



ARUJ INDUSTRIES LTD.

Apparel



Dyeing &
Processing

Interlining



32nd
Annual Report 2024

www.aruj.com

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VISION AND MISSION STATEMENT

THE VISION

To be the leader in interlining industry by building companies image through Quality improvement, Customer satisfaction and by maintaining a high level of ethical and professional standards through Optimum use of resources.

MISSION STATEMENT

1. Endeavoring to be the Market leader and international player by enhancing market share and to conduct business in the best possible manner by using high level of ethical professionalism.
2. Seeking long term and good trading relation with customers and suppliers with fair, honest and mutually profitable dealings.
3. Building an excellent reput e of our organization and to maintain high professional and ethical standards with eyes on the future.
4. Offering high quality products according to the highest international standards.
5. Continuous enhancement in shareholders' value through team work and constant improvement in performance in all operating areas in competitive business
6. Providing congenial work environment, where employees are treated with respect and dignity and work as a team of common goals.
7. Contributing to the national economy by uplifting and skills diversification of the people through fulfillment of our social responsibility

COMPANY PROFILE

BOARD OF DIRECTORS

1. Mr. Ali Maqsood Butt	:	Chair Person
2. Mr. Faisal Khan	:	Chief Executive
3. Mr. SH. Ghulam Mustafa	:	Director
4. Mrs. Durray Zara Butt	:	Director
5. Dr. Aruj Butt	:	Director
6. Mr. Muhammad Sajjad Hussain	:	Director
7. Miss Amara Javid	:	Director

CHIEF FINANCIAL OFFICER

Mrs. Durray Zara Butt

COMPANY SECRETARY

Mr. Muhammad Sajjad Hussain

SHARE REGISTRARS

M/s. Corplink (Pvt.) Ltd.
Wings Arcade, 1-K , Commercial
Model Town Lahore.
Tel: 35839182, 35869037

LEGAL ADVISOR

Mr. Mian Waheed Akhtar,
Advocate High Court/ Supreme Court
Lahore.

AUDITORS

M/s. Qadeer & Co.
Chartered Accountants,
32-A Lawrence Road,
Lahore.

REGISTERED OFFICE

2-KM Off Raiwind-Manga Road,
Raiwind, Lahore.
Tel: (92 - 42) 35393125-6, 38102800
Fax: (92 - 42) 35393127
E-mail: info@aruj.com
Website: www.aruj.com

AUDIT COMMITTEE

Mr. Muhammad Sajjad Hussain	Member
Mr. SH. Ghulam Mustafa	Chairman
Miss Amara Javid	Member

REGISTERED OFFICE

2-KM Off Raiwind-Manga Road,
Raiwind, Lahore.
Tel: (92 - 42) 35393125-6, 38102800
Fax: (92 - 42) 35393127
E-mail: info@aruj.com
Website: www.aruj.com

HR & REMUNERATION COMMITTEE

Mr. Muhammad Sajjad Hussain	Chairman
Dr. Aruj Butt	Member
Miss Amara Javid	Member

BANKERS

Bank Alfalah Limited.
Habib Bank Limited.
Bank of Punjab.
JS Bank Limited.
Habib Metropolitan Bank Ltd.
Faysal Bank Limited.
Meezan Bank
Bank Al Habib

NOTICE OF 32nd ANNUAL GENERAL MEETING.

Notice is hereby given that 32nd Annual General Meeting of **Aruj Industries Limited** will be held on Saturday, December 28, 2024 at 9:00 AM at the Registered Office of the Company at 2-KM, Off: Raiwind Manga Road, Raiwind, Lahore to transact the following business:-

ORDINARY BUSINESS:

1. To Confirm the Minutes of last Extra Ordinary General Meeting held on 30th March, 2024.
2. To receive and adopt the Annual Audited Accounts for the year ended June 30, 2024 along with Directors and Auditors report thereon.
3. To appoint Auditors of the Company to hold office till the conclusion of next Annual General Meeting and to fix their remuneration.

