



SAIF TEXTILE MILLS LIMITED

SAIF GROUP

Certified ISO 9001:2008
Certified ISO 14001:2004



35th
Annual
Report 2024



ENTITY RATING OF SAIF TEXTILE MILLS LIMITED

Long Term A-

Short Term A2

CREDIT RATING AGENCY



The Pakistan Credit Rating Agency Limited



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COMPANY INFORMATION

BOARD OF DIRECTORS

Javed Saifullah Khan	Chairman
Osman Saifullah Khan	Director
Hoor Yousafzai	Director
Assad Saifullah Khan	Director
Asif Saifullah Khan	Director
Abdul Rehman Qureshi	Director
Rashid Ibrahim	Director
Sohail Hussain Hydari	Chief Executive Officer

AUDIT COMMITTEE

Rashid Ibrahim	Chairman
Assad Saifullah Khan	Member
Abdul Rehman Qureshi	Member

HR & REMUNERATION COMMITTEE

Abdul Rehman Qureshi	Chairman
Hoor Yousafzai	Member
Assad Saifullah Khan	Member

CHIEF FINANCIAL OFFICER

Muhammad Luqman

COMPANY SECRETARY

Sajjad Hussain

HEAD OF INTERNAL AUDIT

Sami Ullah

LEGAL ADVISOR

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

AUDITORS

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

BANKERS

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

HEAD OFFICE

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

REGISTERED OFFICE

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

SHARES REGISTRAR

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

MILLS

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

CYBER

www.saiftextile.com

Vision

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

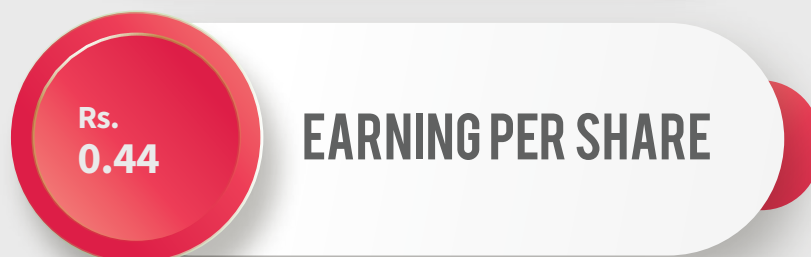
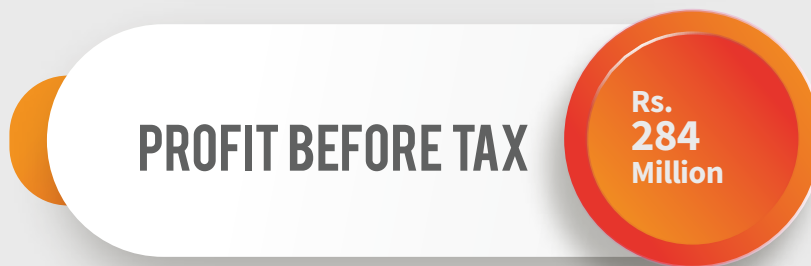


Mission

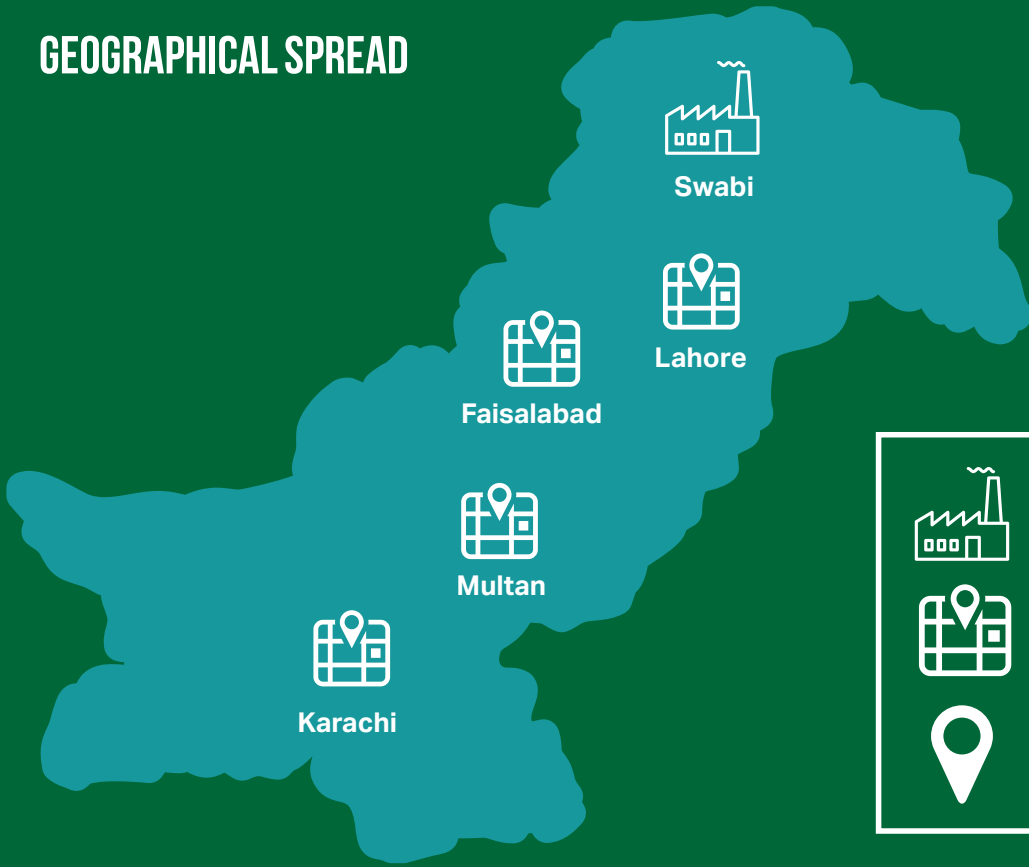
- Give our shareholders a competitive return on their investment through market leadership, sustainable business growth and sound financial management.
- Earn and sustain the trust of our stakeholders through efficient resource management.
- Provide the highest quality products and services consistent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



KEY PERFORMANCE INDICATORS



GEOGRAPHICAL SPREAD



	Manufacturing Plant
	Major Local Market
	International Market



QUALITY STATEMENT, OUR PRODUCTS AND CUSTOMERS

Quality Statement

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

Our commitment to quality

Extensive process monitoring and

Training of personnel

Our Products

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

• **Accru Yarn**

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

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

• **Dyed Yarn**

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

• **Melange Yarn**

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

• **Surgical Cotton**

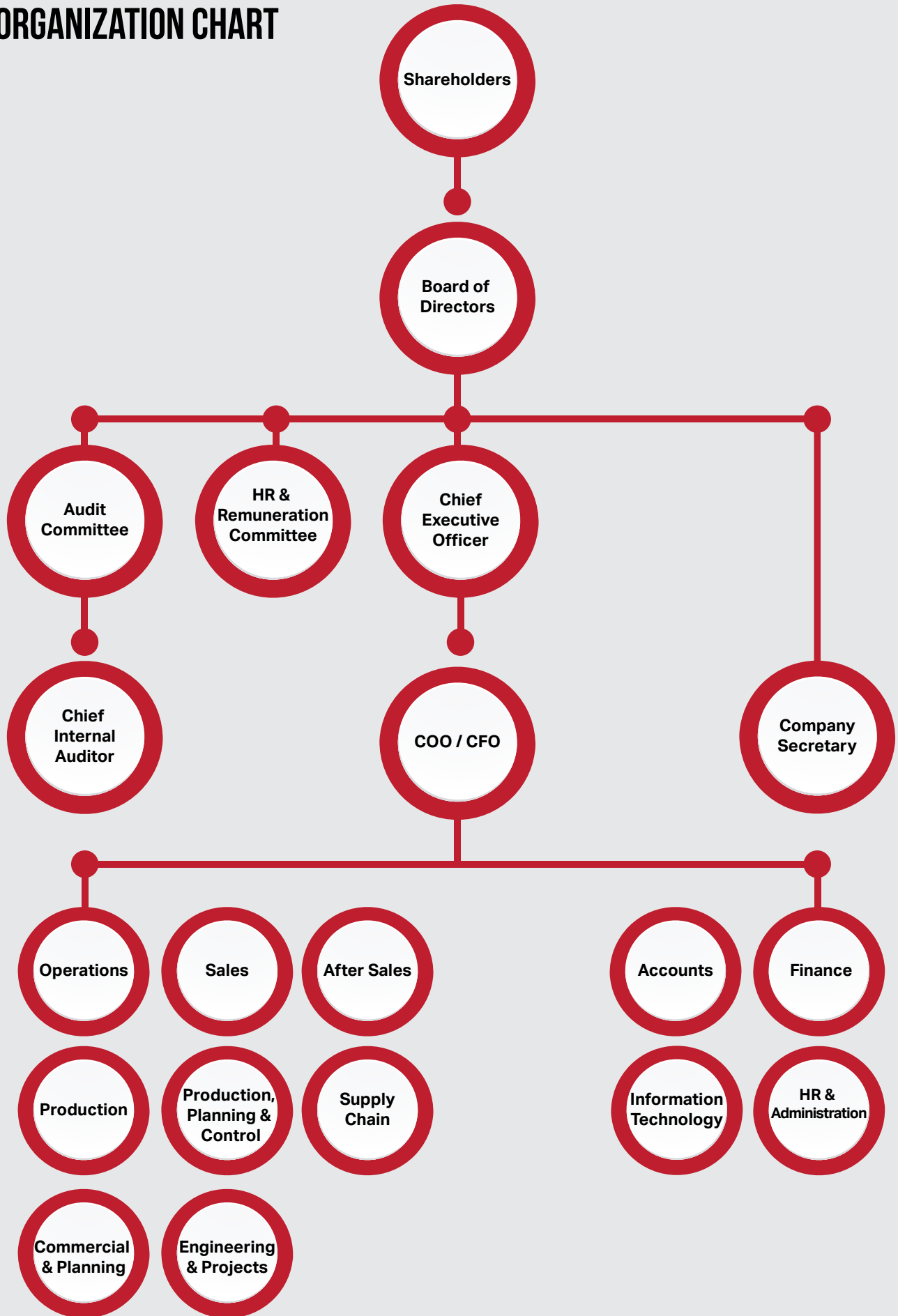
Surgical Cotton is being supplied to various local and international customers dealing with healthcare products.

Our Customers

Local (Karachi, Lahore, Multan and Faisalabad)

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

ORGANIZATION CHART



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 35th Annual General Meeting of Saif Textile Mills Limited (the Company) will Insha'Allah be held on Friday, October 25, 2024 at 12:00 Noon at its registered office, APTMA House Tehkal Payan, Jamrud Road, Peshawar, to transact the following business:

- **ORDINARY BUSINESS:-**

1. To confirm minutes of an Extraordinary General Meeting of the Company held on March 31, 2024.
2. To receive, consider and adopt the annual audited Financial Statements of the Company together with the Directors' and Auditors' Reports thereon for the year ended June 30, 2024.
3. To appoint auditors and fix their remuneration for the year ending June 30, 2025. The retiring auditors, being eligible, have offered themselves for re-appointment. The Board on the recommendation of the Audit Committee has proposed the appointment of M/s. Shinewing Hameed Chaudhri & Co., Chartered Accountants as external auditors of the company after obtaining their consent.

- **SPECIAL BUSINESS:-**

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

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

RESOLVED FURTHER THAT the transactions entered into by the Company in its ordinary course of business with related parties during the year ended June 30, 2024 as disclosed in notes to the Financial Statements are hereby ratified and approved.

RESOLVED FURTHER THAT the Chief Executive of the Company be and is hereby authorized to execute/ approve all the transactions to be carried out in its ordinary course of business with Related Parties during the ensuing year ending June 30, 2025 and in this connection the Chief Executive be and is hereby also authorized to take any and all necessary actions and to sign execute any and all such documents/indentures as may be required in this regard on behalf of the Company."

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

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

Peshawar,
October 4, 2024

BY ORDER OF THE BOARD



Sajjad Hussain

Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. The Shares Transfer Books of the Company will remain closed from October 19, 2024 to October 25, 2024 (both days inclusive). Transfers received in order at the office of the Company's Shares Registrar M/s Hameed Majeed Associates (Pvt) Limited, HM House, 7-Bank Square, Lahore by the close of business on dated October 18, 2024 will be treated in time.
2. Circulation of Annual Report through QR Code and through Web-link: In accordance with Section 223 of the Companies Act, 2017 and pursuant to SRO 389(I)/2023 dated 21 March 2023 of the Securities & Exchange Commission, the Company obtained members' approval at the 34th Annual General Meeting held on 27 October 2023 to circulate the Annual Report to members through a QR-enabled code and web-link. The Annual Report is available on the Company's website and can be downloaded through the following QR code and web-link.

<https://saiftextile.com/financials/#annual-report>



3. The Company has electronically transmitted the Annual Report 2024 via email to members whose email addresses are available with the Company's Share Registrar, M/s Hameed Majeed Associates (Pvt) Limited. Printed notices of the AGM, along with the weblink and QR code to download the Annual Report, have been dispatched to all members. However, the Company will provide hard copies of the Annual Report to any member upon request, at their registered address, free of cost, within one week of receiving such a request, if the request is made by the member using the standard request form available on the Company's website or by email at ca.stml@saifgroup.com.
4. Members or proxies who wish to attend the AGM via video link or other electronic means are requested to email the Company a clear copy of both sides of their valid Computerized National Identity Card (CNIC) along with their Name, Folio Number, Cell number, and Number of Shares held. Please use the subject 'Registration for AGM of STM' and send this information/document to sajjad.hussain@saifgroup.com at least 48 hours before the time of the AGM. Only those members whose names appear in the Register of Members of the Company as at October 18, 2024, will be entitled to attend and vote at the AGM.
5. A member entitled to attend and vote at the meeting may appoint another person/member as a proxy to attend, speak and vote on behalf of him/her. Forms duly stamped with Rs.50/- revenue stamp, signed and witnessed by two persons, in order to be valid must be received at the Registered Office of the Company not later than 48 hours before the time of holding the meeting.
6. Any individual beneficial owners of CDC, entitled to attend and vote at the meeting must bring his/her CNIC or passport to prove his/her identity and the proxy shall produce his/ her original CNIC or passport. In case of corporate members, the Boards' resolution or power of attorney with specimen signatures of the nominee shall require to be produced at the time of the meeting.

NOTICE OF ANNUAL GENERAL MEETING

7. Members are requested to submit an attested photocopy of their valid Computerized National Identity Cards (CNICs) as per SECP's direction, if not provided earlier.
8. Change in Address: Members are requested to promptly notify any change in their address.
9. E-Voting / Voting by Postal Ballot: The Company shall provide its members with facilities for e-voting and voting by postal ballot for all businesses classified as special business, in accordance with the provisions of the Companies (Postal Ballot) Regulations, 2018.

E-Voting Procedure: **a)** Details of the e-voting facility will be shared through an e-mail with those members who have their valid CNIC numbers, cell numbers and registered e-mail address available in the register of the members of the Company by the close of business on October 18, 2024. **b)** E-voting facility will be available to eligible members from October 22, 2024, 9:00 am and shall close on October 24, 2024 at 5:00 pm. **c)** Members can cast their votes at any time in this period. Once the vote on a resolution is cast by a member, he/she shall not be allowed to change it subsequently.

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

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

Signature of member

11. **DIVIDEND PAYMENTS THROUGH ELECTRONIC MODE:**

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

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

NOTICE OF ANNUAL GENERAL MEETING

12. Members, who for any reason, could not claim their dividend, are advised to contact our Share Registrar M/s Hameed Majeed Associates (Pvt) Limited, HM House, 7-Bank Square, Lahore and collect/ enquire about their unclaimed dividend.
13. As per Section 72 of the Companies Act, 2017 every company is required to replace its physical shares with book-entry form. Members having physical shares are therefore requested to open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into book-entry form. This will facilitate them in many ways including safe custody/online trading of shares, easy transfer of ownership, no risk of damage/lost/duplicate shares, instant credit of entitlements (bonus/right issue) etc.

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

Agenda no. 4:

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

REVIEW REPORT BY THE CHAIRMAN

I am pleased to present my review of the overall performance of the Board of Directors (the "Board") of Saif Textile Mills Limited (the Company) and its effectiveness in achieving the Company's objectives for the year ended June 30, 2024.

The Board has diligently carried out its duties in the best interests of the Company's shareholders, effectively and efficiently managing the Company's affairs. The Company remains committed to adhering to the best practices of corporate governance and complies with all relevant requirements of the Companies Act, 2017, and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (The Code), pertaining to the composition, meetings, and procedures of the Board and its Committees.

For the financial year ended on June 30, 2024, an annual evaluation of the Board was conducted in accordance with the directives of the Code. I am delighted to report that the Board has diligently fulfilled its duties in compliance with the law and in the best interests of the Company and its shareholders. The overall performance of the Board was assessed based on several factors, including its adherence to the vision, mission, and values; active involvement in strategic planning; policy formulation; oversight of the organization's business activities; supervision of financial resource management; effective fiscal control; and unbiased treatment of all employees. The Board has ensured that it maintains adequate representation of non-executive, independent, and female directors on both the Board and its committees, as mandated by the Code. Additionally, the members of the Board and its respective committees possess the necessary skills, experience, and knowledge to effectively manage the Company's affairs.

The Board diligently and consistently oversees and monitors performance of the Company and

its sub-committees. The Board has formulated short, medium, and long-term plans to achieve its strategic goals. During the financial year 2023-24, the Board made significant contributions to the Company by fulfilling the following functions:

- Performed effective and robust oversight of the Company's operations
- Ensured the quality and appropriateness of financial reporting and the transparency of disclosures in annual and quarterly financial statements
- Conducted risk assessment, especially, of regulatory and legal requirements, market trends, raw material supply and price, energy availability and cost, interest rate and liquidity risks
- Ensured that the adequate system of internal controls is in place with regular reviews through self-assessment mechanism and internal audit activities
- Oversaw the governance and management of the Company's sustainability risks and opportunities, including environmental, social, and governance (ESG) considerations.
- Promoted diversity, equity, and inclusion (DE&I) to support gender equality.



Javed Saifullah Khan

Chairman

Place: Islamabad

Date: September 30, 2024

DIRECTORS' REPORT TO THE SHAREHOLDERS

DEAR SHAREHOLDERS,

We hereby present the Company's Audited financial statements for the year ended June 30, 2024. Key financial highlights of the company's performance are given below:

OVERVIEW

During the fiscal year under review, the Company achieved a net turnover of Rs. 12,249 million, marking an increase of Rs. 556 million (5%) compared to the previous year's turnover of Rs. 11,692 million. Notably, Company's gross margins improved significantly, rising from 4% to 15%, despite an unprecedented increase in gas prices in Pakistan. However, higher working capital requirements led to a 10% rise in bank financing costs, increasing from Rs. 1,497 million to Rs. 1,640 million. The Company recorded a Profit Before Tax of Rs. 284 million against Loss Before Tax of Rs. 1,577 million reported in the previous year.

