؤنٹ نمبر  
کے مطابق عمومی شیئرز رکھتے ہیں۔ بذریعہ ذرا  
پراکسی بروز 28 اکتوبر 2024ء بوقت 10:15 بجے صبح برہم 404/5 بزنس سینٹر چوتھی منزل،  
ممتاز حسن روڈ نزد "SBP" کراچی کھیتی کے منصف ہونے والے اجلاس عام اور اس کے کسی التوا تک میری اہماری جانب سے ووٹ دینا اور اجلاس میں شرکت کا حق دینا اور بیٹے  
ہیں۔

ریجنسٹراشن	
دستخط پراکسی	دستخط شیئرز ہولڈر
تاریخ	2023
گواہان	گواہان
دستخط	دستخط
نام	نام
ایڈریس	ایڈریس
شناختی کارڈ	شناختی کارڈ
پاسپورٹ	پاسپورٹ

### نوٹس:

- (1) ایک رکن جو اجلاس عام میں شرکت کرنے اور ووٹ دینے کا اہل ہے اس کو حق حاصل ہے کہ وہ کسی دوسرے فرد کو ہولڈر پراکسی اپنی جانب سے شرکت کرنے اور ووٹ دینے کیلئے مقرر کرے۔
- (2) اگر کوئی رکن اجلاس میں شرکت کرنے کے قابل نہیں ہے تو وہ یہ فارم مکمل اور تصدیق شدہ کھیتی کے شیئرز رجسٹر اریمرز ایف۔ ڈی رجسٹر اریمرز (PVT) لمیٹڈ 1705، 17 فلور سائبر ریڈ اور A، آئی آئی پنڈرنگ روڈ کراچی کو اجلاس کے منصف ہونے سے 48 گھنٹے قبل بھجوائے۔
- (3) CDC اکاؤنٹ ہولڈرز / Corporate Entity مندرجہ بالا کے علاوہ دیگر دستور پر عمل کریں۔
  - (a) پراکسی فارم میں دو گواہان کے دستخط تیزان کے پتے اور شناختی کارڈ نمبر کا اندراج بھی لازمی ہے۔
  - (b) رکن اور پراکسی کی تصدیق شدہ قومی شناختی کارڈ یا پاسپورٹ کی نقل کی فراہمی۔
  - (c) پراکسی کیلئے لازم ہے کہ وہ اجلاس کے وقت اصل قومی شناختی کارڈ یا پاسپورٹ تصدیق کیلئے فراہم کرے۔ Corporate Entity کی صورت میں پورڈ آف ڈائریکٹرز کی تصدیق شدہ قرارداد کی نقل بشمول Power of Attorney (بجرا اگر پہلے ہی منع کرادی گئی ہے) پراکسی فارم کے ہمراہ کھیتی کے شیئرز رجسٹر اکو جمع کروائے۔