Any Other Business

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

By order of the Board

Lahore.
December 06, 2024

Muhammad Sajjad Hussain
Company Secretary

NOTES:

- 1) Share Transfer Books of the Company will remain closed from December 21, 2024 to December 28, 2024 (both days inclusive). Transfers received in order at company's Shares Registrar Office at the close of business on December 20, 2024 will be treated as in time.
- 2) A member eligible to attend and vote at this meeting may appoint another member as his / her proxy to attend and vote instead of him / her. Proxies in order to be effective must be received at the Company's Registered Office, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
- 3) In accordance with the provision of section 223 and 237 of the Companies Act, 2017 the audited financial statement of the Company for the year, which ended of June 30, 2024 are available on the company's website: www.aruj.com
- 4) Shareholders/investors and analysts who are interested in attending the AGM through zoom Link virtually are requested to register themselves by Thursday, December 26, 2024 at sajjad@aruj.com
- 5) Shareholders are requested to immediately notify the change in address, if any to Company Shares Registrar i.e. M/s Corplink (Pvt.) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore Tel: 042-35916714-35916719

عروج انڈسٹریز لمیٹڈ اطلاع برائے 32 ویں سالانہ اجلاس عام

نوٹ کیا جاتا ہے کہ عروج انڈسٹریز لمیٹڈ کا 32 واں سالانہ جنرل اجلاس ہفتہ 28 دسمبر 2024ء کو صبح 9:00 بجے کمپنی کے رجسٹرڈ آفس 2 کلو میٹر رائے ونڈ مانگا روڈ، رائے ونڈ، لاہور میں منعقد ہوگا جس میں درج ذیل کاروبار کا لین دین کیا جائے گا:

عام کاروباری معاملات:

- 1- 30 مارچ 2024 کو منعقد ہونے والی آخری سالانہ عام میٹنگ کے منٹس کی تصدیق کرنا۔
- 2- 30 جون 2024 کو ختم ہونے والے سال کیلئے سالانہ آڈٹ شدہ اکاؤنٹس کو حاصل کرنے اور اپنانے کیلئے ڈائریکٹرز اور آڈیٹرز کو رپورٹ پیش کرنا۔
- 3- کمپنی کے آڈیٹرز کو اگلے سالانہ عام اجلاس کے اختتام تک عہدے پر فائز کرنے اور ان کے معاوضے کا تعین کرنے کیلئے مقرر کرنے کیلئے اور معاملات:
- 4- چیئرمین کی اجازت کے ساتھ کسی بھی دوسرے کاروبار کا لین دین کرنے کے اہل ہوں گے۔

حسب الحکم بورڈ
(محمد سجاد حسین)
کمپنی سیکرٹری

لاہور

06 دسمبر 2024ء

نوٹ:

- 1- کمپنی کی شیئرز انسفر بکس 21 دسمبر 2024 سے 28 دسمبر 2024 (دونوں دن سمیت) تک بند رہیں گی۔ 20 دسمبر 2024 کو کاروبار کے اختتام پر کمپنی کے شیئرز رجسٹر آفس میں آرڈر میں موصول ہونے والی ٹرانسفرز کو وقت کے مطابق سمجھا جائے گا۔
- 2- اس اجلاس میں شرکت اور ووٹ دینے کا اہل رکن کسی دوسرے رکن کو اس کے بجائے شرکت اور ووٹ ڈالنے کیلئے اپنے پراکسی کے طور پر مقرر کر سکتا ہے۔ مؤثر ہونے کیلئے پراکسیز کو کمپنی کے رجسٹرڈ آفس میں موصول ہونا ضروری ہے، میٹنگ کے انعقاد کے وقت سے کم از کم 48 گھنٹے پہلے نہیں اور مناسب طریقے سے مہر، دستخط اور گواہی دی جانی چاہیے۔
- 3- کمپنیز ایکٹ، 2017 کی دفعہ 72 کے مطابق، ہر موجودہ لسٹڈ کمپنی کو اپنے فزیکل شیئرز کو بک انٹری فارم کے ساتھ اس انداز میں تبدیل کرنے کی ضرورت ہوگی جس کی وضاحت کمیشن کو مقرر کردہ تاریخ پر دی جائے۔
- 4- شیئرز ہولڈرز/سرمایہ کاروں اور تجزیہ کاروں سے جو AGM میں شرکت کرنے میں دلچسپی رکھتے ہیں ان سے درخواست ہے کہ وہ جمعرات 26 دسمبر 2024 تک sajjad@aruj.com پر رجسٹر ہو جائیں۔
- 5- شیئرز ہولڈرز سے گزارش ہے کہ ایڈریس میں تبدیلی کے بارے میں کمپنی شیئرز رجسٹر اری یعنی میسرز کارپلنک (پرائیویٹ) لمیٹڈ ونگز آرکیڈ، 1- کمرشل، ماڈل ٹاؤن، لاہور ٹیلی فون: 042-35916714-35916719 کو فوری طور پر مطلع کریں۔

CHAIRPERSON'S REVIEW

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of **ARUJ INDUSTRIES LIMITED** is carried out. The objective of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of goals set for the Company.

For the financial year ended June 30, 2024, the Board's overall performance and effectiveness has been assessed as satisfactory. The Board also identifies areas of improvement in line with the best practices.

The Board received wide-ranging agendas and supporting papers in a timely manner for its meetings. The Board was fully involved in the strategic planning process and in developing the vision for the Company. All Directors, including Independent Director, fully took part in and made contributions to the decision-making process of the Board. The Board has in place comprehensive policies for all relevant areas of the Company's operation and these policies are reviewed and updated from time to time.

The Audit Committee and Human Resources & Remuneration Committee met regularly to fortify the functions of the board.

The company has an independent Internal Audit department, which leads the Internal Audit function and follows a risk based Audit methodology. Audit reports are presented to the Board for review and actions where necessary.

In the closing, on behalf of the Board I wish to acknowledge the contribution of all our employees in the success of the Company. I would like to thank our shareholders, bankers, customers, suppliers and other business partners for their confidence and support.

Mr. Ali Maqsood Butt
Chairperson
Dated: December 06, 2024

چیرمین کا جائزہ

جیسا کہ کارپوریٹ گورننس کے تحت ضروری ہے، عروج انڈسٹریز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی سالانہ کارکردگی کا جائزہ لیا جاتا ہے۔ اس جائزے کا مقصد اس بات کو یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور اثر کو کمپنی کے لئے مقرر کردہ مقاصد کے تناظر میں پرکھا جائے۔

06 دسمبر، 2024 کو ختم ہونے والے مالی سال کے لئے، بورڈ کی مجموعی کارکردگی اور اثر تسلی بخش رہی ہے۔ بورڈ بہترین طریقوں کے تناظر کے ساتھ بہتری کیلئے بھی نشاندہی کرتا ہے۔

بورڈ نے اپنی میٹنگ کے لئے بروقت انداز میں وسیع ایجنڈا اور متعلقہ کاغذات وصول کیے ہیں۔ بورڈ اسٹریٹجک منصوبہ بندی کے عمل میں اور کمپنی کے نقطہ نظر کو فروغ دینے میں مکمل طور پر شریک تھا۔ تمام ڈائریکٹرز، بشمول آزاد ڈائریکٹرز نے مکمل طور پر بورڈ کے فیصلے سازی کے عمل میں حصہ لیا۔ بورڈ کمپنی کے آپریشن کے تمام متعلقہ شعبوں کے لئے جامع پالیسیاں بناتا ہے اور ان پالیسیوں کا وقفوں سے جائزہ لیا جاتا ہے اور اپ ڈیٹ کیا جاتا ہے۔ آڈٹ کمیٹی اور انسانی وسائل اور معاوضہ کمیٹی نے باقاعدگی سے بورڈ کے افعال کو مضبوط بنانے کے لئے میٹنگز کی تھیں۔