During the year, the company repaid long-term loans amounting to Rs. 597 million, along with markup on long-term loans amounting to Rs. 163 million.

The entity rating of the Company has been maintained at A- for Long Term and A2 for Short Term by Pakistan Credit Rating Agency Limited (PACRA) with outlook stable.

The Company is ISO certified in 9001:2015 (Quality Management system) and 45001:2008 (Occupational Health & Safety Management system).

EARNINGS / (LOSS) PER SHARE

Earnings per share during the period under report works out to Rs. 0.44 per share (2023: Rs. 42.93 loss per share).

PROFIT APPROPRIATION

The Board in its meeting held on September 30, 2024 has recommended that Nil dividend be distributed for the year ended June 30, 2024

(June 30, 2023: cash dividend Rs. Nil per share i.e., Nil %).

FUTURE OUTLOOK

The textile industry in Pakistan is facing several challenges, such as rising production costs due to inflation, along with increasing energy and financial expenses. Our company plans to install solar power and intends to enhance dyeing capacity to address the increasing cost. Further reduction in interest rate will improve the Company's liquidity issue in a few months' time. Loan amounting to Rs. 2.5 billion was injected by the sponsors during the year to overcome the shortage of liquidity in the Company.

CORPORATE GOVERNANCE

We are pleased to report that your Company has taken necessary steps to comply with the provisions of the Code of Corporate Governance.

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

- The financial statements prepared by the management of the company present fairly its true state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.

DIRECTORS' REPORT TO THE SHAREHOLDERS

- There are no doubts upon the Company's ability to continue as a going concern
- There has been no trading of shares by CEO, Directors, CFO, Company Secretary, their spouses and minor children, during the year other than that disclosed in pattern of shareholding.
- There has been no material departure from the best practices of code of corporate governance.
- The board of Directors has adopted a Mission Statement and a Statement of Overall Corporate Strategy.
- Regarding outstanding taxes and levies, please refer to note 18 of the annexed audited statements.

• Composition of the Board

The board of Directors as at June 30, 2024 consist of:

	Elected Directors	Numbers
a)	Male	07
b)	Female	01

• Attendance of Board Meetings and its Committees

S.No.	Name of Director/Member	Number of Board Meetings Attended	Number of Audit Committee Meetings Attended	Number of HR & Remuneration Committee Meetings Attended
1	Mr. Javed Saifullah Khan	-	-	-
2	Mr. Osman Saifullah Khan	04	-	-
3	Ms. Hoor Yousafzai	04	-	01
4	Mr. Assad Saifullah Khan	06	05	01
5	Mr. Asif Saifullah Khan	01	-	-
6	Rana Muhammad Shafi	05	04	-
7	Mr. Rashid Ibrahim	02	04	-
8	Mr. Muhammad Danish	02	-	-
9	Mr. Abdul Rehman Qureshi	01	-	-
10	Mr. Sohail Hussain Hydari	06	-	-

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

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

• Committees of the Board

Following are the details of the member of each committee:

Audit Committee		
1.	Mr. Rashid Ibrahim	Chairman
2.	Mr. Abdul Rehman Qureshi	Member
3.	Mr. Assad Saifullah Khan	Member

Human Resource and Remuneration Committee		
1.	Mr. Abdul Rehman Qureshi	Chairman
2.	Ms. Hoor Yousafzai	Member
3.	Mr. Assad Saifullah Khan	Member

DIRECTORS' REPORT TO THE SHAREHOLDERS

PERFORMANCE EVALUATION OF DIRECTORS ON THE BOARD

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

- Alignment of corporate goals and objectives with the vision and mission of the Company;
- Strategy formulation for sustainable operation;
- Board's independence; and
- Evaluation of Board's Committees performance in relation to discharging their responsibilities set out in respective terms of reference.

CEO PERFORMANCE EVALUATION

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

DIRECTORS' REMUNERATION

The remuneration of the Board members is approved by the Board itself. However, in accordance with the Code of Corporate Governance, it is ensured that no Director takes part in deciding his own remuneration. The Company does not pay remuneration to non-executive directors except fee for attending the meetings. For information on remuneration of Directors and CEO in 2023-24, please refer notes to the Financial Statements.

EXTERNAL AUDITORS

The present auditors, M/s Shinewing Hameed Chaudhri & Co. Chartered Accountants, retire and being eligible, offer themselves for re-appointment. As suggested by the Audit Committee, the Board recommends their

appointment as auditors of the Company to hold office from the conclusion of this Annual General Meeting to be held on October 25, 2024 until conclusion of next Annual General Meeting.

MATERIAL CHANGES

There have been no material changes since June 30, 2024 to date of the report and the Company has not entered into any commitment during this period, which would have an adverse impact on the financial position of the Company.

GENDER PAY GAP STATEMENT

The Mean gender pay gap and Median gender pay gap are (129%) and (76%) respectively.

PATTERN OF SHAREHOLDING

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

HUMAN RESOURCE MANAGEMENT

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

RISK MANAGEMENT & INTERNAL CONTROL

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

DIRECTORS' REPORT TO THE SHAREHOLDERS

HEALTH, SAFETY & ENVIRONMENT

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

CORPORATE SOCIAL RESPONSIBILITY

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

ACKNOWLEDGEMENT

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

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

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

On behalf of the board of Directors



ASSAD SAIFULLAH KHAN

Director



SOHAIL HUSSAIN HYDARI

Chief Executive Officer

Place: Islamabad

Dated: September 30, 2024

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

صحت، حفاظت اور ماحول

ہم صحت، حفاظت اور ماحولیات (ایچ۔ ایس۔ ای) میں اعلیٰ ترین معیار کو برقرار رکھنے پر پختہ یقین رکھتے ہیں تاکہ ہمارے ساتھ کام کرنے والے لوگوں کے ساتھ ساتھ ان کیونٹریز کی منسلح و بہبود کو یقینی بنایا جائے جہاں ہم کام کرتے ہیں۔

اجتماعی سماجی ذمہ داری

کسپنی مجموعی کاروباری ماحول کے تناظر میں سماجی، ماحولیاتی اور اخلاقی معاملات پر غور کرتی ہے۔ کسپنی تمام اسٹیک ہولڈرز، خاص طور پر اس کیونٹری کے بہترین مفاد میں کام کرنے کے لیے پر عزم ہے جس میں ہم رہتے ہیں اور اپنا کاروبار چلاتے ہیں۔

اعتراف

بورڈ ہمارے مینسٹرز اور ہمارے متبادل متدر صارفین کے تعاون کے لیے ستائش کو ملحوظ خاطر رکھتا ہے۔ ہم اپنے انتظامیہ کے ارکان کی طرف سے کی گئی محنت کو بھی حیرانگہ تحسین پیش کرنا چاہیں گے۔ ہمیں یقین ہے کہ وہ آنے والے دنوں میں بھی اسی لگن کا مظاہرہ کرتے رہیں گے۔

بورڈ آف ڈائریکٹرز کی جانب سے



سہیل حسین حیدری
چیف ایگزیکٹو آفیسر



اسد سیف اللہ خان
ڈائریکٹر

مقام: اسلام آباد

بتاریخ: 30 ستمبر 2024

ڈائریکٹرز رپورٹ برائے شیئر ہولڈر

بورڈ کی کمیٹیاں

ہر کمیٹی کے ممبر کی تفصیلات درج ذیل ہیں:

آڈٹ کمیٹی

- ا۔ جناب راشد ابراہیم چیئرمین
ب۔ جناب عبدالرحمن مٹریٹی ممبر
ج۔ جناب اسد سیف اللہ خان ممبر

انسانی وسائل اور معاوضہ کمیٹی

- ا۔ جناب عبدالرحمن مٹریٹی چیئرمین
ب۔ محترمہ حور یوسفزئی ممبر
ج۔ جناب اسد سیف اللہ خان ممبر

بورڈ کے اجلاسوں اور اس کی کمیٹیوں کی اثینڈینس

نمبر شمار	ڈائریکٹر / ممبر کا نام	بورڈ میٹنگز میں شرکت کی تعداد	آڈٹ کمیٹی کے اجلاسوں میں شرکت کی تعداد	انسانی وسائل اور معاوضہ کمیٹی کے اجلاسوں میں شرکت کی تعداد
1	جناب جاوید سیف اللہ خان	-	-	-
2	جناب عثمان سیف اللہ خان	04	-	-
3	محترمہ حور یوسفزئی	04	-	01
4	جناب اسد سیف اللہ خان	06	05	01
5	جناب آصف سیف اللہ خان	01	-	-
6	رانا محمد شفیع	05	04	-
7	جناب راشد ابراہیم	02	04	-
8	جناب محمد دانش	02	-	-
9	جناب عبدالرحمن مٹریٹی	01	-	-
10	جناب سہیل حسین حیدری	06	-	-

غیر حاضری کی اجازت ان ڈائریکٹرز کو دی گئی جو مندرجہ بالا کسی بھی میٹنگ میں شرکت نہیں کر سکے۔

ڈائریکٹرز ان بورڈ کی کارکردگی کا جائزہ

بورڈ کے نگرانی کے کردار اور اس کی تاثیر کا جائزہ ایک مسلسل عمل ہے، جس کا تخمینہ بورڈ خود کرتا ہے۔ مثال تو جب بنیادی نکات درج ذیل ہیں۔

ا۔ کمپنی کے وژن اور مشن کے ساتھ کارپوریٹ اہداف اور مقاصد کی ہم آہنگی

ب۔ پائیدار آپریشن کے لیے حکمت عملی کی تشکیل؛

بورڈ کی آزادی؛ اور ج۔

د۔ متعلقہ شرائط میں مقرر کردہ اپنی ذمہ داریوں کو نبھانے کے سلسلے میں بورڈ کی کمیٹیوں کی کارکردگی کا جائزہ۔

ڈائریکٹرز رپورٹ برائے شیئر ہولڈر

کسپنی کی طرف سے کھاتوں کی تفصیلات کے لیے مناسب کتابیں رکھی گئی ہیں۔

مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔

مالیاتی گوشواروں کی تیاری میں بین الاقوامی اکاؤنٹنگ معیار، جو کہ پاکستان میں لاگو ہوتا ہے، کی پیروی کی گئی ہے۔

اندرونی کنٹرول کا نظام ڈیزائن کے معاملے میں درست ہے اور اسے مؤثر طریقے سے لاگو اور مانیٹر کیا گیا ہے۔

کسپنی کی کاروبار کو جاری رکھنے کی صلاحیت پر کوئی شک نہیں ہے۔

سی ای او، ڈائریکٹرز، سی ایف او، کسپنی سکرپٹری، ان کی شریک حیات اور نابالغ بچوں کی طرف سے ان کے علاوہ کوئی تجارتی حصص نہیں ہے جنہیں اس سال کے شیئر ہولڈنگ کے پیئرن میں ظاہر کیا گیا ہے۔

کوڈ آف کارپوریٹ گورننس کے بہترین طریقوں سے کسی مواد کی روانگی نہیں ہوئی ہے۔

بورڈ آف ڈائریکٹرز نے ایک مشن سٹیٹمنٹ اور مجموعی کارپوریٹ حکمت عملی کی سٹیٹمنٹ اپنائی ہے۔

بقیہ یا ٹیکس اور لیویز کے بارے میں، براہ کرم منسلک آڈٹ شدہ بیانات کے نوٹ 18 کا حوالہ دیں۔

بورڈ کی تفصیل

30 جون 2024 تک بورڈ آف ڈائریکٹرز مشتمل ہے:

منتخب ڈائریکٹرز تعداد

ا۔ مرد 07

ب۔ خاتون 01

کپوزیشن تعداد

ا۔ آزاد ڈائریکٹرز 02

ب۔ نان ایگزیکٹو ڈائریکٹرز 05

ج۔ ایگزیکٹو ڈائریکٹر 01

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

محترم شیئر ہولڈرز،

ہم 30 جون 2024 کو ختم ہونے والے سال کے لیے کمپنی کی آڈٹ شدہ مالیاتی رپورٹ پیش کرتے ہیں۔ کمپنی کی کارکردگی کے اہم مالی نکات درج ذیل ہیں۔

حبابہ

زیر حبابہ مالی سال کے دوران، کمپنی نے 12,249 ملین روپے کا کاروبار حاصل کیا۔ جس میں پچھلے سال کے 11,692 ملین کے کاروبار کے مقابلے میں 556 ملین (5%) روپے کا اضافہ ہوا ہے۔ قابل ذکر بات یہ ہے کہ پاکستان میں گیس کی قیمتوں میں غیر معمولی اضافے کے باوجود کمپنی کے مجموعی مارجن میں نمایاں بہتری آئی ہے جو کہ 4% سے بڑھ کر 15% تک پہنچ گیا ہے۔ تاہم، زیادہ سرمایہ کاری کی ضروریات نے بینک فنڈنگ کی لاگت میں 10% اضافہ کیا، جو کہ 1,497 ملین روپے سے بڑھ کر 1,640 ملین روپے ہو گیا ہے۔ کمپنی نے 284 ملین روپے کے ٹیکس کی ادائیگی سے پہلے منافع ریکارڈ کیا اس نقصان کے برخلاف جو پچھلے سال 1,577 ملین ٹیکس ادا کرنے سے پہلے ہوا۔

سال کے دوران، کمپنی نے 597 ملین روپے کے طویل مدتی مقررہوں کے علاوہ 163 ملین روپے اس کے مارک اپ کی بھی ادائیگی کی ہے۔

مقررہوں پر مارک اپ کے ساتھ پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ کی جانب سے مستحکم صورتحال میں کمپنی کی برقرار رکھی گئی ہے A2 اور برائے مختصر مدت پر A تمام شرح۔ طویل مدت کے لیے۔

کمپنی 2015:9001 (کوالٹی مینجمنٹ سسٹم) اور 2008:45001 (پیشہ ورانہ صحت اور سیفٹی مینجمنٹ سسٹم) میں آئی۔ ایس۔ او سرٹیفائیڈ ہے۔

کئی/خسارہ فی شیئر

رپورٹ کے تحت مدت کے دوران فی حصص آمدنی 0.44 روپے تک ہے۔ (2023:42.93 روپے فی شیئر خسارہ)۔

منافع کی تخصیص

بورڈ نے 30 ستمبر 2024 کو ہونے والی میٹنگ میں سفارش کی ہے کہ 30 جون 2024 کو ختم ہونے والے سال کے صنفی ڈیویڈنڈ تقسیم کیا جائے (30 جون 2023: نقد ڈیویڈنڈ روپے صنفی شیئر یعنی صنفی فیصد)۔

مستقبل کا نقطہ نظر

پاکستان میں ٹیکسٹائل کی صنعت کو کئی چیلنجز کا سامنا ہے، جیسے مہنگائی کی وجہ سے پیداواری لاگت میں اضافہ، توانائی اور مالی انحرافات میں اضافہ۔ ہماری کمپنی سولر انرجی انٹرال کرنے کا ارادہ رکھتی ہے اور بڑھتی ہوئی لاگت سے نمٹنے کے لیے رنگنے کی صلاحیت کو بڑھانے کا ارادہ رکھتی ہے۔ شرح سود میں مزید کمی سے چند ماہ کے عرصے میں کمپنی کے لیکویڈٹی ایشو میں بہتری آئے گی۔ کمپنی میں لیکویڈٹی کی کمی پر متاثر ہونے کے لیے سال کے دوران سپانسرز کی طرف سے 2.5 بلین روپے مقرر کی رقم لگائی گئی ہے۔

کارپوریٹ گورننس

ہمیں یہ اطلاع دیتے ہوئے خوشی ہو رہی ہے کہ آپ کی کمپنی نے کوڈ آف کارپوریٹ گورننس کی دفعات کی تعمیل کے لیے ضروری اقدامات کیے ہیں۔ کارپوریٹ گورننس اور مالیاتی رپورٹنگ مندرجہ ذیل پر نکات ذیل میں دیے گئے ہیں۔

کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی سٹیٹمنٹ اس کی حقیقی حالت، اس کے کاموں کے نتائج، حوالہ آمدن اور ایکویٹی میں ہونے والی تبدیلیوں کو پیش کرتی ہیں۔