کمپنی میں ایک اندرونی آڈیٹ ڈیپارٹمنٹ ہے، جو اندرونی آڈیٹ کی قیادت کرتا ہے اور خطرے کی بنیاد پر آڈٹ کے طریقہ کار کی پیروی کرتا ہے۔ آڈٹ کی رپورٹوں کو جائزہ لینے اور اقدامات کے لئے بورڈ کو پیش کیا جاتا ہے۔

آخر میں بورڈ کی طرف سے اپنے تمام ملازموں کے تعاون کو تسلیم کرنا چاہتا ہوں۔ میں اپنے حصص داروں، بینکوں، گاہکوں، سپلائرز اور دیگر کاروباری شراکت داروں کو ان کے اعتماد اور حمایت کے لئے شکریہ ادا کرنا چاہتا ہوں۔

علی مقصود بٹ

چیرمین

تاریخ: 06 دسمبر، 2024

DIRECTOR'S REPORT

The Directors of your Company would like to present to you the 32nd Annual General Meeting of **Aruj Industries Ltd.** and would like to present their report along with the audited accounts for the year ended 30th June, 2024.

OPERATING RESULTS:

	For the year ended June 30, 2024 Rupees	For the year ended June 30, 2023 Rupees
Sales	358,277,910	857,996,198
Gross Loss	(248,197,308)	(60,870,515)
Profit/(Loss) Before Taxation	(316,370,252)	(132,794,012)
Taxation	20,440,911	6,749,503
Profit/(Loss) After Taxation	(336,811,163)	(139,543,515)
Loss per Share- basic and diluted	(32.21)	(13.34)

SALIENT FEATURES:

Your company posted net sales of Rs 358.277 million for the year ended June 2024. This is a decrease of around 58% as from the years before.

Your company has sustained heavy losses and a decrease in sales in the last financial year. Suffering from the liquidity crunch, we were not able to process our orders as we had expected. Moreover, your Company had set it's sight on local processing business, which also did not see expected growth since the national economy is also stalled due to high interest rates and inflation.

We have had to halt production in of 2024, seeing as continuing with such heavy losses are not feasible. However, your Company is now considering new avenues to explore.

The cost of sales have increased tremendously during the last year. With the government's decision to take away utility subsidies along with the general inflationary pressure, this was an increase that was largely bourn by your company.

Furthermore, in order to execute some processing orders, we had to reprocess the fabric, which cost your company heavily. These factors meant that the sudden and abrupt changes in the cost of sales could not be avoided during the current financial year.

STATEMENT OF COMPLIANCE ON CORPORATE AND FINANCIAL FRAME WORK:

The management is fully aware of the compliance with code of corporate governance as incorporated in the additional listings regulations of the stock exchanges and necessary steps have been taken for their effective implementations which are as follows:

PRESENTATION OF FINANCIAL STATEMENTS:

The financial statements prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

BOOKS OF ACCOUNTS:

Proper books of account of the Company have been maintained.

ACCOUNTING POLICIES:

Appropriate accounting policies have been consistently applied in preparation of financial and accounting estimate are based on reasonable and prudent judgment.

COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS:

International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

INTERNAL CONTROL SYSTEM:

The system of internal control of the Company is sound and has been effectively implemented and is being monitored by the qualified internal auditors.

GOING CONCERN:

There are no significant doubts upon the Company's ability to continue as a going concern.

BEST PRACTICES OF CORPORATE GOVERNANCE:

There has been no material departure from the best practices of corporate governance, as described in the listing regulations of the stock exchanges.

FINANCIAL DATA OF LAST SIX YEARS:

Key operating and financial data of last six years is annexed.