CORPORATE SOCIAL RESPONSIBILITY

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

Environment Protection

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

Energy Conservation

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

Iftar Arrangements

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

Masjid

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

Equal Opportunity Employer

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

Occupational Safety and Health

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

Educational Assistance for Children of Employees

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

Medical Benefits

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

HORIZONTAL ANALYSIS

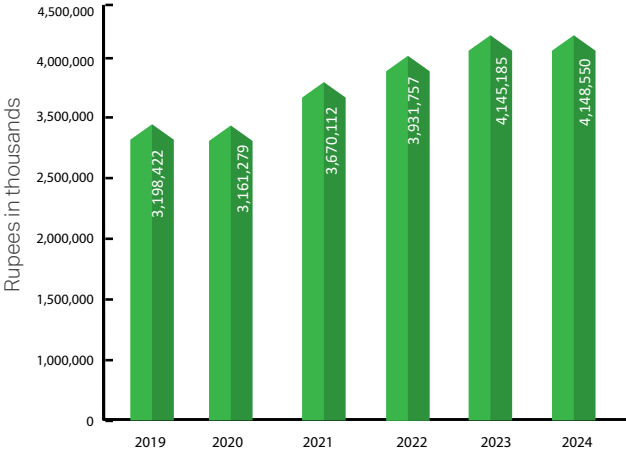
	2024	Variance vs Last year increase/ (decrease)%	2023	Variance vs Last year increase/ (decrease)%	2022	Variance vs Last year increase/ (decrease)%	2021	Variance vs Last year increase/ (decrease)%	2020	Variance vs Last year increase/ (decrease)%
(Rupees in million)										
Operating Results										
Sales-net	12,249	4.76	11,692	(7.68)	12,665	18.96	10,647	39.15	7,651	(14.76)
Cost of sales	10,455	(6.90)	11,230	8.99	10,304	17.69	8,755	24.82	7,014	(11.64)
Gross Profit	1,794	287.98	462	(80.42)	2,361	24.82	1,892	196.95	637	(38.62)
Distribution cost	229	20.59	190	(25.82)	256	22.49	209	25.15	167	16.78
Administrative expenses	251	(26.06)	339	6.75	318	13.82	279	14.51	244	14.55
Other operating expenses	22	(86.42)	162	(24.66)	215	147.98	87	725.71	11	(34.38)
Finance Cost	1,640	9.55	1,497	89.02	792	18.92	666	(22.15)	856	43.67
Exchange fluctuation gain/ (loss)	(0.8)	(370.00)	0.3	(94.00)	5	100.00	3	(50.00)	5	(93.01)
Other operating income	633	326.26	149	106.25	72	89.22	38	245.91	11	(98.80)
Profit / (Loss) before taxation	284	(118.02)	(1,577)	(284.03)	857	24.02	691	(210.74)	(624)	(167.87)
minimum and final tax levies	153	4.10	146	-	-	-	-	-	-	-
Profit / (loss) before taxation	132	(107.64)	(1,724)	(301.12)	857	24.02	691	(210.74)	(624)	(167.87)
Taxation	120	(120.27)	(590)	(202.61)	575	249.54	165	242.71	48	(46.07)
Profit / (loss) after taxation	12	(101.07)	(1,134)	(502.00)	282	(46.44)	527	(178.35)	(672)	(180.93)
Balance Sheet										
NON CURRENT ASSETS										
Property, plant and equipment	7,924	(4.60)	8,306	27.51	6,514	1.25	6,433	(1.81)	6,552	21.33
Intangible assets	-	-	-	-	-	(100.00)	2	(57.50)	4	(41.18)
Long term investments	15	-	15	24.00	12	(2.83)	12	2.92	12	380.00
Long term loans	3	(88.45)	23	12.56	21	6.70	19	(3.00)	20	(9.09)
Long term deposits	31	(13.25)	35	8.53	32	35.86	24	59.33	15	43.82
Total non current assets	7,972	(4.86)	8,379	27.36	6,579	1.36	6,491	(1.70)	6,603	21.34
CURRENT ASSETS										
Stores, spare parts and loose tools	300	(20.71)	378	22.55	308	2.85	300	(26.31)	407	12.74
Stock-in-trade	3,676	31.57	2,794	(29.62)	3,970	71.94	2,309	(8.26)	2,517	7.56
Trade debts	1,802	18.00	1,527	(39.91)	2,541	11.66	2,276	24.76	1,824	50.62
Loans and advances	19	(70.63)	63	(37.00)	100	27.89	78	10.13	71	(20.94)
Trade deposits and short term prepayments	2	(76.25)	8	35.59	6	36.26	4	116.50	2	33.33
Other receivables	51	(32.00)	75	(21.96)	96	90.11	51	(0.88)	51	(15.42)
Investments	-	-	-	(100.00)	3	(88.51)	26	8.83	24	566.67
Deposit for shares	-	-	-	-	-	-	-	-	-	-
Prepaid tax levies	5	76.16	3	-	-	-	-	-	-	-
Taxation - net	336	(6.40)	359	64.11	219	(32.14)	323	(5.64)	342	3.32
Tax refunds due from Government	111	2,126	5	-	5	(0.60)	5	0.60	5	(96.24)
Cash and bank balances	21	29.38	16	(62.79)	43	(2.89)	44	8.00	41	36.67
Total current assets	6,322	20.93	5,228	(28.30)	7,291	34.64	5,416	2.49	5,284	15.85
Total assets	14,294	5.05	13,607	(1.90)	13,871	16.50	11,906	0.16	11,887	18.84
CURRENT LIABILITIES										
Trade and other payables	1,201	59.71	752	(56.07)	1,712	83.40	934	(16.13)	1,113	46.45
Contract liabilities	78	-	109	-	-	-	-	-	-	-
Unpaid dividend	0	(2.08)	0	-	0	95,900.00	0	(99.99)	4	925.64
Unclaimed dividend	9	(0.06)	9	(0.07)	9	0.08	9	(1.26)	9	8.75
Accrued mark-up and interest	430	3.74	414	130.27	180	57.41	114	(50.50)	231	62.68
Short term borrowings	5,568	(6.09)	5,929	14.06	5,198	26.86	4,097	(3.86)	4,262	12.75
Current portion of non-current liabilities	404	(30.62)	582	(21.52)	742	(11.69)	840	203.16	277	(34.82)
Provision for tax levies	152	4.33	146	-	-	-	-	-	-	-
Total current liabilities	7,842	(1.25)	7,941	1.28	7,841	30.82	5,994	1.66	5,896	15.25
WORKING CAPITAL	(1,520)	(43.97)	(2,713)	393.89	(549)	(4.94)	(578)	(5.53)	(612)	10.38
TOTAL CAPITAL EMPLOYED	6,452	13.87	5,666	(6.04)	6,030	1.98	5,913	(1.31)	5,991	22.58
NON CURRENT LIABILITIES										
Long term financing	1,295	111.54	612	(45.74)	1,128	(30.34)	1,619	(29.22)	2,288	61.24
Liabilities against assets subject to finance lease	-	-	-	(100.00)	9	(61.81)	23	(22.76)	30	(25.60)
Deferred income - government grant	9	(39.86)	14	(35.64)	22	778.61	3	-	5	-
Long term deposits	14	(26.65)	19	47.53	13	56.55	8	(23.64)	11	42.86
Staff retirement benefits - gratuity	226	(2.16)	231	(8.29)	252	18.46	213	31.24	162	19.59
Deferred taxation - net	760	18.00	644	(4.54)	675	79.27	376	12.66	334	288.01
Total Non current liabilities	2,303	51.47	1,521	(27.54)	2,099	(6.41)	2,242	(20.75)	2,830	67.57
Net worth	4,149	0.08	4,145	5.45	3,931	7.10	3,670	16.09	3,162	(1.16)
Net worth represented by:										
Issued, subscribed and paid-up capital	264	-	264	-	264	-	264	-	264	-
Reserves	1,410	8.29	1,302	(45.67)	2,397	15.49	2,075	37.90	1,505	(31.42)
Surplus on revaluation of PPE	2,474	(4.07)	2,579	102.96	1,271	(4.49)	1,331	(4.42)	1,392	88.16
	4,148	0.07	4,145	5.44	3,932	7.13	3,670	16.08	3,161	(1.17)
Total liabilities	14,294	5.05	13,607	(1.90)	13,871	16.51	11,906	0.16	11,887	18.84

VERTICAL ANALYSIS

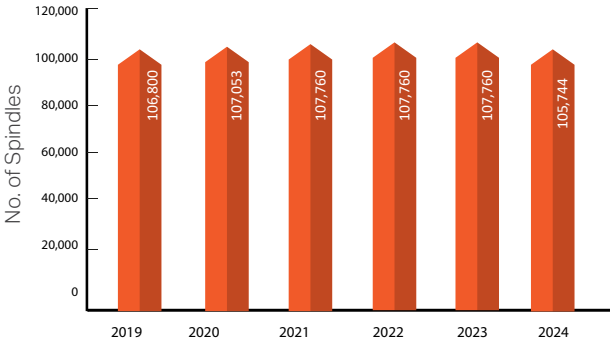
	2024	%	2023	%	2022	%	2021	%	2020	%
Operating Results										
Sales-net	12,249	100.00	11,692	100.00	12,665	100.00	10,647	100.00	7,651	100.00
Cost of sales	10,455	85.35	11,230	96.05	10,304	81.36	8,755	82.23	7,014	91.67
Gross Profit	1,794	14.65	462	3.95	2,361	18.64	1,892	17.77	637	8.33
Distribution cost	229	1.87	190	1.62	256	2.02	209	1.96	167	2.18
Administrative expenses	251	2.05	339	2.90	318	2.51	279	2.62	244	3.18
Other operating expenses	22	0.18	162	1.39	215	1.70	87	0.82	11	0.14
Finance Cost	1,640	13.39	1,497	12.80	792	6.25	666	6.26	856	11.18
Exchange fluctuation gain / (loss)	(0.8)	(0.01)	0	0.00	5	0.04	3	0.03	5	0.06
Other operating income	633	5.17	149	1.27	72	0.57	38	0.36	11	0.14
Profit / (Loss) before taxation										
minimum and final tax levies	284	2.32	(1,577)	(13.49)	857	6.77	692	6.50	(624)	(8.16)
Minimum and final tax levies	153	1.24	146	1.25	-	-	-	-	-	-
Profit / (loss) before taxation	132	1.08	(1,723)	(14.74)	857	6.77	692	6.50	(624)	(8.16)
Taxation	120	0.98	(444)	(3.79)	575	4.54	165	1.55	48	0.63
Profit / (loss) after taxation	12	0.10	(1,134)	(9.70)	282	2.23	527	4.95	(672)	(8.79)
Balance Sheet										
NON CURRENT ASSETS										
Property, plant and equipment	7,924	55.43	8,306	61.04	6,514	46.96	6,433	54.04	6,552	55.12
Intangible assets	-	-	-	-	-	-	2	0.02	4	0.03
Long term investments	15	0.10	15	0.11	12	0.09	12	0.10	12	0.10
Long term loans	3	0.02	23	0.17	21	0.15	19	0.16	20	0.17
Long term deposits	31	0.21	35	0.26	32	0.23	24	0.20	15	0.13
Total non current assets	7,972	55.77	8,379	61.58	6,579	47.43	6,491	54.52	6,603	55.55
CURRENT ASSETS										
Stores, spare parts and loose tools	300	2.10	378	2.78	308	2.22	300	2.52	407	3.42
Stock-in-trade	3,676	25.72	2,794	20.53	3,970	28.62	2,309	19.39	2,517	21.17
Trade debts	1,802	12.60	1,527	11.22	2,541	18.32	2,276	19.11	1,824	15.34
Loans and advances	19	0.13	63	0.46	100	0.72	78	0.66	71	0.60
Trade deposits and short term prepayments	2	0.01	8	0.06	6	0.04	4	0.03	2	0.02
Other receivables	51	0.36	75	0.55	96	0.69	51	0.43	51	0.43
Investments	-	-	-	-	3	0.02	26	0.22	24	0.20
Deposit for shares	-	-	-	-	-	-	-	-	-	-
Prepaid tax levies	5	0.03	3	0.02	-	-	-	-	-	-
Taxation - net	336	2.35	359	2.64	219	1.58	323	2.71	342	2.88
Tax refunds due from Government	111	0.78	5	0.04	5	0.04	5	0.04	5	0.04
Cash and bank balances	21	0.14	16	0.12	43	0.31	44	0.37	41	0.34
Total current assets	6,322	44.23	5,228	38.42	7,292	52.57	5,415	45.48	5,284	44.45
Total assets	14,294	100.00	13,607	100.00	13,871	100.00	11,906	100.00	11,887	100.00
CURRENT LIABILITIES										
Trade and other payables	1,201	8.40	752	5.53	1,712	12.34	934	7.84	1,113	9.36
Contract liabilities	78	0.55	109	0.80	-	-	-	-	-	-
Unpaid dividend	0	0.00	0	0.00	0	0.00	0	0.00	4	0.03
Unclaimed dividend	9	0.06	9	0.06	9	0.06	9	0.07	9	0.08
Accrued mark-up and interest	430	3.01	414	3.05	180	1.30	114	0.96	231	1.94
Short term borrowings	5,568	38.95	5,929	43.57	5,198	37.47	4,097	34.42	4,262	35.86
Current portion of non-current liabilities	404	2.82	582	4.28	742	5.35	840	7.05	277	2.33
Provision for tax levies	152	1.06	146	1.07	-	-	-	-	-	-
Total current liabilities	7,842	54.87	7,942	58.36	7,840	56.52	5,994	50.34	5,896	49.60
WORKING CAPITAL	(1,520)	(10.64)	(2,713)	(19.94)	(549)	(3.96)	(579)	(4.86)	(612)	(5.15)
TOTAL CAPITAL EMPLOYED	6,452	45.14	5,666	41.64	6,031	43.48	5,912	49.66	5,991	50.40
NON CURRENT LIABILITIES										
Long term financing	1,295	9.06	612	4.50	1,128	8.13	1,619	13.60	2,288	19.25
Liabilities against assets subject to finance lease	-	-	-	-	9	0.06	23	0.19	30	0.25
Deferred income - government grant	9	0.06	14	0.11	22	0.16	3	0.03	5	0.04
Long term deposits	14	0.10	19	0.14	13	0.09	8	0.07	11	0.09
Staff retirement benefits - gratuity	226	1.58	231	1.69	252	1.82	213	1.79	162	1.36
Deferred taxation - net	760	5.32	644	4.73	675	4.86	376	3.16	334	2.81
Total Non current liabilities	2,303	16.11	1,520	11.17	2,099	15.13	2,242	18.83	2,829	23.80
Net worth	4,149	29.02	4,146	30.47	3,932	28.35	3,670	30.83	3,162	26.60
Net worth represented by:										
Issued, subscribed and paid-up capital	264	1.85	264	1.94	264	1.90	264	2.22	264	2.22
Reserves	1,410	9.87	1,302	9.57	2,397	17.28	2,075	17.43	1,505	12.66
Surplus on revaluation of PPE	2,474	17.31	2,579	18.95	1,271	9.16	1,331	11.18	1,392	11.71
	4,148	29.02	4,145	30.46	3,932	28.35	3,670	30.83	3,161	26.60
Total liabilities	14,294	100.00	13,607	100.00	13,871	100.00	11,906	100.00	11,887	100.00

GRAPHICAL ANALYSIS

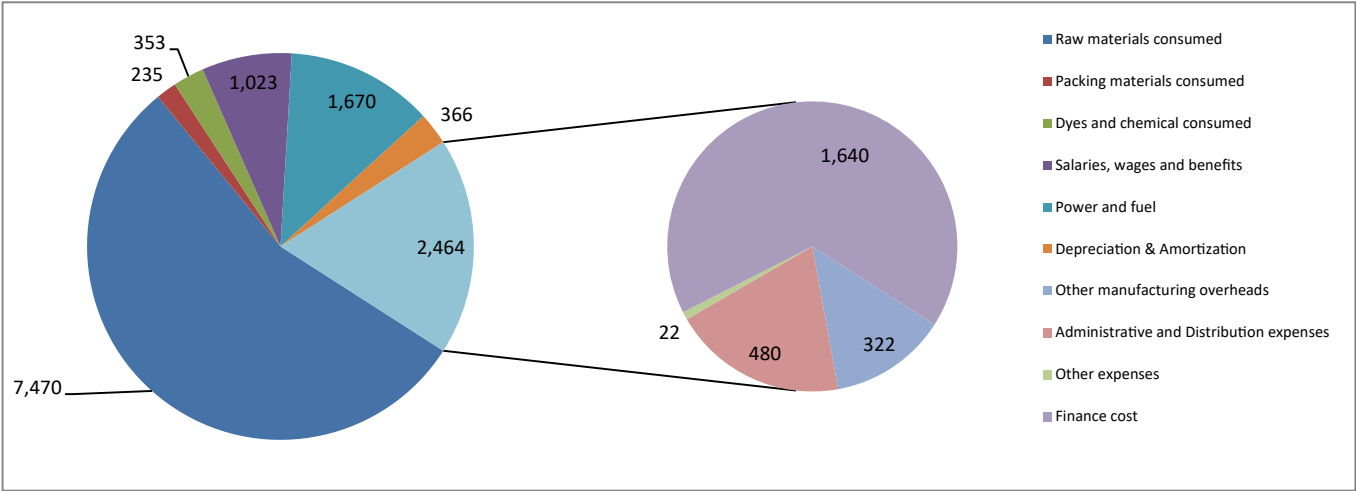
Net Worth



Spindles Installed

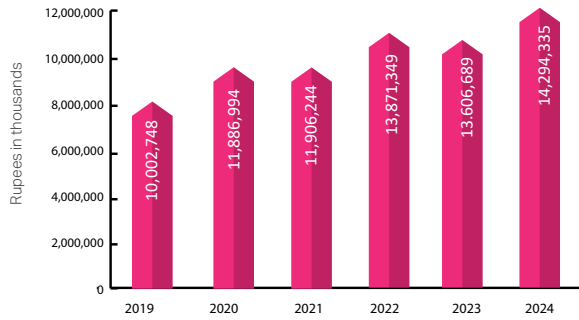


Cost Distribution

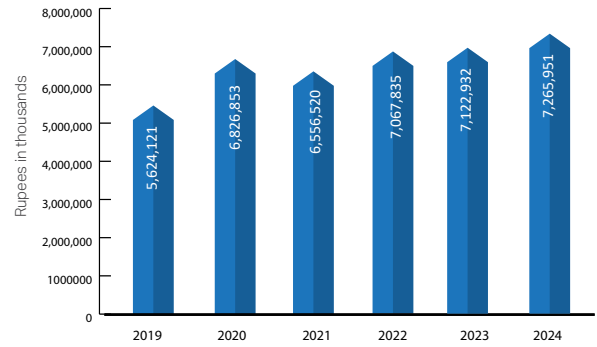


GRAPHICAL ANALYSIS

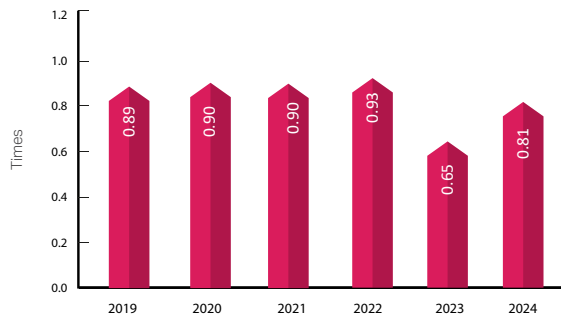
Total Assets



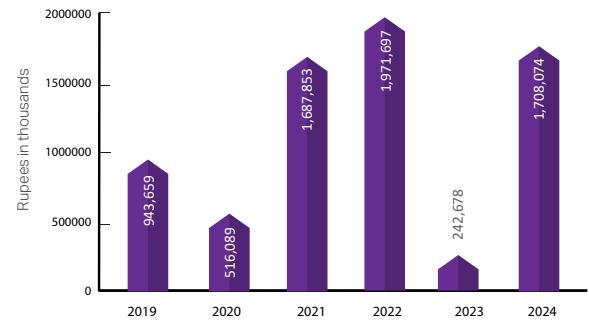
Total debt



Current Ratio



EBITDA



PATTERN OF SHAREHOLDINGS

As at June 30, 2024

Number of ShareHolders	Shareholdings		Total Number of Share Held	Percentage of Total Capital
	From	To		
372	1 -	100	16,711	0.06
436	101 -	500	122,744	0.46
172	501 -	1000	145,334	0.55
273	1001 -	5000	607,479	2.30
58	5001 -	10000	456,273	1.73
15	10001 -	15000	185,999	0.70
10	15001 -	20000	184,338	0.70
9	20001 -	25000	202,951	0.77
10	25001 -	30000	292,281	1.11
4	30001 -	35000	131,672	0.50
3	35001 -	40000	115,300	0.44
2	40001 -	45000	83,053	0.31
4	45001 -	50000	200,000	0.76
2	50001 -	55000	105,500	0.40
2	55001 -	60000	120,000	0.45
1	60001 -	65000	63,524	0.24
1	70001 -	75000	72,100	0.27
2	80001 -	85000	163,510	0.62
1	85001 -	90000	90,000	0.34
2	95001 -	100000	200,000	0.76
1	100001 -	105000	101,500	0.38
1	110001 -	115000	111,360	0.42
3	125001 -	130000	380,750	1.44
1	135001 -	140000	137,000	0.52
1	140001 -	145000	141,000	0.53
1	170001 -	175000	175,000	0.66
1	180001 -	185000	183,956	0.70
1	190001 -	195000	194,891	0.74
2	195001 -	200000	398,000	1.51
1	210001 -	215000	210,500	0.80
1	215001 -	220000	217,000	0.82
1	225001 -	230000	226,000	0.86
1	285001 -	290000	288,159	1.09
1	295001 -	300000	299,215	1.13
1	350001 -	355000	350,650	1.33
1	435001 -	440000	437,286	1.66
1	720001 -	725000	720,946	2.73
1	825001 -	830000	829,846	3.14
1	830001 -	835000	831,333	3.15
1	955001 -	960000	958,000	3.63
1	1030001 -	1035000	1,031,848	3.91
1	1530001 -	1535000	1,532,871	5.80
1	13095001 -	13100000	13,097,000	49.59
1,405			26,412,880	100.00