OUTSTANDING STATUTORY DUES:

The Company is regular payer of all Government dues and previous record is quite evident and clear in this regard.

SIGNIFICANT PLANS AND DECISIONS:

As part of its balancing modernization and replacement plan, the Company has added certain machinery to increase the quality of its products.

MEETINGS OF BOARD OF DIRECTORS:

During the year Seven meetings of the board of Directors of the Company were held. Attendance by each Director in the meeting is as follows:

Name of Directors		Meeting Attended
1.	Mr. Ali Maqsood Butt	7
2.	Mr. Faisal Khan	8
3.	Mr. Durray Zara Butt	6
4.	Dr. Aruj Butt	2
5.	Mr. Muhammad Sajjad Hussain	4
6.	Sheikh Ghulam Mustafa	3
7.	Miss Amara Javid	2
		-

Leave of absence was granted to the directors who could not attend the meeting of the board.

AUDIT COMMITTEE:

The Board of Directors in compliance to the code of corporate governance has established an audit committee and the following directors are its members.

1.	Mr. Muhammad Sajjad Hussain	Member
2.	Sheikh Ghulam Mustafa	Chairman
3.	Miss Amara Javid	Member

EARNING PER SHARES:

Earning per share for the period ended 30th June 2024 works out to Rs. (32.21) as compared to Rs. (13.34) per share of the last year.

AUDITORS:

The auditors, M/s Qadeer & Company, Chartered Accountants have retired and being eligible, have offered themselves for re-appointment.

The audit committee of the board has recommended to the board their appointment as auditors of the Company for the year 2024-25.

PATTERN OF SHAREHOLDING:

Statements showing the Pattern of Shareholding as at 30 June, 2024 required under the Company Act, 2017 and the code of corporate governance are annexed.

TRADING IN COMPANY'S SHARES:

The Directors, CEO, traded in the shares of the Company during the year have been disclosed in form 34 attached in this annual report.

ACKNOWLEDGEMENT:

We would like to take this opportunity to express our appreciation to the management and employees of the Company for their hard work and dedication. We would also like to express our gratitude to our valued shareholders, customers, suppliers and financial institutions for their cooperation, constant support and trust reposed in your Company.

FOR AND ON BEHALF OF THE BOARD

Ali Maqsood Butt
(Chairman)

MR.FAISAL KHAN
(Chief Executive)

Lahore

Dated: December 06, 2024

کمپنی کے حصص میں تجارت:

سال کے دوران کمپنی کے حصص کی تجارت کرنے والے ڈائریکٹرز، سی ای او کا انکشاف اس سالانہ رپورٹ میں منسلک فارم 34 میں کیا گیا ہے۔

اعتراف:

کمپنی کی انتظامیہ، ملازمین کی محنت اور لگن سے کام کرنے کیلئے تعریف کے مستحق ہیں ہم اپنے قابل قدر حصص یافتگان، گاہکوں، سپلائرز اور مالیاتی اداروں کے تعاون، مدد، مسلسل حمایت اور اعتماد کے شکرگزار ہیں۔

فیصل خان

چیف ایگزیکٹو

لاہور

تاریخ: 06 دسمبر، 2024ء

علی مقصود بٹ

(چئیرمین)

بورڈ آف ڈائریکٹرز کے اجلاس:

سال کے دوران کمپنی کے بورڈ آف ڈائریکٹرز کے سات اجلاس منعقد کئے گئے تھے، ہر ایک کی طرف سے حاضری کی تفصیل یہ ہے۔

7	جناب علی مقصود بٹ	1.
8	جناب فیصل خان	2.
6	مسز ذرے زار ابٹ	3.
2	ڈاکٹر عروج بٹ	4.
4	محمد سجاد حسین	5.
3	شیخ غلام مصطفیٰ	6.
2	مس عمارہ جاوید	7.

جو ڈائریکٹرز بورڈ کے اجلاس میں شرکت نہیں کر سکتے تھے، ان کی رخصت دی گئی تھی۔

آڈٹ کمیٹی:

کارپورٹ گورننس کے کوڈ پر عمل پیرا ہوتے ہوئے بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی قائم کیا ہے اور مندرجہ ذیل ڈائریکٹرز اس کے اراکین ہیں۔

1.	محمد سجاد حسین	رکن
2.	شیخ غلام مصطفیٰ	چیئر پرسن
3.	مس عمارہ جاوید	رکن

ایک حصص کمائی:

30 جون 2024 کو ختم ہونے والے سال کیلئے ہر 10 روپے کے حصص پر (32.21) روپے فی حصص نقصان ہوا جبکہ 30 جون 2023 کو ختم ہونے والے سال کیلئے ہر حصص پر نقصان (13.34) روپے تھی۔

آڈیٹرز:

میسرز قدیر اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور اہل ہونے کے ساتھ دوبارہ تعیناتی کیلئے اپنے آپ کو پیش کر رہے ہیں۔ بورڈ کی آڈٹ کمیٹی نے سال 2024-25 کے لیے میسرز قدیر اینڈ کمپنی کی تقرری کیلئے بورڈ کو تجویز کیا ہے۔

شیئر ہولڈنگ کا پیٹرن:

کمپنی ایکٹ 2017 کے تحت 30 جون 2024 کو شیئر ہولڈنگ کے پیٹرن کو ظاہر کرنے والے بیانات اور کارپوریٹ گورننس کے ضابطہ کے ساتھ منسلک ہیں۔

Corporate and Financial فریم ورک پر تعمیل کا بیان:

انتظامیہ کارپوریٹ اور فنانشل فریم ورک پر عمل درآمد کے بارے میں بخوبی آگاہ ہے بشمول اسٹاک ایکسچینج کی اضافی لسٹنگ کے ضابطے کے جن کی تعمیل کے لیے اقدام کیے گئے ہیں۔

مالی بیانات کی پریزنٹیشن:

کمپنی کی انتظامیہ کی طرف سے تیار کیے گئے مالی بیانات، کمپنی کی کاروباری امور، اس کے آپریشنز، اور ایکویٹی کی تبدیلی کے بارے میں مناسب طور پر پیش کرتے ہیں۔

اکاؤنٹس کی کتب:

حساب کتاب کی کتابوں کو صحیح طریقے سے رکھا گیا ہے۔

اکاؤنٹنگ پالیسیاں:

مالی بیانات اور اکاؤنٹنگ تخمینہ کی تیاری میں اکاؤنٹنگ پالیسیوں کے تسلسل کو لاگو کیا گیا ہے۔ جو کہ دانشمندانہ فیصلے پر مبنی ہیں۔

بین الاقوامی اکاؤنٹنگ معیار کے ساتھ تعمیل:

انٹرنیشنل اکاؤنٹنگ سٹینڈرڈز جو کہ پاکستان میں لاگو ہیں، ان کی پیروی کرتے ہوئے مالی بیانات بنائے گئے ہیں اور جہاں پیروی نہیں کی گئی، ان کا انکشاف کر دیا گیا ہے۔

اندرونی کنٹرول کا نظام:

کمپنی کی اندرونی کنٹرول کا نظام مضبوط ہے اور موثر طریقے سے لاگو کیا گیا ہے، اور قابلیت رکھنے والے اندرونی آڈیٹرز کی نگرانی میں ہیں۔ حالیہ تشریح:

ایک جاری تشریح کے طور پر جاری رکھنے کی کمپنی کی صلاحیت پر کوئی خاص شک نہیں ہے۔

کارپوریٹ گورننس کے بہترین طرز عمل:

کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی، جیسا کہ اسٹاک ایکسچینج کے لسٹنگ کے ضوابط میں بیان کیا گیا ہے۔ گزشتہ چھ سالوں کا مالیاتی ڈیٹا:

پچھلے چھ سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔

بقایا قانونی واجبات:

کمپنی تمام سرکاری واجبات کی باقاعدہ ادائیگی کرنے والی ہے اور اس سلسلے میں سابقہ ریکارڈ بالکل واضح اور واضح ہے۔

اہم منصوبے اور فیصلے:

کمپنی کے پیداواری عمل کو جدید، متوازن اور متبادل بنانے کے لیے کمپنی نے کچھ مشینری شامل کی ہے۔

ڈائریکٹرز رپورٹ

آپ کی کمپنی عروج انڈسٹریز لمیٹڈ کے ڈائریکٹرز کمپنی کے 32 ویں سالانہ عام اجلاس کے سامنے 30 جون 2024 میں ختم ہونے والے سال کے لیے آڈٹ شدہ اکاؤنٹس کے ساتھ ساتھ اپنی رپورٹ پیش کرنا چاہیں گے۔

سال 30 جون 2023	سال 30 جون 2024	سیلز
857,996,198	358,277,910	کل نقصان
(60,870,515)	(248,197,308)	منافع / (نقصان) ٹیکسیشن سے پہلے
(132,794,012)	(316,370,252)	ٹیکسیشن
6,749,503	20,440,911	(نقصان) ٹیکسیشن سے بعد
(139,543,515)	(336,811,163)	(نقصان) فی شیئر آمدنی
(13.34)	(32.21)	

نماں خصوصیات:

آپ کی کمپنی نے جون 2024 کو ختم ہونے والے سال کے لیے 358.277 ملین روپے کی خالص فروخت پوسٹ کی ہے۔ یہ پچھلے سالوں کے مقابلے میں تقریباً 58% کی کمی ہے۔

آپ کی کمپنی کو گزشتہ مالی سال میں بھاری نقصان اور فروخت میں کمی کا سامنا ہے۔ لیکویڈیٹی کی کمی سے دوچار، ہم اپنے آرڈرز پر کارروائی کرنے کے قابل نہیں تھے۔ جیسا کہ ہماری توقع تھی۔ مزید برآں، آپ کی کمپنی نے مقامی پروسیسنگ کے کاروبار پر اپنی نظر رکھی تھی، جس میں بھی متوقع ترقی نہیں ہوئی کیونکہ قومی معیشت بھی بلند شرح سود اور افراط زر کی وجہ سے رک گئی ہے۔

ہمیں 2024 میں پیداوار کو روکنا پڑا، کیونکہ اس طرح کی بھاری نقصانات کو جاری رکھنا ممکن نہیں ہے۔ تاہم، آپ کی کمپنی اب دریافت کرنے کے لیے نئی راہوں پر غور کر رہی ہے۔

پچھلے سال کے دوران فروخت کی لاگت میں زبردست اضافہ ہوا ہے۔ حکومت کے عام افراط زر کے دباؤ کے ساتھ ساتھ یوٹیلٹی سبسڈیز کو ختم کرنے کے فیصلے کے ساتھ، اب ایک اضافہ تھا جو بڑی حد تک آپ کی کمپنی نے اٹھایا تھا۔

مزید برآں، کچھ پروسیسنگ آرڈرز کو انجام دینے کے لیے، ہمیں فیبرک کو دوبارہ پروسیس کرنا پڑا، جس پر آپ کی کمپنی کو بہت زیادہ لاگت آئی۔ ان عوامل کا مطلب یہ تھا کہ موجودہ مالی سال کے دوران فروخت کی لاگت میں اچانک اور اچانک تبدیلیوں سے بچا نہیں جاسکتا۔