PATTERN OF SHAREHOLDINGS

As at June 30, 2024

Sr. #	Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children	8	7,500	0.0284
2	Associated Companies, Undertakings and Related Parties	1	13,097,000	49.5857
3	NIT and ICP	2	128,678	0.4872
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	2	1,184	0.0045
5	Insurance Companies	1	1,031,848	3.9066
6	Modarbas and Mutual Funds	8	1,896,811	7.1814
7	General Public (Local)	1,360	10,033,177	37.9859
8	Others	23	216,682	0.8204
	TOTAL:	1,405	26,412,880	100.0000

PATTERN OF SHAREHOLDINGS

As at June 30, 2024

Sr. No	Name Of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children			
1	Javed Saifullah Khan	1,000	0.0038
2	Osman Saifullah Khan	3,500	0.0133
3	Ms. Hoor Yousafzai	500	0.0019
4	Assad Saifullah Khan	500	0.0019
5	Asif Saifullah Khan	500	0.0019
6	Sohail Hussain Hydari	500	0.0019
7	Rashid Ibrahim	500	0.0019
8	Abdul Rehman Qureshi	500	0.0019
Running Total:		7,500	0.0284
Associated Companies, Undertakings and Related Parties			
1	Saif Holdings Limited	13,097,000	49.5857
Running Total:		13,097,000	49.5857
NIT and ICP			
1	National Bank Of Pakistan	127,450	0.4825
2	Investment Corp Of Pakistan	1,228	0.0046
Running Total:		128,678	0.4872
Banks, Development Financial Institutions, Non Banking Financial Institutions			
1	National Bank Of Pakistan	1,129	0.0043
2	Atlas Bot Invesment Bank Ltd.	55	0.0002
Running Total:		1,184	0.0045
Insurance Companies			
1	State Life Insurance Corp. Of Pakistan	1,031,848	3.9066
Running Total:		1,031,848	3.9066
Modarbas and Mutual Funds			
1	CDC - Trustee National Investment (Unit) Trust	1,532,871	5.8035
2	CDC - Trustee Golden Arrow Stock Fund	217,000	0.8216
3	Crescent Standard Modaraba	14	0.0001
4	First I.B.L. Modaraba	977	0.0037
5	CDC - Trustee AKD Opportunity Fund	141,000	0.5338
6	Golden Arrow Selected Stock Fund Limited	215	0.0008
7	First Inter Fund Modaraba	65	0.0002
8	First UDL Modaraba	4,669	0.0177
Running Total:		1,896,811	7.1814
General Public (Local)			
Running Total:		10,033,177	37.9859
Others			

PATTERN OF SHAREHOLDINGS

As at June 30, 2024

Sr. No	Name Of Shareholders	Shares Held	Percentage
1	KTRADE SECURITIES LIMITED	1	0.0000
2	MRA SECURITIES LIMITED - MF	1,500	0.0057
3	DR. ARSLAN RAZAQUE SECURITIES (PVT.) LIMITED	210	0.0008
4	MUHAMMAD AHMED NADEEM SECURITIES (SMC-PVT) LIMITED	105	0.0004
5	FIKREES (PRIVATE) LIMITED	500	0.0019
6	JAVED OMER VOHRA & CO. LTD.	8,758	0.0332
7	THE NORTHERN TRUST COMPANY	100	0.0004
8	EASTMAN CONSULTING (PVT) LTD.	50	0.0002
9	MORGAN STANLEY TRUST CO.	100	0.0004
10	TAURUS SECURITIES LIMITED	100	0.0004
11	FORTUNE SECURITIES LIMITED	200	0.0008
12	KHADIM ALI SHAH BUKHARI & CO. LIMITED	80	0.0003
13	BMA CAPITAL MANAGEMENT LTD.	344	0.0013
14	INTERNATIONAL SECURITIES LTD.	118	0.0004
15	SARFRAZ MAHMOOD (PRIVATE) LTD	500	0.0019
16	PYRAMID INVESTMENTS (PVT) LTD.	495	0.0019
17	MAPLE LEAF CAPITAL LIMITED	1	0.0000
18	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION	183,956	0.6965
19	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEE BENEVOLENT FUND	6,455	0.0244
20	S.H. BUKHARI SECURITIES (PVT) LIMITED	500	0.0019
21	RS PUBLISHERS (PRIVATE) LIMITED	11,500	0.0435
22	PRUDENTIAL SECURITIES LIMITED	26	0.0001
23	Y.S. SECURITIES & SERVICES (PVT) LTD.	1,083	0.0041
	Running Total:	216,682	0.8204
	Grand Total:	26,412,880	100.0000

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

Saif Textile 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 are Eight (08) as per the following:

Directors	Numbers
a) Male	07
b) Female	01

2. The composition of Board is as follows:

S.No	Directors	Numbers
a.	Independent Directors*	Mr. Rashid Ibrahim
		Mr. Abdul Rehman Qureshi
b.	Non-executive Directors	Mr. Javed Saifullah Khan
		Mr. Osman Saifullah Khan
		Ms. Hoor Yousafzai
		Mr. Assad Saifullah Khan
c.	Executive Director **	Mr. Asif Saifullah Khan
		Mr. Sohail Hussain Hydari
d.	Female Directors	Ms. Hoor Yousafzai

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

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;

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

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

Saif Textile Mills Limited for the Year Ended June 30, 2024

a)	Audit Committee	
	Mr. Rashid Ibrahim	Chairman
	Mr. Abdul Rehman Qureshi	Member
	Mr. Assad Saifullah Khan	Member
b)	HR and Remuneration Committee	
	Mr. Abdul Rehman Qureshi	Chairman
	Ms. Hoor Yousafzai	Member
	Mr. Assad Saifullah Khan	Member

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

14. The frequency of meetings of the committee during the year 2023-24 were as per following:

a) Audit Committee - Five (05) Meetings

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

15. The Board has set up an effective internal audit function and the persons assigned the responsibilities are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company; However, due to frequent changes in the Head of Internal Audit, there was a gap in appointments during the year.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or director of the Company;

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

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


Javed Saifullah Khan)

Chairman

Place: Islamabad

Date: September 30, 2024

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

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **SAIF TEXTILE MILLS LIMITED** (the Company) for the year ended June 30, 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 June 30, 2024.

We draw your attention to paragraph 15 of the Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 mentioning the gap in the appointment of Head of Internal Audit.

Shinewing Hameed Chaudhri
& Co.

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

Lahore: October 01, 2024
UDIN: CR202410195mK6ctAd2I

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

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **SAIF TEXTILE MILLS LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2024, and the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

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

Company's affairs as at June 30, 2024 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

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

Following are the key audit matters:

S. No.	Key audit matter	How the matter was addressed in our audit
1.	<p>Revenue</p> <p>As described in notes 3.25 and 32, the Company generates revenue from the sale of goods to domestic as well as foreign customers. During the year ended June 30, 2024, the Company generated net revenue of Rs.12.249 billion as compared to Rs.11.692 billion during the previous year, which represents an increase of approximately 5% as compared to preceding year.</p> <p>Considering the significance of amounts involved and that the revenue is a key indicator of performance measurement of the Company, we have considered revenue recognition as a key audit matter.</p>	<p>Our audit procedures to assess recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> - obtained an understanding of the Company's processes and related internal controls for revenue recognition and on a sample basis, tested the effectiveness of those controls, specifically in relation to recognition of revenue and timing thereof; - evaluated the appropriateness of the Company's revenue recognition policies, in accordance with the relevant IFRS; - reviewed, on a sample basis, sale transactions near the reporting date to assess whether transactions were recorded in the relevant accounting year; - performed substantive analytical procedures including developing an expectation of the current year revenue based on trend analysis information taking into account historical sale and market patterns; - correlated the revenue transactions with movement in receivables and monetary balances and compared with the results from our balance confirmation procedures; - reconciled revenue recorded in the books of account on a sample basis with underlying accounting records including dispatch and delivery documents; and - reviewed and assessed the adequacy of related disclosures made in the financial statements in accordance with the applicable financial reporting standards and the Companies Act, 2017.

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

S. No.	Key audit matter	How the matter was addressed in our audit
2.	<p>Contingencies</p> <p>The Company is subject to material litigations including Gas Infrastructure Development Cess (GIDC), taxation and other matters at different courts which require management to make assessment and judgements with respect to likelihood and impact of such litigations on the financial statements of the Company.</p> <p>The details of contingencies including that relating to GIDC Act, 2015 and the Supreme Court of Pakistan (SCP) Judgment regarding the same along with management's assessment thereon have been disclosed in note 18 to the financial statements.</p> <p>Management has engaged independent legal consultants on these matters.</p> <p>The accounting for and disclosures of contingencies is complex and is a matter of significance in our audit because of the judgements required to determine the level of certainty on these matters.</p> <p>Due to the magnitude of amount involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgement and estimates to assess the same including related financial impacts, we have considered above referred contingencies as one of the key audit matters.</p>	<p>In response to this matter, our audit procedures included:</p> <ul style="list-style-type: none"> - Discussed legal cases with the legal department of the Company to understand the management's view point and obtained management's assessment regarding their implications on the Company's financial statements; - Obtained independent opinion of legal advisors dealing with such cases in the form of confirmations; - Examined legal expense ledgers to assess any litigations or claims, which may result in material misstatement of the financial statements; - Reviewed the documents for legal and tax proceedings maintained by the management, including Judgments passed by the SCP and studied the related provisions of the GIDC Act, 2015; - Evaluated all the legal cases in line with the requirements of IAS 37 (Provisions, contingent liabilities and contingent assets); and - Assessed the disclosures of legal exposures and provisions for completeness and accuracy. <p>We reviewed the Company's disclosure in the financial statement in respect of stock in trade.</p>

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

S. No.	Key audit matter	How the matter was addressed in our audit
3.	<p>Financing obligations and compliance with related covenant requirements (note 7)</p> <p>At the reporting date, the Company has outstanding long term financing facilities aggregating Rs.1,693 million including Rs.1,102 million obtained during the current year, which constitute approximately 17% of total liabilities of the Company.</p> <p>The Company's key operating / performance indicators including liquidity, gearing and finance cost are directly influenced by the additions to the portfolio of financing. Further, new financing arrangements entail additional financial and non-financial covenants for the Company to comply with.</p> <p>The significance of new financing obtained during the year along with the sensitivity of compliance with underlying financing covenants are considered a key area of focus during the audit and therefore, we have identified this as a key audit matter.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> - reviewed terms and conditions of financing agreements entered into by the Company with various banks and financial institutions; - circularised direct balance confirmations to banks and financial institutions and verified receipts and payments from relevant statements; - reviewed maturity analysis of financing to ascertain the classification of financing as per their remaining maturities; - assessed the status of compliance with financing covenants and also inquired from the management with regard to their ability to ensure future compliance with the covenants; - checked on test basis the calculations of finance cost recognised in the statement of profit or loss; and - assessed the adequacy of disclosures made in respect of the long term financing obligations in the financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and

perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditors' report is Nafees ud din.

Shinewing Hameed Chaudhri
& Co.

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

LAHORE; October 01, 2024

UDIN: AR202410195hD4j1QqNy

FINANCIAL STATEMENTS



21657920	414264
21215720	5498216
326225	
32255021	32154316
1245755	1245755
2154756	2154756
320659	32659
221233	
	32147711
214334	
5231	
	5471508



A silver pen with a black grip is resting on the left side of a ledger. The ledger has several columns of numbers, with some numbers appearing in multiple rows. The numbers are printed in a standard font, and the rows are separated by thin lines. The background is a light, slightly textured surface.

223742	221233	12789452	
3322144	3221	32186664	
32366987	21258	232312	
121554	32186664	124575	
323150	232312	21547	
221550	12789452	320	
		22	
326580	3322144		
320125	32366987		

STATEMENT OF FINANCIAL POSITION

As at June 30, 2024

		2024	2023
	Note	Rupees in '000	
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital			
30,000,000 ordinary shares of Rs.10 each		300,000	300,000
Issued, subscribed and paid-up capital	4	264,129	264,129
Reserves	5	265,867	265,867
Unappropriated profit		1,144,442	1,036,356
Surplus on revaluation of property, plant and equipment	6	2,474,112	2,578,834
Total Shareholders' equity		4,148,550	4,145,186
Non-current Liabilities			
Long term financing	7	1,294,619	611,987
Deferred income - government grant	8	8,603	14,336
Long term deposits	9	14,233	19,351
Staff retirement benefits - gratuity	10	226,139	230,624
Deferred taxation	11	759,930	643,634
		2,303,524	1,519,932
Current Liabilities			
Trade and other payables	12	1,201,169	752,256
Contract liabilities	13	78,358	108,940
Unpaid dividend		473	477
Unclaimed dividend		8,586	8,591
Accrued mark-up and interest	14	430,154	414,485
Short term borrowings	15	5,567,518	5,929,231
Current portion of non-current liabilities	16	403,814	581,714
Provision for tax levies	17	152,189	145,877
		7,842,261	7,941,571
		10,145,785	9,461,503
Contingencies and Commitments	18	14,294,335	13,606,689

The annexed notes 1 to 52 form an integral part of these financial statements.



MUHAMMAD LUQMAN
Chief Financial Officer



ASSAD SAIFULLAH KHAN
Director



SOHAIL HUSSAIN HYDARI
Chief Executive Officer

STATEMENT OF FINANCIAL POSITION


As at June 30, 2024

		2024	2023
	Note	Rupees in '000	
Assets			
Non-current Assets			
Property, plant and equipment	19	7,923,952	8,305,579
Long term investments	20	14,886	14,886
Long term loans	21	2,688	23,320
Long term deposits		30,570	35,241
		7,972,096	8,379,026
Current Assets			
Stores, spare parts and loose tools	22	299,718	378,151
Stock-in-trade	23	3,675,635	2,793,847
Trade debts	24	1,801,804	1,526,627
Loans and advances	25	18,549	62,658
Short term prepayments	26	1,907	8,053
Other receivables	27	51,258	74,854
Deposit for shares	28	0	0
Prepaid tax levies		4,951	2,811
Taxation	29	336,433	359,433
Tax refunds due from Government	30	111,261	5,034
Cash and bank balances	31	20,723	16,195
		6,322,239	5,227,663
		14,294,335	13,606,689

The annexed notes 1 to 52 form an integral part of these financial statements.



MUHAMMAD LUQMAN
Chief Financial Officer



ASSAD SAIFULLAH KHAN
Director



SOHAIL HUSSAIN HYDARI
Chief Executive Officer

STATEMENT OF PROFIT OR LOSS

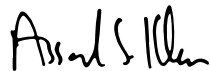
For the Year Ended June 30, 2024

		2024	2023
	Note	Rupees in '000	
Sales - net	32	12,248,662	11,692,412
Cost of sales	33	(10,455,383)	(11,229,995)
Gross profit		1,793,279	462,417
Distribution cost	34	(229,263)	(189,944)
Administrative expenses	35	(250,662)	(339,472)
Other income	36	633,043	148,556
Other expenses	37	(22,111)	(161,985)
Profit / (loss) from operations		1,924,286	(80,428)
Finance cost	38	(1,639,767)	(1,497,234)
		284,519	(1,577,662)
Exchange fluctuation (loss) / gain - net	39	(807)	268
Profit / (loss) before taxation, minimum and final tax levies		283,712	(1,577,394)
Minimum and final tax levies	17	(152,500)	(146,493)
Profit / (loss) before taxation		131,212	(1,723,887)
Taxation	40	(119,646)	590,027
Profit / (loss) after taxation		11,566	(1,133,860)
		----- Rupees -----	
Earnings / (loss) per share - basic and diluted	41	0.44	(42.93)

The annexed notes 1 to 52 form an integral part of these financial statements.



MUHAMMAD LUQMAN
Chief Financial Officer



ASSAD SAIFULLAH KHAN
Director



SOHAIL HUSSAIN HYDARI
Chief Executive Officer

STATEMENT OF OTHER COMPREHENSIVE INCOME

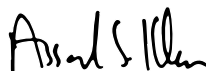
For the Year Ended June 30, 2024

	2024	2023
	Rupees in '000	
Profit / (loss) after taxation	11,566	(1,133,860)
Other comprehensive income / (loss)		
Items that will not be reclassified subsequently to statement of profit or loss:		
Loss on re-measurement of staff retirement benefit obligation	10 (11,552)	(22,876)
Impact of deferred tax	3,350	6,492
	(8,202)	(16,384)
Surplus on revaluation of property, plant and equipment	0	1,920,651
Impact of deferred tax	0	(556,989)
	0	1,363,662
	(8,202)	1,347,278
Items that will be reclassified to statement of profit or loss in subsequent periods:		
Unrealised gain on remeasurement of investment at fair value through other comprehensive income	0	11
Total comprehensive income for the year	3,364	213,429

The annexed notes 1 to 52 form an integral part of these financial statements.



MUHAMMAD LUQMAN
Chief Financial Officer



ASSAD SAIFULLAH KHAN
Director



SOHAIL HUSSAIN HYDARI
Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY


For the Year Ended June 30, 2024

Share Capital	Reserves				Surplus on revaluation of property, plant and equipment	Total
	Capital	Revenue	Unappropriated profit	Unrealised loss on financial assets at fair value through other comprehensive income		
Rupees in '000						
Balance as at July 01, 2022	264,129	115,981	150,000	2,131,038	(125)	2,270,734
Total comprehensive income for the year ended June 30, 2023						
Loss for the year	0	0	0	(1,133,860)	0	(1,133,860)
Other comprehensive (loss) / income	0	0	0	(16,384)	11	1,347,289
	0	0	0	(1,150,244)	11	213,429
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation (net of deferred taxation)	0	0	0	55,562	0	(55,562)
	0	0	0	55,562	0	0
Balance as at June 30, 2023	264,129	115,981	150,000	1,036,356	(114)	2,578,834
Balance as at July 01, 2023	264,129	115,981	150,000	1,036,356	(114)	2,578,834
Total comprehensive income for the year ended June 30, 2024						
- Profit for the year	0	0	0	11,566	0	11,566
- Other comprehensive loss	0	0	0	(8,202)	0	(8,202)
	0	0	0	3,364	0	3,364
Surplus on revaluation of property, plant and equipment realised during the year (net of deferred taxation)						
- on account of incremental depreciation	0	0	0	103,545	0	(103,545)
- upon sale of revalued assets	0	0	0	1,177	0	(1,177)
	0	0	0	104,722	0	(104,722)
Balance as at June 30, 2024	264,129	115,981	150,000	1,144,442	(114)	2,474,112

The annexed notes 1 to 52 form an integral part of these financial statements.



MUHAMMAD LUQMAN
Chief Financial Officer



ASSAD SAIFULLAH KHAN
Director



SOHAIL HUSSAIN HYDARI
Chief Executive Officer

STATEMENT OF CASH FLOWS

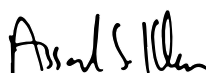
For the Year Ended June 30, 2024

		2024	2023
	Note	Rupees in '000	
Cash generated from operating activities	42	843,804	1,335,350
Cash flows from investing activities			
Additions to property, plant and equipment		(33,044)	(205,377)
Sale proceeds of operating fixed assets	19.5	34,044	27,857
Long term investments made		0	(2,500)
Short term investments - net		0	2,701
Net cash generated from / (used in) investing activities		1,000	(177,319)
Cash flows from financing activities			
Long term financing - obtained		1,101,981	65,151
- repaid		(596,610)	(743,836)
Lease liabilities		(6,372)	(14,057)
Short term borrowings - net		238,287	731,106
Finance cost paid		(1,577,553)	(1,223,266)
Dividends paid		(9)	(15)
Net cash used in financing activities		(840,276)	(1,184,917)
Net increase / (decrease) in cash and cash equivalents		4,528	(26,886)
Cash and cash equivalents - at beginning of the year		16,195	43,081
Cash and cash equivalents - at end of the year	31	20,723	16,195

The annexed notes 1 to 52 form an integral part of these financial statements.



MUHAMMAD LUQMAN
Chief Financial Officer



ASSAD SAIFULLAH KHAN
Director



SOHAIL HUSSAIN HYDARI
Chief Executive Officer

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

Sawabi

Industrial Estate, Gadoon Amazai

Purpose

Mills / factory

Peshawar

APTMA house, Tehkal Payan, Jamrud Road

Registered office

Islamabad

4th Floor, Kashmir Commercial Complex,
Fazal-e-haq road, Blue Area

Head office

Karachi

Plot No. 36, New Karachi Cooperative Housing
Society Near Dolmen Mall Tariq Road

Marketing & Sales office

Faisalabad

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

Marketing & Sales office

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

2.3 Functional and presentation currency

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

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

2.4.1 Amendments to published accounting and reporting standards, which are effective for the year ended June 30, 2024

There were certain amendments that became applicable for the Company during the year but are not considered to be relevant or did not have any significant effect on the Company's operations and have, therefore, not been disclosed in these financial statements except that during the year certain amendments to IAS 1 Presentation of Financial Statements have become applicable to the Company, which require entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

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

There are certain new standards and certain amendments to the accounting and reporting standards that will become mandatory for the Company's annual accounting periods beginning on or after July 01, 2024. However, these will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements.

2.4.3 Critical accounting estimates and judgments

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

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

(a) Property, plant and equipment

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicators of impairment are identified. Useful lives, residual values and depreciation method of property, plant and equipment are stated in notes 3.11 and 19.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

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

The Company estimates the net realisable value of stores & spares and stock-in-trade to assess any diminution in the respective carrying values. Net realisable value is determined with reference to estimated selling price less estimated expenditure to make sale - notes 3.15 and 3.16.

(c) Provision for impairment of trade debts

Impairment losses related to trade and other receivables, are calculated using simplified approach of expected credit loss (ECL) model. Management use actual credit loss experience over past years for the calculation of ECL. Trade and other receivables are written off when there is no reasonable expectation of recovery - note 3.17.

(d) Staff retirement benefits - gratuity

The present value of this obligation depends on a number of factors that is determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact carrying amount of this obligation. The present value of the obligation and underlying assumptions are stated in notes 3.6 and 10.

(e) Income taxes

In making the estimates for income taxes and tax levies, the Company takes into account the current income tax law and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a material nature is in accordance with the law. The difference between the potential and actual charge of income taxes and tax levies, if any, is disclosed as a contingent liability - notes 3.8, 17 and 29.

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, except as detailed in note 3.1:

3.1 IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes (the Guidance) issued by ICAP

The Institute of Chartered Accountants of Pakistan (ICAP) has issued the aforementioned Guidance through Circular No. 07 / 2024 dated May 15, 2024. In light of the said Guidance, as the minimum taxes and final taxes are not calculated on the 'taxable income' as defined in IAS 12 (Income Taxes) but calculated on turnover or other basis (as per relevant sections of the Income Tax Ordinance, 2001 - the Ordinance); accordingly, minimum taxes and final taxes should be accounted for under IAS 37 (Provisions, contingent liabilities and contingent assets) / IFRIC 21 (Levies) as levies (though these are charged under tax law) and not under IAS 12 as income taxes. Based on the Guidance, the minimum taxes under the Ordinance are hybrid taxes, which comprise of a component within the scope of IAS 12 and a component within the scope of IFRIC 21.

The aforesaid Guidance has been applied retrospectively by the Company and the comparative information has been restated, which has not affected current year or prior years' net sales, profit after taxes and levies, equity and cash flows. Impact as of July 01, 2022 is not material to these financial statements. In accordance with the requirements of

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

IAS 1 (Presentation of financial statements), the balances as at June 30, 2023 have been restated and third statement of financial position as of July 01, 2022 has not been presented due to immaterial impact.

In the statement of profit or loss for the year ended June 30, 2023, in terms of the requirements of IFRIC 21 / IAS 37 (the requirements), minimum and final tax levies aggregating Rs.145.877 million, which were previously presented as 'taxation' have now been reclassified as 'minimum and final tax levies'.

In the statement of financial position as at June 30, 2023, in terms of the aforementioned requirements, minimum tax aggregating Rs.145.877 million, which was previously presented as 'Taxation' has now been reclassified and bifurcated as 'Provision for tax levies' and 'Taxation'. Further, final tax levies amounting Rs.2.811 million, which was previously presented as 'Taxation' has now been reclassified as 'Prepaid tax levies'

3.2 Borrowings and borrowing cost

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

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

3.3 Interest rate and cross currency swaps

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

3.4 Leases

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

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

3.5 Government grants

The benefit of a government loan at a below-market rate of interest is treated as a government grant. The loan is recognised and measured in accordance with IFRS 9 (Financial instruments). The benefit of the below-market rate of interest is measured as the difference

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. The benefit is accounted for in accordance with IAS 20 (Accounting for government grants and disclosure of government assistance). The entity considers the conditions and obligations that have been, or must be, met when identifying the costs for which the benefit of the loan is intended to compensate.

3.6 Staff retirement benefits (gratuity)

The Company operates an un-funded staff retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2024 on the basis of the projected unit credit method by an independent Actuary.

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

3.7 Trade and other payables

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

3.8 Tax levies and taxation

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

(a) Current year

Provisions for current taxation and tax levies are based on taxable income and gross amount of revenue or other basis respectively at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax and tax levies includes adjustments, where necessary, relating to prior years, which arise from assessments framed / finalised during the year.

(b) Deferred

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

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

3.9 Dividend and appropriation to reserves

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

3.10 Financial liabilities

Classification and subsequent measurement

Financial liabilities are classified and measured at amortised cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified 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 recognised in the statement of profit or loss.

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

Derecognition

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

3.11 Property, plant and equipment

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

Capital work-in-progress is stated at cost. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use. Cost of some items of plant and machinery consists of historical cost and exchange fluctuation effects on foreign currency loans capitalised during prior years. Borrowing costs are also capitalised for the period upto the date of commencement of commercial production of the respective plant and machinery, acquired out of the proceeds of such borrowings. Historical cost includes expenditure that is directly attributable to the acquisition of items.

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

in statement of profit or loss. If an asset's carrying amount is decreased as a result of revaluation, the deficit on revaluation of asset is recognised in statement of profit or loss. However, the decrease is recognised in statement of other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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

Depreciation on operating fixed assets, except leasehold land, is charged to income applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in note 19.1. Leasehold land is amortised over the lease term using the straight-line method. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant.

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

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

3.12 Right-of-use assets

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

3.13 Intangible assets - computer software

Computer software is stated at cost less accumulated amortisation. Software cost is only capitalised when it is probable that future economic benefits attributable to the software will flow to the Company and the same is amortised applying the straight-line method at the rate stated in note 19.9.

3.14 Financial assets

Initial measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

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

Subsequent Measurement

- ***Equity Instruments at FVTOCI***

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

- ***Debt Instruments at FVTOCI***

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

- ***Debt Instruments at FVTPL***

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

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

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

Derecognition

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

3.15 Stores, spare parts and loose tools

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

3.16 Stock-in-trade

Basis of valuation are as follows:

<u>Particulars</u>	<u>Mode of valuation</u>
Raw materials:	
At mills	- At lower of moving average cost and market value.
In transit	- At cost accumulated to the statement of financial position date.
Work-in-process	- At manufacturing cost.
Finished goods	- At lower of cost and net realisable value.
Waste	- At net realisable value.

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

3.17 Trade debts and other receivables

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

3.18 Financial assets 'at fair value through profit or loss'

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

3.19 Cash and cash equivalents

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

3.20 Impairment loss

The carrying amounts of the Company's assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of provisions

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

for impairment losses. If any indication exists, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the statement of profit or loss. Reversal of impairment loss is restricted to the original cost of the asset.

3.21 Provisions

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

3.22 Foreign currency transactions

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

3.23 Impairment

(a) Financial assets

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

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

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

The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

is no reasonable expectation of recovering the contractual cash flows.

(b) Non-financial assets

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

3.24 Off-setting of financial assets and liabilities

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

3.25 Revenue recognition

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

Sale of goods

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

Other sources of revenue

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

3.26 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information about the Company's products, as required by the approved accounting standards, is presented in note 48 to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2024	2023		2024	2023
--- No. of shares ---			--- Rupees in '000 ---	
17,312,468	17,312,468	ordinary shares of Rs.10 each issued for cash	173,125	173,125
9,100,412	9,100,412	ordinary shares of Rs.10 each issued as fully paid bonus shares	91,004	91,004
<u>26,412,880</u>	<u>26,412,880</u>		<u>264,129</u>	<u>264,129</u>

4.1 Saif Holdings Limited held 13,097,000 shares of the Company as at June 30, 2024 and 2023.

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

5. RESERVES

	Note	2024	2023
		---- Rupees in '000 ----	
Capital - share premium account	5.1	115,981	115,981
Revenue - general reserve	5.2	150,000	150,000
Unrealized loss on financial assets at fair value through other comprehensive income		(114)	(114)
		<u>265,867</u>	<u>265,867</u>

5.1 Share premium account

Premium received on:

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

26,745 26,745

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

11,518 11,518

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

2,810 2,810

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

75,000 75,000

116,073 116,073

Less: preliminary expenses written-off during the year 1992

92 92

115,981 115,981

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

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

5.2 This represents reserves funds set aside from unappropriated profit.

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

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

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

		2024	2023
	Note	---- Rupees in '000 ----	
Opening balance		2,578,834	1,270,734
Add: surplus arisen on revaluation carried-out during the preceding year	6.2	0	1,920,651
Less: related deferred taxation		0	(556,989)
		<u>2,578,834</u>	<u>2,634,396</u>
Less: transferred to unappropriated profit on account of (net of deferred taxation):			
- incremental depreciation for the year		103,545	55,562
- upon sale of revalued assets		1,177	0
Closing balance		<u><u>2,474,112</u></u>	<u><u>2,578,834</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

	Note	2024 ---- Rupees in '000 ----	2023
7. LONG TERM FINANCING - Secured			
United Bank Limited (UBL)			
- demand finance - II	7.1	24,925	41,125
- long term finance facility (LTFF)	7.1	120,065	192,392
The Bank of Punjab (BoP)			
- term finance	7.2	0	40,500
Habib Bank Limited (HBL)			
- demand finance - II	7.3	20,209	47,904
- term loan	7.4	12,776	15,210
- long term finance facility (LTFF)	7.5	57,318	92,388
Soneri Bank Limited (SBL)			
- term finance - II	7.6	44,577	59,258
Askari Bank Limited (ABL)			
- diminishing musharakah	7.7	10,732	29,129
Dubai Islamic Bank Pakistan Limited (DIB)			
- islamic finance facility - II	7.8	13,050	18,850
- islamic finance facility - III	7.9	38,245	63,458
- diminishing musharakah (ITERF)	7.10	108,322	111,398
The Bank of Khyber (BoK)			
- demand finance	7.11	60,000	120,000
JS Bank Limited (JS Bank)			
- demand finance	7.12	0	72,623
First Women Bank Limited (FWB)			
- demand finance	7.13	105,000	165,000
Bank Alfalah Limited (BAF)			
- diminishing musharakah	7.14	8,750	17,500
Meezan Bank Limited (MBL)			
- diminishing musharakah	7.15	68,750	93,750
Associated Company - Saif Power Limited (SPL)			
- long term loan	7.16	999,981	0
		1,692,700	1,180,485
Less: current portion grouped under current liabilities		398,081	568,498
		<u>1,294,619</u>	<u>611,987</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

- 7.1** The Company, during the year ended June, 30, 2017, had obtained a demand finance facility of Rs.500 million from UBL. During the financial year ended June 30, 2018, UBL converted the said facility in demand finance of Rs.100 million and LTFF under SBP scheme of Rs.400 million. UBL against the demand finance facility, disbursed Rs.100 million in five tranches of different amount and Rs.397.385 million under LTFF in twenty four tranches of different amounts. Each tranche under the finance facilities is repayable in 20 equal quarterly instalments commenced from January, 2018. The demand finance facility carries mark-up at the rate of 3-months KIBOR+125 basis points; whereas LTFF carries mark-up at SBP rate of 2% + 3% spread. Effective mark-up rates charged, during the current financial year, on demand finance and LTFF ranged from 22.06% to 24.28% and 5% (2023: 14.82% to 23.33% and 5%) per annum respectively. These finance facilities are secured against first joint pari passu hypothecation charge over present and future fixed and current assets of the Company for Rs.667 million.
- 7.2** The BoP, as at June 30, 2020, had converted a cash finance facility already utilised by the Company of Rs.243 million into a term finance facility of same amount. This finance facility was repayable in 6 equal semi-annual instalments commenced from January, 2021. This finance facility carried mark-up at the rate of 6-months KIBOR + 100 basis points; effective mark-up rate charged, during the current financial year, was 22.22% (2023: 14.16% to 17.26%) per annum payable semi-annually. This finance facility was secured against first joint pari passu charge over present and future fixed assets of the Company for Rs.571 million. The Company, during the current financial year, has fully repaid the outstanding balance of this finance facility.
- 7.3** These finances have been obtained from HBL against a demand finance facility of Rs.100 million. HBL, against the said facility, disbursed Rs.99.626 million in twenty tranches of different amounts. The principal balance is repayable in 20 equal quarterly instalments. This finance facility carries mark-up at the rate of 3-months KIBOR+1%; effective mark-up rates charged, during the current financial year, ranged from 17.87% to 25.03% (2023: 12.29% to 17.87%) per annum. This finance facility is secured against first joint pari passu hypothecation charge of Rs.134 million over all present and future fixed and current assets of the Company.
- 7.4** These finances have been obtained from HBL against a term loan finance facility of Rs.25 million. HBL, against the said facility, has disbursed Rs.24.336 million. The principal balance is repayable in 40 equal quarterly instalments commenced from September, 2019. This finance facility carries mark-up at the rate of 3-months KIBOR + 1% ; effective mark-up rates charged, during the current financial year ranged from 22.46% to 23.90% (2023: 16.16% to 23.08%) per annum. This finance facility is secured against first joint pari passu hypothecation charge of Rs.34 million over all present and future fixed and current assets of the Company.
- 7.5** These finances have been obtained from HBL against a long term finance facility (LTFF) under SBP scheme of Rs.230 million. HBL, against the said facility, has disbursed Rs.215.433 million in twelve tranches of different amounts. The principal balance is repayable in 20 equal quarterly instalments commenced from May, 2021. This finance facility carries mark-up at SBP rate of 2% +1%; effective mark-up rate charged during the current financial year was 3% (2023: 3%) per annum. This finance facility is secured against first joint pari passu hypothecation charge of Rs.307 million over all present and future fixed and current assets of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

- 7.6** The Company, during the preceding financial year, had arranged a term finance facility amounting Rs.70 million from SBL to finance the purchase of solar power panels under category-II of SBP financing scheme for renewable energy. SBL, against the said facility, disbursed Rs. 65.151 million in a single tranche. The principal balance is repayable in 19 equal quarterly instalments commenced from January, 2023 and carries profit at the rate of 3 months KIBOR +1.5% per annum; effective mark-up rates charged, during the current financial year, ranged from 22.96% to 24.62% (2023: 16.79% to 23.57%) per annum. This finance facility is secured against joint pari passu charge over current and fixed assets of the Company for Rs. 93.333 million with 25% margin.
- 7.7** These finances have been obtained from ABL against a diminishing musharakah finance facility of Rs.83 million. ABL against the said finance facility, has disbursed Rs.73.590 million. The principal balance of this finance facility is repayable in 60 equal monthly instalments commenced from October, 2020. This finance facility carries profit at the rate of 3-months KIBOR+200 basis points per annum payable monthly basis; effective profit rates charged, during the current financial year, ranged from 22.68% to 25.12% (2023: 12.36% to 24.05%) per annum. This finance facility is secured against joint pari passu charge on current and fixed assets of the Company for Rs.111 million.
- 7.8** These finances have been obtained from DIB against an islamic finance facility of Rs.155 million. The principal balance is repayable in 20 equal quarterly instalments commenced from December, 2021. This finance facility carries profit at the rate of 3-months KIBOR+1.50%; effective profit rates charged, during the current financial year, ranged from 22.91% to 25.44% (2023: 16.33% to 23.55%) per annum. This finance facility is secured against first joint pari passu hypothecation charge over all present and future fixed and current assets of the Company for Rs.214 million.
- 7.9** These finances have been obtained from DIB against an islamic finance facility (under SBP scheme) of Rs.126 million. The principal balance is repayable in 20 equal quarterly instalments commenced from January, 2022. This finance facility carries profit at SBP rate+3.00%; effective profit rate charged, during the current financial year, was 5% (2023: 5%) per annum. This finance facility is secured against first joint pari passu hypothecation charge over all present and future fixed and current assets of the Company for Rs.214 million.
- 7.10** The Company, during the financial year ended June 30, 2022, had obtained a diminishing musharaka (ITERF) facility of Rs.150 million from DIB to finance CAPEX of Auto Cones replacement. The principal balance is repayable in 20 equal quarterly instalments commenced from November, 2023. This finance facility carries mark-up at SBP rate of 1% + 4% spread per annum payable quarterly; effective mark-up rate charged during the current financial year was 5% (2023: 5%) per annum. This finance facility is secured against first joint pari passu charge of Rs.200 million over present and future current and fixed assets of the Company.
- 7.11** These finances have been obtained from BoK against a demand finance facility of Rs.300 million. The principal balance is repayable in 10 equal quarterly instalments commenced from September, 2019. This finance facility carries mark-up at the rate of 6-months KIBOR + 1.25%; effective mark-up rates charged, during the current financial year, ranged from 22.73% to 24.22% (2023: 16.73% to 18.32%) per annum. This finance facility is secured against first joint pari passu hypothecation charge over all present and future fixed and current assets of the Company for Rs.400 million.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

- 7.12** These finances have been obtained from JS Bank against a demand finance facility of Rs.300 million. The principal balance is repayable in 16 equal quarterly instalments commenced from August, 2019. This finance facility carries mark-up at the rate of 1-month KIBOR + 1.50%; effective mark-up rates charged, during the current financial year, ranged from 22.99% to 24.79% (2023: 15.81% to 23.21%) per annum. This finance facility is secured against first joint pari passu hypothecation charge of Rs.400 million over all present and future fixed and current assets of the Company. The Company, during the current financial year, has fully repaid the outstanding balance of this finance facility.
- 7.13** These finances have been obtained from FWB against a demand finance of Rs.300 million. The principal balance is repayable in 20 equal quarterly instalments commenced from April, 2021. This finance facility carries profit at the rate of 3-months KIBOR+1.50%; effective profit rate charged, during the current financial year, ranged from 22.96% to 24.41% (2023: 16.82% to 23.58%) per annum. This finance facility is secured against first joint pari passu hypothecation charge of Rs.400 million over all present and future fixed and current assets of the Company.
- 7.14** The Company has arranged an islamic finance facility from BAF, amounting Rs.35 million. The principal balance is repayable in 16 equal quarterly instalments commenced from September, 2021. This finance facility carries profit at the rate of SBP +2.5%; effective profit rate charged, during the current financial year, ranged from 21.74% to 24.10% (2023: 16.82% to 23.59%) per annum. This finance facility is secured against first joint pari passu hypothecation charge of Rs.46.667 million over all present and future fixed and current assets of the Company.
- 7.15** The Company, during the financial year June 30, 2022, had obtained a diminishing musharakah facility of Rs.100 million from MBL to finance construction of godown under ongoing BMR. The principal balance is repayable in 16 equal quarterly instalments commenced from January, 2023. This finance facility carries mark-up at the rate of 3 months KIBOR + 1% per annum payable quarterly; effective mark-up rates charged, during the current financial year, ranged from 22.46% to 23.90% (2023: 16.16% to 23.08%) per annum. This finance facility is secured against first joint pari passu charge of Rs.133.33 million over present and future fixed assets of the Company.
- 7.16** The Company, during the current financial year, has entered into a loan agreement with SPL to obtain an unsecured long term loan upto an amount of Rs.1,000 million for debt servicing and working capital requirements. SPL, against the said facility, has disbursed Rs.999.981 million in twenty two tranches of unequal amounts till the reporting date. The principal balance is repayable in 28 equal quarterly instalments commencing September, 2025. The finance facility carries mark-up at the rate of 0.1% + the average borrowing cost rate of SPL. The effective mark-up rates charged by SPL, during the current financial year, ranged from 22.52% to 23.57% per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

8. DEFERRED INCOME - GOVERNMENT GRANT

	2024	2023
Note	---- Rupees in '000 ----	
Government grant against temporary economic refinance facility	14,336	21,180
Less: current portion grouped under the current liabilities	5,733	6,844
	8,603	14,336

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

8.2 The Company has adhered to the terms of the grants. During the year, Rs.6,844 thousand (2023: Rs.8,833 thousand) has been recognised in the statement of profit or loss.

9. LONG TERM DEPOSITS

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

10. STAFF RETIREMENT BENEFITS - Gratuity

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

	2024	2023
	---- Rupees in '000 ----	
Balance at beginning of the year	230,624	251,868
Current service cost	44,444	41,301
Interest cost	29,256	25,991
Benefits paid	(89,737)	(111,412)
Remeasurement of obligation	11,552	22,876
Balance at end of the year	226,139	230,624
Expense recognised in statement of profit or loss is as follows:		
Current service cost	44,444	41,301
Interest cost	29,256	25,991
Charge for the year	73,700	67,292
Remeasurement recognised in statement of other comprehensive income		
Experience adjustment	11,552	22,876

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

Actuarial assumptions used	2024	2023
Discount rate	14.75%	15.75%
Expected rate of increase in future salaries	12.75%	13.75%
Demographic assumptions		
- Mortality rates (for death in service)	SLIC (2001-05)	SLIC (2001-05)
- retirement age	60 years	60 years

10.2 Sensitivity analysis for actuarial assumptions:

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

	Increase in assumptions	Decrease in assumptions
	- - - Rupees in '000'- - -	
Discount rate	205,054	251,637
Increase in salaries	252,081	204,283

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

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

Expected maturity analysis of undiscounted obligation is as follows:

Time in years	Rupees in 000'
1	27,025
2	18,764
3	20,894
4	20,610
5	43,352
next five years	253,400

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

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

	2024	2023	2022	2021	2020
	----- Rupees in '000 -----				
Present value of defined benefit obligation	226,139	230,624	251,868	212,613	161,592
Experience adjustment: loss on obligation	11,552	22,876	28,310	24,731	35,051

10.4 Based on the Actuary's advice, the expected contribution for the year ending June 30, 2025 to gratuity plan amounts to Rs.66.818 million.

10.5 Gratuity includes liability in respect of key management personnel aggregating to Rs.11.561 million (2023: Rs.63.299 million)

11. DEFERRED TAXATION - net

	Note	2024	2023
		-- Rupees in '000 --	
This is composed of the following:			
Taxable temporary difference arising in respect of:			
- accelerated tax depreciation allowances		814,742	798,751
- surplus on revaluation of property, plant and equipment		752,677	775,801
- lease finances		0	2,891
		1,567,419	1,577,443
Deductible temporary differences arising in respect of:			
- unused tax losses		604,587	732,257
- provision for doubtful deposit for shares		2,900	2,838
- provision for doubtful debts		26,242	25,084
- staff retirement benefits - gratuity		65,580	65,450
- minimum tax recoverable against normal tax charge in future years	12.1	108,180	108,180
		807,489	933,809
Net deferred tax liability		759,930	643,634

11.1 Deferred tax asset on minimum tax paid under section 113 of the Income Tax Ordinance, 2001 aggregating Rs.603.318 million (2023: Rs.554.738 million) has not been recognised in these financial statements based on the uncertainty of availability of future taxable profits.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

12. TRADE AND OTHER PAYABLES

		2024	2023
	Note	-- Rupees in '000 --	
Creditors		397,301	274,521
Due to related parties	12.1	16,383	0
Bills payable	12.2	302,554	155,540
Sales tax payable		0	34,430
Accrued expenses		481,931	266,701
Loss on remeasurement of foreign currency commitments		0	18,064
Security deposits	12.3	3,000	3,000
		1,201,169	752,256
12.1 Due to related parties			
Saif Holdings Limited		1,136	0
Saif Healthcare Limited		595	0
Saif Power Limited		14,652	0
		16,383	0

12.2 These are secured against import documents.

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

13. CONTRACT LIABILITIES

The Company, during the year, has recognised revenue aggregating Rs.103.916 million out of the contract liabilities balance outstanding at beginning of the year.

14. ACCRUED MARK-UP AND INTEREST

		2024	2023
	Note	-- Rupees in '000 --	
Long term financing		37,636	51,777
Short term financing		255,572	273,652
Loans from Associated Companies		136,946	89,056
		430,154	414,485

15. SHORT TERM BORROWINGS

Running / cash finances - secured	15.1	4,598,904	5,159,231
Loans from Associated Companies			
- Saif Holdings Limited	15.2	0	770,000
- Saif Power Limited	15.3	968,614	0
		5,567,518	5,929,231

15.1 Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs.5.183 billion (2023: Rs.6.453 billion) and are secured against pledge of stocks, charge on fixed and current assets of the Company and lien over underlying export documents. These finance facilities, during the current financial year, carried mark-

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

up at the rates ranging from 18.05% to 25.96% (2023: 11.55% to 24.98%) per annum and are expiring on various dates by March, 2025. Facilities available for opening letters of credit and guarantee from various commercial banks aggregate Rs.3.598 billion (2023: Rs.3.970 billion) of which the amount remained unutilised at the year-end was Rs.2.935 billion (2023: Rs.3.164 billion). These facilities are secured against lien over import documents and charge on fixed assets of the Company and are expiring on various dates by June, 2026.

15.2 The Company, during the preceding financial year, had entered into a loan agreement with Saif Holdings Limited (an Associated Company that holds 49.58% share capital of the Company) to obtain an unsecured loan upto an amount of Rs.770 million for working capital requirements. The loan carried mark-up at average local borrowing cost rate of the lender + 0.1% spread. The effective mark-up rates charged by the lender, during the current financial year, ranged from 22.71% to 23.31% (2023: 16.63% to 22.48%) per annum. The loan was repayable by December 31, 2023. The Company, during the current financial year, has paid Rs.170 million in respect of principal balance whereas remaining principal balance of Rs.600 million has been waived-off by the lender with mutual agreement dated January 26, 2024.

15.3 The Company, during the current financial year, has entered into a loan agreement with Saif Power Limited (an Associated Company) to obtain an unsecured running finance facility upto Rs.1,500 million for debt servicing and meeting its working capital requirements. The loan carries mark-up at rate of 0.1% above the lender's average borrowing cost or KIBOR for the relevant period whichever is higher; the effective mark-up rate charged by the lender, during the current financial year, was 22.93% per annum.

16. CURRENT PORTION OF NON-CURRENT LIABILITIES		2024	2023
	Note	-- Rupees in '000 --	
Long term financing	7	398,081	568,498
Government grant	8	5,733	6,844
Lease liabilities	16.1	0	6,372
		403,814	581,714
16.1 Movement of lease liabilities under IFRS 16			
Opening balance as at July 01,		6,372	20,429
Reassessment due to mark-up rate adjustment		751	395
Modification		1,779	0
Interest charge for the year		730	2,612
Payment made during the year		(9,632)	(17,064)
Closing balance as at June 30,		0	6,372

(a) The Company had entered into finance lease arrangements with MCB Bank Ltd., Meezan Bank Ltd., Bank Alfalah Ltd and Dubai Islamic Bank Ltd., for lease of vehicles. The liabilities under the lease agreements were payable in quarterly and monthly instalments by April, 2024. These facilities, during the current financial year, carried mark-up at the rates ranging from 18.58% to 25.13% (2023: 16.82% to 24.09%) per annum. The Company, during the current financial year, has exercised its option to purchase the leased vehicles upon completion of respective lease terms. The lease finance facilities were secured against title of the leased vehicles in the name of the banks and post dated cheques of all principal instalments.

16.2 The Company has entered into a lease contract for the head office premises having lease term of three years, which ended on June 30, 2024. The lease liability was discounted using incremental borrowing cost rate of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

17. PROVISION FOR TAX LEVIES - Net	Note	2024 -- Rupees in '000 --	2023
Balance at beginning of the year		145,877	157,318
Add: provision made for the:			
- current year	29.2	152,189	145,877
- prior year		311	616
		152,500	146,493
Less: adjustment made against completed assessments		146,188	157,934
		152,189	145,877

18. CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

18.1.1 Guarantees aggregating Rs.311.654 million (2023: Rs.311.654 million) have been issued by banks of the Company to different parties including Government institutions and Sui Northern Gas Pipeline Limited.

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

In May, 2015, the Government had passed the GIDC Act, 2015 whereby GIDC was again imposed on gas consumers. The Company had filed a writ petition before the PHC and challenged the validity of the GIDC Act, 2015. The PHC dismissed the writ petition of the Company vide its judgment dated May 31, 2017 and declared the GIDC Act, 2015 to be intra vires the Constitution. The Company had preferred an appeal to the SCP against the said judgment of PHC. The SCP, vide its detailed judgment dated August 13, 2020, had declared the GIDC Act, 2015 as valid and constitutional. The SCP in its said judgment stated that the Cess under GIDC Act, 2015 is applicable only to those consumers of natural gas which on account of their industrial or commercial dealings had passed on GIDC burden to their end customers / clients.

Subsequently, the Company has filed a review petition against the said judgment of the SCP for waiver of the full amount of GIDC Cess on the ground that the Company, being spinning unit and producing raw materials for weaving sector, has not passed on the burden of GIDC to its customers. The SCP has dismissed the afore-mentioned review petition vide its judgment dated November 02, 2020; however, SCP has mentioned in its said judgment that the companies claiming any relief under the GIDC Act, 2015 may approach the right forum. In case of an adverse decision, the contingent liability aggregates to Rs.279.645 million, calculated on the basis of applicable rate for industry from June, 2015 to October, 2018 because from October, 2018 the gas tariff is inclusive of all charges including GIDC and therefore GIDC is not applicable afterwards.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

It is pertinent to mention that SNGPL, as per the SCP's judgment dated August 13, 2020, has raised GIDC demand amounting Rs.35.439 million in the month of August, 2020 and total quantum of 24 instalments aggregated Rs.850.542 million.

In February, 2021, the Company had filed a writ petition No. 872-P/2021 before the PHC claiming non-applicability of GIDC Act, 2015 and had sought relief against the recovery of GIDC Instalment bills. The PHC, vide its judgment dated June 15, 2022, had dismissed the writ petition on the ground of non-maintainability. Afterwards, the Company had filed another writ petition No. 2459-P/2022 challenging recovery of GIDC on various grounds. The PHC had passed an interim order dated July 07, 2022 and thereby restrained SNGPL from cutting off the gas supply and recovering GIDC from the Company.

The management maintains that since the Company has not passed on the burden of GIDC to its consumers, it is not liable to pay GIDC as it clearly falls within the ambit of the exemption in line with section 8(2) of the GIDC Act, 2015.

SNGPL, following the Court's order, corrects gas bill of each month by removing the GIDC amount and requests payment for the net bill amount only i.e., excluding GIDC.

Additionally, para 42(iv) of the SCP's judgment dated August 13, 2020 categorically stated that:

The Federal government shall take all steps to commence work on the laying of the North South pipeline within six months and on TAPI pipeline as soon as its laying in Afghanistan reaches the stage where the work of laying pipeline on Pakistan soil can conveniently start and on IP pipeline as soon as the sanctions on Iran are no more an impediment in its laying. In case no work is carried out on North-South pipeline within the prescribed time and for laying any of the two other major pipelines (IP and TAPI) though the political conditions become conducive, the purpose of levying Cess shall be deemed to have been frustrated and the GIDC Act, 2015 would become permanently in-operational and considered dead for all intents and purposes.

Since the work on IP (Iran-Pakistan Pipeline Project) and TAPI (Turkmenistan-Afghanistan-Pakistan-India) gas pipelines did not commence within six months as ordered by the SCP; therefore, the provisions of GIDC Act, 2015 regarding recovery and applicability of GIDC are no longer applicable and enforceable.

- 18.1.3** The OGRA, while citing the judgment of the SCP dated May 10, 2019 in civil appeal in number 159-L to 2014-L of 2018 titled Sui Northern Gas Pipelines Ltd, Vs Bulleh Shah Packaging (Pvt.) Ltd., has passed the judgment that the consumers who are having supply of natural gas for industrial use and having in-house electricity generation facility for self-consumption fall in the category of industrial consumers and are subject to the corresponding tariff. The OGRA also directed SNGPL to adjust the excess amount paid. Excess amount paid by the Company amounts to Rs.72.440 million, which is expected to be adjusted by SNGPL in future gas bills. The Company has not accounted for this amount as receivable in its financial statements.
- 18.1.4** The Company has challenged SRO # 584(I)/2017 by filing a writ petition dated May 15, 2018, before the PHC, challenging the levy of further tax @ 1% on textile goods usable as industrial inputs if supplied to unregistered person under section 3(A) of the Sales Tax Act, 1990. The PHC has granted stay and against the charging of further tax and the Respondents have been asked to submit their comments. The petition before the PHC is pending adjudication. However, in a similar case, Lahore High Court has decided the matter in favour of industry vide its judgment dated December 11, 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

18.1.5 The Finance Act, 2018 had amended section 5A (Tax on undistributed profits) of the Income Tax Ordinance, 2001 and introduced tax on every public company at the rate of 5% of its accounting profit before tax for the year. However, this tax would not apply in case the Company distributes 20% of the accounting profit through cash dividend within six months of the end of the said year.

The dividend paid by the Company for the financial year 2019 did not meet the minimum prescribed distribution rate of amended section 5A. In case the judgment of the Court is not in favour of the Company; the Company will be liable to pay additional tax at the rate of 5% of its profit before tax for the financial year ended June 30, 2019. As at reporting date no charge has been recorded in this respect.

A writ petition has been filed before the Peshawar High Court against amendment in section 5A. The Court has issued notice to the respondents; presently, the writ petition is pending adjudication.

18.1.6 A constitutional petition was filed before the Islamabad High Court challenging the vires of section 4C (Super tax on high earning persons) of the Income Tax Ordinance, 2001. The subject petition was decided through a consolidated order dated April 18, 2023 in favour of the petitioner. The Department has filed an intra court appeal before the Division Bench, which is pending adjudication.

18.1.7 A writ petition was filed during the November, 2019 against amendments made in section 65B (Tax credit for investment) of the Income Tax Ordinance, 2001 through Finance Act, 2019. The petition was dismissed vide order dated March 08, 2022. Against the said order civil petition for leave to appeal has been filed before the Supreme Court of Pakistan, which is pending adjudication.

18.2 Commitments

18.2.1 Commitments against irrevocable letters of credit outstanding at the year-end were for Rs.48.870 million (2023: Rs.338.992 million).

18.2.2 The Company has entered into Ijarah arrangements for thirty (June 30, 2023: thirty four) vehicles with Bank Alfalah Limited, Meezan Bank Limited and First Habib Modaraba. Aggregate commitments for rentals under Ijarah arrangements as at June 30, 2024 are as follows:

	Note	2024 -- Rupees in '000 --	2023
Not later than one year		28,625	35,924
Later than one year but not later than five years		37,796	80,231
		66,421	116,155

19. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	19.1	7,819,614	8,192,688
Right-of-use assets	19.7	0	16,563
Capital work-in-progress	19.8	2,202	5,041
Stores and spares held for capital expenditure		102,136	91,287
		7,923,952	8,305,579

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

19.1 Operating Fixed assets - tangible

	Owned											Total		
	Lease hold land	Buildings on leasehold land	Plant & machinery	Generators	Electric installations	Air conditioning equipment	Furniture and fixtures	Office equipment	Telephone installations	Weighting scales	Fire extinguishing equipment		Gas fittings	Vehicles
COST / REVALUATION														
Balance as at July 01, 2022	410,040	1,544,414	5,749,538	866,883	117,218	129,411	40,819	74,727	8,611	3,610	6,709	1,262	34,384	8,987,626
Additions during the year	0	48,936	48,586	101,686	150	709	717	4,114	566	382	0	0	0	205,846
Revaluation surplus	604,090	563,274	0	0	4,643	0	0	0	0	0	0	0	0	1,172,007
Transfer from right of use to owned	0	0	0	0	0	0	0	0	0	0	0	0	18,786	18,786
Disposals for the year	0	0	0	0	0	0	0	(887)	(639)	0	0	0	(42,026)	(43,552)
Balance as at June 30, 2023	1,014,130	2,156,624	5,798,124	968,569	122,011	130,120	41,536	77,954	8,538	3,992	6,709	1,262	11,144	10,340,713
Balance as at July 01, 2023	1,014,130	2,156,624	5,798,124	968,569	122,011	130,120	41,536	77,954	8,538	3,992	6,709	1,262	11,144	10,340,713
Additions during the year	0	2,202	9,386	3,211	0	0	19	1,382	162	0	0	0	6,142	22,504
Transfer from right of use to owned	0	0	0	0	0	0	0	0	0	0	0	0	40,566	40,566
Disposals during the year	(542)	0	(85,103)	(12,327)	0	0	0	(1,558)	(1,125)	0	0	0	0	(100,655)
Balance as at June 30, 2024	1,013,588	2,158,826	5,722,407	959,453	122,011	130,120	41,555	77,778	7,575	3,992	6,709	1,262	57,852	10,303,128
DEPRECIATION														
Balance as at July 01, 2022	8,705	148,652	2,076,710	194,595	27,698	55,849	17,658	36,706	3,538	2,306	3,015	906	27,273	2,603,611
Charge for the year	4,457	70,351	185,546	36,718	4,480	3,707	2,372	4,080	516	161	369	36	1,265	314,058
Elimination against revaluation surplus	(13,162)	(219,003)	(355,380)	(96,508)	(32,178)	(32,413)	0	0	0	0	0	0	0	(748,644)
Transfer from right of use to owned	0	0	0	0	0	0	0	0	0	0	0	0	11,595	11,595
On disposals during the year	0	0	0	0	0	0	0	(194)	(105)	0	0	0	(32,296)	(32,595)
Balance as at June 30, 2023	0	0	1,906,876	134,805	0	27,143	20,030	40,592	3,949	2,467	3,384	942	7,837	2,148,025
Balance as at July 01, 2023	0	0	1,906,876	134,805	0	27,143	20,030	40,592	3,949	2,467	3,384	942	7,837	2,148,025
Charge for the year	11,022	107,881	193,775	41,760	6,101	5,149	2,152	3,730	420	153	333	32	1,787	374,295
Transfer from right of use to owned	0	0	0	0	0	0	0	0	0	0	0	0	30,966	30,966
On disposals during the year	(112)	0	(58,638)	(10,212)	0	0	0	(505)	(305)	0	0	0	0	(69,772)
Balance as at June 30, 2024	10,910	107,881	2,042,013	166,353	6,101	32,292	22,182	43,817	4,064	2,620	3,717	974	40,590	2,483,514
BOOK VALUE AS AT														
JUNE 30, 2023	1,014,130	2,156,624	3,891,248	833,764	122,011	102,977	21,506	37,362	4,589	1,525	3,325	320	3,307	8,192,688
BOOK VALUE AS AT														
JUNE 30, 2024	1,002,678	2,050,945	3,680,394	793,100	115,910	97,828	19,373	33,961	3,511	1,372	2,992	288	17,262	7,819,614
Depreciation rate (%)	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

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

	2024	2023
	--- Rupees in '000 ---	
- leasehold land	113,439	115,635
- buildings on leasehold land	504,671	528,967
- plant & machinery	2,947,593	3,119,105
- generators	604,492	634,366
- electric installations	39,462	41,539
- air-conditioning equipment	46,522	48,971
	<u>4,256,179</u>	<u>4,488,583</u>

- 19.3** Leasehold land of the Company and buildings thereon represent 398,257 (2023: 402,304) square meters of land located at Industrial Estate, Gadoon Amazai, District Sawabi, Khyber Pakhtunkhwa.

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

19.5 Disposal of operating fixed assets

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

Items with individual net book value exceeding Rs. 500,000 each

Plant & machinery							
Compact Ring Frames	41,993	31,724	10,269	5,509	(4,760)	Negotiation	Ideal Trading Company, P-56, Kashmir Road, Amin Town, Faisalabad.
Toyoda Drawing Simplex Frame Toyota model-1987	3,160	2,607	553	636	83	--- do ---	--- do ---
Scutcher Trutzschler	1,969	953	1,016	1,525	509	--- do ---	--- do ---
Filter Line Complete	1,351	236	1,115	894	(221)	--- do ---	--- do ---
Murata (Re-winder)	2,811	1,233	1,578	809	(769)	--- do ---	--- do ---
Screw Air Compressor	1,229	236	993	1,610	617	--- do ---	--- do ---
Schlafhorst Auto Cone	900	224	676	339	(337)	--- do ---	--- do ---
Aggregate value of items having individual book value not exceeding Rs. 500,000 each	26,015	17,459	8,556	12,000	3,444	--- do ---	Kohat Textile Mills Ltd. (an Associated Company).
Generator	85,103	58,638	26,465	24,797	(1,668)	Negotiation	Ideal Trading Company, P-56, Kashmir Road, Amin Town, Faisalabad.
Generator Prime	12,327	10,212	2,115	4,237	2,122	--- do ---	--- do ---
Aggregate value of items having individual book value not exceeding Rs. 500,000 each							
Leasehold land	542	112	430	3,500	3,070	--- do ---	Robina Energy Solution
Office equipment	1,558	505	1,053	868	(185)	--- do ---	Ex-employees, Associated Companies and sold as scrap.
Telephone installations	1,125	305	820	642	(178)	--- do ---	Ex-employees.
2024	<u>100,655</u>	<u>69,772</u>	<u>30,883</u>	<u>34,044</u>	<u>3,161</u>		
2023	<u>43,552</u>	<u>32,595</u>	<u>10,957</u>	<u>27,857</u>	<u>16,900</u>		

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

19.6 Depreciation for the year has been apportioned as under:

	2024	2023
	-- Rupees in '000 --	
Cost of sales	366,205	305,825
Administrative expenses	8,090	8,233
	374,295	314,058

19.7 Right-of-use assets

	2024			2023		
	Vehicles	Buildings	Total	Vehicles	Buildings	Total
Cost	----- Rupees in '000 -----					
Opening balance	39,815	17,872	57,687	58,601	17,477	76,078
Reassessment due to mark-up rate change	751	0	751	0	395	395
Modification adjustment	0	1,779	1,779	0	0	0
Transferred to owned assets	(40,566)	0	(40,566)	(18,786)	0	(18,786)
	0	19,651	19,651	39,815	17,872	57,687
Accumulated depreciation						
Opening balance	28,753	12,371	41,124	36,878	6,793	43,671
Depreciation for the year	2,213	7,280	9,493	3,470	5,578	9,048
Transferred to owned assets	(30,966)	0	(30,966)	(11,595)	0	(11,595)
	0	19,651	19,651	28,753	12,371	41,124
Net book value at end of the year	0	0	0	11,062	5,501	16,563
Depreciation rate (%)	20	33		20	33	

Depreciation expense relating to right of use assets has been grouped under administrative expenses.

19.8 Capital work-in-progress

	Note	2024	2023
		-- Rupees in '000 --	
Advance payments:			
- factory buildings		0	2,240
- plant and machinery		2,202	2,801
		2,202	5,041

19.9 Intangible assets - Computer software

Computer software, having cost of Rs.19.265 million, which has been fully amortised at the rate of 20% per annum, is still in use of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

20. LONG TERM INVESTMENT - at FVTOCI

	Note	2024 --- Rupees in '000 ---	2023
Debt Instruments			
Habib Bank Ltd.			
25 term finance certificates of Rs.100,000 each	20.1	2,500	2,500
Adjustment arising from re-measurement to fair value		(117)	(117)
		2,383	2,383
Soneri Bank Ltd.			
25 term finance certificates of Rs.100,000 each	20.2	2,500	2,500
Adjustment arising from re-measurement to fair value		3	3
		2,503	2,503
Equity securities - un-quoted			
Naymat Collateral Management Company Ltd.			
1,000,000 ordinary shares of Rs.10 each		10,000	10,000
		14,886	14,886

20.1 These carry profit at the rate of 3 months KIBOR + 1.60%. Effective profit rates earned, during the current financial year, ranged from 22.94% to 24.20% (2023: 16.92% to 23.68%) per annum.

20.2 These carry profit at the rate of 6 months KIBOR + 1.70%. Effective profit rates earned, during the current financial year, ranged from 23.16% to 23.83% (2023: 18.76% to 23.83%) per annum.

21. LONG TERM LOANS - Considered good

	Note	2024 --- Rupees in '000 ---	2023
Loans and advances to employees	21.1	4,039	25,254
Less: amounts due within the following twelve months shown under current assets		1,351	1,934
		2,688	23,320

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

22. STORES, SPARE PARTS AND LOOSE TOOLS

	2024 --- Rupees in '000 ---	2023
Stores	162,889	223,273
Spare parts	136,587	153,699
Loose tools	242	1,179
	299,718	378,151

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

23. STOCK-IN-TRADE

	Note	2024 -- Rupees in '000 --	2023
Raw materials:			
- at mills		824,969	1,238,687
- in transit	23.2	362,554	217,031
		<u>1,187,523</u>	<u>1,455,718</u>
Work-in-process		340,073	426,686
Finished goods		2,148,039	911,443
		<u>3,675,635</u>	<u>2,793,847</u>

23.1 Stock-in-trade include inventories valuing Rs.1,455.530 million (2023: Rs.1,671.575 million) which are pledged with commercial banks as security for short term borrowings (note 15).

23.2 As at June 30, 2024, no inventory has been stated at net realisable value; (June 30, 2023: raw materials included items costing Rs.1,407.215 million, which were stated at their net realisable value aggregating Rs.1,195.244 million. The amount charged to cost of sales in respect of raw materials write down to their realisable value amounted to Rs.211.971 million).

24. TRADE DEBTS

	Note	2024 --- Rupees in '000 ---	2023
Unsecured - local		1,828,207	1,501,406
Secured			
- export		36,475	69,802
- local		27,611	43,808
		64,086	113,610
Less: allowance for expected credit loss	24.1	(90,489)	(88,389)
		<u>1,801,804</u>	<u>1,526,627</u>

24.1 Provision for impairment

Balance at beginning of the year		88,389	25,809
Charge for the year		20,251	76,203
Written-off during the year		18,151	13,623
Balance at end of the year		<u>90,489</u>	<u>88,389</u>

25. LOANS AND ADVANCES - Considered good

Current portion of long term loans to employees	21	1,351	1,934
Advances to:			
- employees		3,464	5,979
- suppliers		13,734	54,745
		<u>18,549</u>	<u>62,658</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

26. SHORT TERM PREPAYMENTS		2024	2023
	Note	-- Rupees in '000 --	
Prepayments	26.1	<u>1,907</u>	<u>8,053</u>

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

27. OTHER RECEIVABLES		2024	2023
	Note	-- Rupees in '000 --	
Due from a related party	27.1	2,068	25,257
Receivable from Sui Northern Gas Pipelines Ltd.	27.2	23,331	23,331
Advances against letters of credit		179	586
Mark-up subsidy claims receivable	27.3	25,680	25,680
		<u>51,258</u>	<u>74,854</u>

27.1 This balance has arisen in the normal course of business and is due from Saif Energy Ltd. (2023: Mediterranean Textile Company).

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

		2024	2023
	Note	-- Rupees in '000 --	
- Saif Energy Ltd.		2,068	0
- Mediterranean Textile Company (S.A.E.), Egypt	27.1.2	25,257	25,257
		<u>27,325</u>	<u>25,257</u>

27.1.2 The opening balance, during the current financial year, has been fully received.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

28. DEPOSIT FOR SHARES

	Note	2024 -- Rupees in '000 --	2023
Security Electric Power Company Ltd. - SEPCL (an Ex - Associated Company)	28.1	10,000	10,000
Less: provision for doubtful deposit for shares	28.2	10,000	10,000
		<u>0</u>	<u>0</u>

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

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

29. TAXATION - Net

	2024 --- Rupees in '000 ---	2023
Balance of advance tax at beginning of the year	359,433	376,750
Add: income tax deducted / paid during the year	120,377	132,075
	479,810	508,825
Add: reversal made for prior year	0	8,542
Less : adjustments made against completed assessments	143,377	157,934
Balance of advance tax at end of the year	<u>336,433</u>	<u>359,433</u>

29.1 Income tax assessments of the Company have been finalised by the Income Tax Department or deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (the Ordinance) upto the tax year 2023.

29.2 No numeric tax rate reconciliation has been given in these financial statements as provisions made for the current financial year represents tax payable under sections 113 (Minimum tax on the income of certain persons) and 154 (Exports) of the Ordinance.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

30. TAXES REFUNDS DUE FROM GOVERNMENT

		2024	2023
	Note	-- Rupees in '000 --	
Minimum tax paid under protest	30.1	5,034	5,034
Sales tax refundable		106,227	0
		111,261	5,034

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

31. CASH AND BANK BALANCES

		2024	2023
	Note	-- Rupees in '000 --	
Cash-in-hand		0	864
Cash at banks on:			
- current accounts	31.1	20,666	14,840
- saving accounts		57	491
		20,723	16,195

31.1 These include foreign currency balances of U.S.\$ 956 (2023: U.S.\$ 956).

32. SALES - Net

		2024	2023
		--- Rupees in '000 ---	
Own manufactured goods:			
Local			
- yarn		12,974,702	12,200,197
- waste		107,483	120,921
- surgical cotton		86,580	73,994
		13,168,765	12,395,112
Export			
- yarn		133,253	41,428
- surgical cotton		343,882	208,577
		477,135	250,005
Trading activities:			
Local raw materials		461,202	998,992
		14,107,102	13,644,109
Less: sales tax		1,858,440	1,951,697
		12,248,662	11,692,412

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

33. COST OF SALES	Note	2024	2023
		--- Rupees in '000 ---	
Raw materials consumed	33.1	7,470,334	7,983,684
Salaries, wages and benefits	33.2	1,023,297	824,073
Packing materials consumed		235,030	192,116
Dyes and chemicals consumed		352,724	216,056
Power and fuel		1,670,446	852,080
Repair and maintenance		231,092	235,396
Depreciation	19.6	366,205	305,825
Insurance		43,984	36,041
Rent		9,258	6,587
Vehicles' running and maintenance		19,442	22,501
Travelling and conveyance		4,774	7,653
Textile cess		107	107
Others		12,272	17,235
		<u>11,438,965</u>	<u>10,699,354</u>
Adjustment of work-in-process			
Opening		426,686	303,109
Closing		(340,073)	(426,686)
		<u>86,613</u>	<u>(123,577)</u>
Cost of goods manufactured		<u>11,525,578</u>	<u>10,575,777</u>
Adjustment of finished goods			
Opening stock		911,443	1,438,236
Purchases		166,401	127,425
Closing stock		(2,148,039)	(911,443)
		<u>(1,070,195)</u>	<u>654,218</u>
		<u>10,455,383</u>	<u>11,229,995</u>
33.1 Raw materials consumed			
Opening stock		1,455,718	2,228,712
Purchases (for manufacturing)		6,844,430	6,203,889
Cost of raw materials sold		356,522	1,006,184
		<u>7,200,952</u>	<u>7,210,073</u>
		<u>8,656,670</u>	<u>9,438,785</u>
Less: closing stock		1,187,523	1,455,718
		<u>7,469,147</u>	<u>7,983,067</u>
Add: cotton cess		1,187	617
		<u>7,470,334</u>	<u>7,983,684</u>

33.2 These include Rs.42.990 million (2023: Rs.39.252 million) in respect of staff retirement benefits - gratuity.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

34. DISTRIBUTION COST

	Note	2024 --- Rupees in '000 ---	2023
Staff salaries and benefits	34.1	41,774	28,158
Travelling		5,809	5,961
Vehicles' running and maintenance		5,858	4,452
Communication		436	362
Loading and unloading		24,912	26,714
Freight on local yarn sales		77,925	64,151
Freight on export yarn sales		32,541	15,518
Export expenses		1,273	624
Insurance		990	1,057
Commission on sales		37,745	34,947
Quality claims on sale supplies		0	8,000
		<u>229,263</u>	<u>189,944</u>

34.1 These include Rs.9.832 million (2023: Rs.8.977 million) in respect of staff retirement benefits - gratuity.

35. ADMINISTRATIVE EXPENSES

	Note	2024 --- Rupees in '000 ---	2023
Directors' meeting fee		660	690
Salaries and benefits	35.1	136,442	184,123
Travelling and conveyance		2,205	4,564
Rent, rates and taxes		7,438	7,616
Ijarah rentals		19,956	43,425
Entertainment		3,967	4,750
Communication		4,885	3,538
Printing and stationery		2,309	3,706
Electricity, gas and water		7,216	4,994
Insurance		4,407	5,220
Repair and maintenance		3,432	8,331
Vehicles' running and maintenance		20,513	24,036
Advertisement		303	114
Fees and subscription		14,912	21,686
Newspapers and periodicals		103	153
Depreciation related to operating fixed assets	19.6	8,090	8,233
Depreciation related to right of use assets	19.7	9,493	9,048
Auditors' remuneration	35.2	2,030	2,351
Legal and professional (other than Auditors)		2,101	2,282
Others		200	612
		<u>250,662</u>	<u>339,472</u>

35.1 These include Rs.20.879 million (2023: Rs.19.063 million) in respect of staff retirement benefits - gratuity.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

35.2 Auditors' remuneration

	2024	2023
	--- Rupees in '000 ---	
Statutory audit		
- current year	1,700	1,700
- prior year	(274)	110
Half yearly review	184	168
Consultancy and certification charges	395	358
Out-of-pocket expenses	25	15
	2,030	2,351

35.3 The Company, during the current financial year, has shared administrative expenses aggregating Rs.7.934 million (2023: Rs.7.484 million) with Kohat Textile Mills Ltd. a related party on account of proportionate expenses of the combined offices at Karachi and Lahore. These expenses have been booked in the respective heads of account.

36. OTHER INCOME

	Note	2024	2023
		--- Rupees in '000 ---	
Sale of scrap - net of sales tax of Rs.3,930 thousand (2023: Rs.5,563 thousand)		21,834	27,758
Loan liability waived-off by an Associated Company	15.2	600,000	0
Profit on bank deposits		25	29
Profit on term finance certificates		1,179	690
Amortisation of government grant	8.2	6,844	8,833
Gain on sale of short term investments		0	75
Gain on sale of operating fixed assets	19.5	3,161	16,900
Payable balances written-back		0	70,836
Reversal of provisions of workers' welfare fund and quality claims		0	23,435
		633,043	148,556

37. OTHER EXPENSES

Donations	37.1	1,860	7,590
Loss on remeasurement of short term investments to fair value		0	376
Loss on remeasurement of foreign currency commitments		0	18,064
Provision for impairment of trade debts - net	24.1	20,251	76,203
Container detention and demurrage charges		0	59,752
		22,111	161,985

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

37.1 These include Rs.1.500 million (2023: Rs.6.000 million) and Rs.0.360 million (2023: Rs.1.440 million) donated to Akbar Kare Institute and Wadaan Foundation for Sustainable Development (Technical and Training Institute) respectively; (Companies set up under section 42 of the Companies Act, 2017). Following directors of the Company are directors in both the Companies.

- Ms. Hoor Yousafzai - Mr. Osman Saifullah Khan

38. FINANCE COST

	Note	2024	2023
		--- Rupees in '000 ---	
Mark-up on long term financing		261,070	201,881
Mark-up on short term borrowings		1,145,852	1,084,747
Mark-up on loans from Associated Companies		121,353	89,057
Lease finance charges		730	2,612
Interest on workers' (profit) participation fund		0	2,318
Local bills discounting charges		64,217	77,169
Bank and other charges		46,545	39,450
		<u>1,639,767</u>	<u>1,497,234</u>

39. EXCHANGE FLUCTUATION (LOSS) / GAIN

Exchange fluctuation (loss) / gain on foreign debtors - net		(807)	268
---	--	-------	-----

40. TAXATION

Current - prior year adjustment	29	0	(8,542)
Deferred	11	119,646	(581,485)
		<u>119,646</u>	<u>(590,027)</u>

41. EARNINGS / (LOSS) PER SHARE

41.1 Earnings / (loss) per share

Profit / (loss) after taxation attributable to ordinary shareholders		<u>11,566</u>	<u>(1,133,860)</u>
--	--	---------------	--------------------

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

Weighted average number of ordinary shares outstanding during the year		<u>26,412,880</u>	<u>26,412,880</u>
--	--	-------------------	-------------------

----- Rupees -----

Earnings / (loss) per share - basic		<u>0.44</u>	<u>(42.93)</u>
-------------------------------------	--	-------------	----------------

41.2 Diluted

A diluted earnings / (loss) per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2024 and June 30, 2023 which would have any effect on the earnings / (loss) per share if the option to convert is exercised.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

42. CASH FLOW FROM OPERATING ACTIVITIES	Note	2024 --- Rupees in '000 ---	2023
Profit / (loss) for the year - before taxation, minimum and final tax levies		283,712	(1,577,394)
Adjustments for non-cash charges and other items:			
Depreciation and amortisation		383,788	323,106
Staff retirement benefits - gratuity (net)		(16,037)	(44,120)
Gain on sale of operating fixed assets - net	36	(3,161)	(16,900)
Finance cost		1,593,222	1,457,784
Exchange fluctuation loss / (gain) on foreign debtors - net		807	(268)
Payable balance of loan waived-off by an Associated Company	36	(600,000)	0
Loss on remeasurement of short term investments to fair value - net	37	0	376
Gain on sale of short term investments	36	0	(75)
Profit before working capital changes		1,642,331	142,509
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		78,433	(69,702)
Stock-in-trade		(881,788)	1,176,209
Trade debts		(275,984)	1,014,738
Loans and advances		44,109	37,260
Short term prepayments		6,146	(2,133)
Other receivables		23,596	21,326
Tax refunds due from Government		(106,227)	0
(Decrease) / increase in current liabilities:			
Trade and other payables		448,913	(959,738)
Contract liabilities		(30,582)	108,940
		(693,384)	1,326,900
Cash generated from operating activities		948,947	1,469,409
Taxes and levies paid		(125,328)	(134,886)
Long term loans		20,632	(2,601)
Long term deposits		4,671	(2,769)
Long term deposits from employees		(5,118)	6,197
Net cash generated form operating activities		843,804	1,335,350

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

43.1 Financial Risk Factors

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

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

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

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

43.2 Market risk

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

(a) Currency risk

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

2024	Rupees	U.S. \$
	----- in '000 -----	
Bills payable	302,554	1,085
Trade debts	(36,475)	(131)
Bank balances	(279)	(1)
	(36,754)	(132)
Gross reporting date exposure	265,800	953
Outstanding letters of credit	48,870	175
Net exposure	314,670	1,128

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

2023	Rupees	U.S. \$
	----- in '000 -----	
Bills payable	155,540	542
Trade debts	(69,802)	(244)
Due from related parties	(25,257)	(88)
Bank balances	(287)	(1)
	(95,346)	(333)
Gross reporting date exposure	60,194	209
Outstanding letters of credit	338,992	1,181
Net exposure	399,186	1,390

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2024	2023	2024	2023
U.S. Dollar to Rupee	282.60	250.08	278.80	287.10

At June 30, 2024, if Rupee had strengthened by 10% against U.S.\$ with all other variables held constant, profit after taxation for the year would have been higher by Rs.26.574 million (net) mainly as a result of foreign exchange gain / loss on translation of foreign currency financial assets and liabilities. (2023: if Rupee had strengthened by 10% against U.S.\$ with all other variables held constant, loss after taxation for the year would have been lower by Rs.6.003 million (net) mainly as a result of foreign exchange loss / gain on translation of foreign currency financial liabilities and assets.

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

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

(b) Interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

	2024	2023	2024	2023
	Effective rate		Carrying amount	
Financial liabilities	%	%	--- in '000 ---	
Variable rate instruments				
Long term financing	3.00 to 25.44	3.00 to 24.05	1,692,700	1,180,485
Lease liabilities	18.58 to 25.13	16.39 to 24.09	0	6,372
Short term borrowings	18.05 to 25.96	11.55 to 24.98	5,567,518	5,929,231

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2024, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, profit after taxation for the year would have been lower / higher Rs.72.602 million mainly as a result of higher / lower interest expense on variable rate financial liabilities. (2023: if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, loss after taxation for the year would have been higher / lower Rs.71.161 million mainly as a result of higher / lower interest expense on variable rate financial liabilities.

(c) Price risk

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

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

43.3 Credit risk exposure and concentration of credit risk

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

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

Credit risk primarily arises from trade debts and balances with banks. 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 relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 30 days to reduce the credit risk. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings.

Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2024 along with comparative is tabulated below:

	2024	2023
	--- Rupees in '000 ---	
Long term investments	14,886	14,886
Long term deposits	30,570	35,241
Trade debts	1,892,293	1,615,016
Other receivables	51,079	74,268
Bank balances	20,723	15,331
	<u>2,009,551</u>	<u>1,754,742</u>
Trade debts exposure by geographic region is as follows:		
Domestic	1,855,818	1,545,214
Export	36,475	69,802
	<u>1,892,293</u>	<u>1,615,016</u>

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

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

	2024	2023
	--- Rupees in '000 ---	
Not yet due	686,295	776,921
Past due		
- upto 30 days	678,939	408,776
- more than 30 days	527,059	429,319
	<u>1,892,293</u>	<u>1,615,016</u>

The Company uses simplified approach for measuring the expected credit losses for all trade and other receivables including contract assets based on lifetime expected credit losses. The Company has estimated credit losses using a provision matrix where trade receivables are grouped based on different customer attributes along with historical, current and forward looking assumptions. At the reporting date, the Company's management believes that required impairment allowance in respect of doubtful trade debts has been accounted for, as trade debts aggregating Rs.1,353 million have been realised subsequent to the year-end and for other trade debts there are reasonable grounds to believe that the amounts will be realised in short course of time. Further, major export debts are secured through letters of credit.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

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

43.4 Liquidity risk

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

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

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	5 years and above
----- Rupees in '000 -----					
2024					
Long term financing	1,692,700	2,890,875	705,436	1,772,500	412,939
Trade and other payables	1,201,169	1,201,169	1,201,169	0	0
Accrued mark-up and interest	430,154	430,154	430,154	0	0
Short term borrowings	5,567,518	6,146,511	6,146,511	0	0
Unpaid dividends	473	473	473	0	0
Unclaimed dividends	8,586	8,586	8,586	0	0
	<u>8,900,600</u>	<u>10,677,768</u>	<u>8,492,329</u>	<u>1,772,500</u>	<u>412,939</u>

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	5 years and above
----- Rupees in '000 -----					
2023					
Long term financing	1,180,485	1,441,462	592,685	848,777	0
Lease liabilities	6,372	7,644	7,644	0	0
Trade and other payables	752,256	752,256	752,256	0	0
Accrued mark-up and interest	414,485	414,485	414,485	0	0
Short term borrowings	5,929,231	6,613,647	6,613,647	0	0
Unpaid dividends	477	477	477	0	0
Unclaimed dividends	8,591	8,591	8,591	0	0
	<u>8,291,897</u>	<u>9,238,562</u>	<u>8,389,785</u>	<u>848,777</u>	<u>0</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

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

43.5 Fair value measurement of financial instruments

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

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

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

Valuation techniques used to determine fair values

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

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

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

The Company's financial assets measured at fair value consists of level 2 financial assets amounting to Rs.4.886 million (2023: Rs.4.886 million) and level 3 financial assets amounting to Rs.10 million (2023: Rs.10 million). The carrying values of other financial assets and liabilities reflected in the financial statements approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

43.6 Financial instruments by category

	Amortised cost		Financial assets at fair value through OCI	Financial assets at fair value through OCI
	2024	2023	2024	2023
Financial assets as per statement of financial position				
----- Rupees in '000 -----				
Long term investments	0	0	14,886	14,886
Long term loans	2,688	23,320	0	0
Long term deposits	30,570	35,241	0	0
Trade debts	1,892,293	1,615,016	0	0
Loans and advances	4,815	7,913	0	0
Other receivables	51,079	74,854	0	0
Bank balances	20,723	16,195	0	0
	<u>2,002,168</u>	<u>1,772,539</u>	<u>14,886</u>	<u>14,886</u>

	Financial liabilities measured at amortised cost	
	2024	2023
-- Rupees in '000 --		
Long term financing	1,692,700	1,180,485
Lease liabilities	0	6,372
Long term deposits	14,233	19,351
Trade and other payables	1,201,169	752,256
Accrued mark-up and interest	430,154	414,485
Short term borrowings	5,567,518	5,929,231
Unpaid dividends	473	477
Unclaimed dividends	8,586	8,591
	<u>8,914,833</u>	<u>8,311,248</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

43.7 Reconciliation of movements of liabilities to cash flows arising from financing activities

	Long term financing	Lease Liabilities	Short term borrowings	Accrued mark-up and interest	Dividend
----- Rupees in '000 -----					
2024					
Balance as at July 01, 2023	1,180,485	6,372	5,929,231	414,485	9,068
Changes from financing activities					
Finances obtained	1,101,981	0	0	0	0
Finances repaid	(596,610)	0	238,287	0	0
Transferred to deferred income	6,844	0	0	0	0
Reassessment due to mark-up rate change	0	751	0	0	0
Repayment of finance lease liabilities	0	(9,632)	0	0	0
Finance cost paid	0	0	0	(1,577,553)	0
Dividends paid	0	0	0	0	(9)
Total changes from financing cash flows	1,692,700	(2,509)	6,167,518	(1,163,068)	9,059
Other changes					
Mark-up / interest expense	0	730	0	1,593,222	0
Balance as at June 30, 2024	1,692,700	(1,779)	6,167,518	430,154	9,059

	Long term financing	Lease Liabilities	Short term borrowings	Accrued mark-up and interest	Dividend
----- Rupees in '000 -----					
2023					
Balance as at July 01, 2022	1,849,105	20,429	5,198,125	179,966	9,083
Changes from financing activities					
Finances obtained	65,151	0	0	0	0
Finances repaid	(743,836)	0	731,106	0	0
Transferred to deferred income	10,065	0	0	0	0
Reassessment due to mark-up rate change	0	395	0	0	0
Repayment of finance lease liabilities	0	(17,064)	0	0	0
Finance cost paid	0	0	0	(1,223,265)	0
Dividends paid	0	0	0	0	(15)
Total changes from financing cash flows	1,180,485	3,760	5,929,231	(1,043,299)	9,068
Other changes					
Mark-up / interest expense	0	2,612	0	1,457,784	0
Balance as at June 30, 2023	1,180,485	6,372	5,929,231	414,485	9,068

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

44. CAPITAL RISK MANAGEMENT

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

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

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

	2024	2023
	--- Rupees in '000 ---	
Total borrowings	7,265,951	7,122,932
Less: cash and bank balances	20,723	16,195
Net debt	7,245,228	7,106,737
Total equity	4,148,550	4,145,186
Total capital	11,393,778	11,251,923
Gearing ratio	64%	63%

45. TRANSACTIONS WITH RELATED PARTIES

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

45.1 Name and nature of relationship

Associated Companies and undertaking (due to common directorship)

Saif Holdings Ltd.

Kohat Textile Mills Ltd.

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

Akbar Kare Institute

Wadaan Foundation for Sustainable Development

Saif Power Limited

Saif Energy Limited

Saif Healthcare Limited

Related Party (due to common directorship)

Sui Northern Gas Pipelines Limited (SNGPL)

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

Key management personnel

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

45.2 Significant transactions with the related parties

	2024	2023
	--- Rupees in '000 ---	
Sales of:		
- raw materials	0	192,801
- operating fixed assets	16,752	16,000
Purchase of:		
- raw materials	151,179	3,126
- operating fixed assets	0	65,151
- sui gas expense accrued	1,644,535	0
Loans obtained	1,968,595	770,000
Loan repaid	170,000	0
Balance of loan waived-off	600,000	0
Mark-up on loans	177,890	89,056
Donations paid	1,860	7,440
Key management personnel		
- remuneration and other employment benefits	10,722	35,620
Others - consultancy charges	0	10,000
Sale of fixed assets	0	1,281

46. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

	Chief Executive		Executives	
	2024	2023	2024	2023
	----- Rupees in '000 -----			
Meeting fees	90	75	0	0
Managerial remuneration	0	14,395	33,438	41,630
House rent and utilities	0	7,917	18,391	22,897
Retirement benefits	0	0	1,599	2,604
Medical expenses reimbursed	0	17	1,624	2,495
	90	22,404	55,052	69,626
Number of persons	1	1	15	17

46.1 Meeting fees of Rs.525 thousand (2023: Rs.690 thousand) were also paid to six (2023: seven) non-executive directors during the year.

46.2 Some of the executives have also been provided with the Company maintained cars and residential telephones.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

47. CAPACITY AND PRODUCTION		2024	2023
47.1 Spinning units			
No. of spindles installed		105,744	107,760
Average of spindles shifts installed	Figure in '000	116,107	117,997
Average of spindles shifts worked	Figure in '000	92,700	84,512
No. of days worked		366	365
No. of shifts worked		1,098	1,095
Average count		35.98	34.62
Actual production	Kgs	Figure in '000	14,810
			14,714

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

47.2 Dyeing		2024	2023
Cotton / Fibre Dyeing Unit			
Total number of days worked		366	365
No. of shifts worked		1,098	1,095
Installed capacity	Kgs	Figure in '000	4,563
Actual production	Kgs	Figure in '000	3,103
			1,888

48. OPERATING SEGMENT

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

48.1 Yarn sales represent 93% (2023: 90%) of the total sales of the Company.

48.2 97% (2023: 98%) of the Company's sales relate to customers in Pakistan.

48.3 All non-current assets of the Company as at June 30, 2024 are located in Pakistan.

48.4 The Company does not have any customer having sales of ten percent or more during the year ended June 30, 2024 and 2023.

49. NUMBER OF EMPLOYEES		2024	2023
Total number of employees as at June 30,		1,998	2,120
Average number of employees during the year		1,958	2,339

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

50. DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Following information has been disclosed as required under Paragraph 10 of item VI and item VII of Part I of the 4th Schedule to the Companies Act, 2017 relating to "All Shares Islamic Index".

	2024		2023	
	Carried under Non - Sharia arrangements	Carried under Sharia arrangements	Carried under Non - Sharia arrangements	Carried under Sharia arrangements
	----- Rupees in '000 -----			
Long term financing	1,444,851	247,849	846,399	334,086
Short term borrowings	3,234,832	2,332,685	3,428,176	2,501,055
Bank balances - current and deposits	8,045	12,678	10,405	4,926
Profit earned from bank deposits	22	3	23	6
Profit paid	768,431	607,331	548,309	584,024

The Company has banking relationship with Islamic windows of conventional banking system as well as Shariah compliant banks only.

51. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison; significant re-classifications / re-statements made in these financial statements have been detailed in note 3.1.

52. DATE OF AUTHORISATION

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

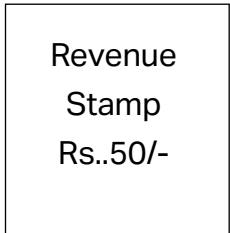
MUHAMMAD LUQMAN
Chief Financial Officer

ASSAD SAIFULLAH KHAN
Director

SOHAIL HUSSAIN HYDARI
Chief Executive Officer

FORM OF PROXY

I/we.....of.....being a member of Saif Textile Mills Limited hereby appoint Mr./Ms..... offailing whom Mr./Ms..... ofas my proxy to attend act for me, and on my behalf, at the Annual General Meeting of the Company to be held on Friday, 25 October, 2024 at 12:00 noon and any adjournment there of.
 Dated thisday of2024.



 Specimen Signature of Proxy

Folio No.....

Participant I.D No.....

Sub Account No.

 Signature of Shareholder

 Specimen Signature of Alternate Proxy

Folio No.....

Folio No.....

Participant I.D No.....

Participant I.D No.....

Sub Account No.....

Sub Account No.....

Note:

- i) If a member is unable to attend the Meeting, he/she may appoint another member as his/her proxy and send this form to Saif Textile Mills Limited, APTMA House, Tehkal Payan, Jamrud Road, Peshawar to reach not less than 48 hours before the time appointed for holding the meeting.
- ii) Attested copies of CNIC or the Passport of the beneficial owners and the Proxy shall be furnished with the Proxy form.
- iii) The Proxy shall produce his original CNIC or original Passport at the time of the meeting.
- iv) In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted(unless it has been Provided earlier) along with Proxy Form to the Company.



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