KEY OPERATING & FINANCIAL DATA FROM 2019 TO 2024

	2019	2020	2021	2022	2023	2024
Net Sales Revenue	1,433,016,290	1,171,354,766	1,391,626,358	1,298,732,594	857,996,198	358,277,910
Cost of Goods Sold	1,318,726,514	1,021,509,142	1,250,507,329	1,212,703,085	918,866,713	606,475,218
Gross Profit	114,289,776	149,845,624	141,119,029	86,029,269	(60,870,515)	(248,197,308)
Operating Profit/ (Loss)	55,818,562	75,879,091	71,415,072	34,160,851	(103,451,256)	(309,589,375)
Profit (Loss) Before Tax	15,057,026	23,062,847	34,610,171	(12,608,755)	(132,794,012)	(316,370,252)
Profit (Loss) After Tax	13,124,928	10,507,364	13,329,587	(20,794,798)	(139,543,515)	(336,811,163)
Paid up Capital	104,578,900	104,578,900	104,578,900	104,578,900	104,578,900	104,578,900
Current Assets	862,540,980	802,155,539	792,098,666	944,121,326	807,850,847	597,571,490
Current Liabilities	878,545,761	795,702,015	771,802,550	915,454,221	908,906,407	1,000,573,424

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES

(Code of Corporate Governance) Regulations, 2019

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

1. The total number of directors are 7 as per the following:
 - a. MALE: 04
 - b. FEMALE: 03
2. The composition of board is as follow:

Category	Names
Independent Director**	○ Mr. Sheikh Ghulam Mustafa
Executive Directors*	○ Mr. Faisal Khan ○ Mrs. Durray Zara Butt ○ Mr. Ali Maqsood Butt
Non-Executive Directors	○ Dr. Aruj Butt ○ Mr. Muhammad Sajjad Hussain ○ Miss Ammara Javed

*Further, the Company has not complied with the requirement that executive directors, including the chief executive officer, shall not be more than one third of the Board. The Board is also in the process to comply with the requirement at their earliest.

**The company has not complied with the requirements of at least two independent directors. The board is considering appointment of independent directors in forth coming year.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. No director has attended director's training program during the year.
10. No appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit have been made during the year.

11. Chief Financial Officer (CFO) and Chief Executive Officer (CEO) duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:
 - a) **Audit Committee**
 Mr. Muhammad Sajjad Hussain – Member
 Mr.Sh.Ghulam Mustafa – Chairman
 Miss Ammara Javed – member
 - b) **HR and Remuneration Committee**
 Mr. Muhammad Sajjad Hussain – Chairman
 Dr. Aruj Butt – member
 Miss Ammara Javed – member
13. The terms of references of the aforesaid committee have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committees were as per following:
 - a) Audit Committee (4)
 - b) HR and Remuneration Committee (1)
15. The Board has set up an effective internal audit function supervised by a qualified Accountant, who is being assisted by in house executives to carry out the Internal Control functions. The Head of Internal Audit is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
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 requirements the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements (except of non-compliances stated in serial # 2 above) of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32,33 and 36 are below (if applicable):

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES

(Code of Corporate Governance) Regulations, 2019

Non-Mandatory Requirement	Reg. No.	Explanation
<p>Regulations are partially complied. Nomination Committee:</p> <p>The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.</p>	29(1)	Currently, the board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource & Remuneration Committee.
<p>Risk Management Committee:</p> <p>The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.</p>	30(1)	The Board has not constituted a separate risk management committee however the risk is managed at respective department level which is also supervised by the departmental head.

(Mr. Ali Maqsood Butt)
(Chairman)

Lahore

Dated: December 05, 2024

(Mr. Faisal Khan)
(Chief Executive)

Lahore

Dated: December 05, 2024

Independent Auditor's Review Report to the Members Of ARUJ INDUSTRIES LIMITED

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

We were engaged to review the enclosed Statement of Compliance with the listed companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of ARUJ INDUSTRIES 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.

Further, we highlight below instance(s) of non-compliance with the requirement(s) of the Codes as reflected in the note / paragraph reference where it/these is/are stated in the Statement of Compliance:

Paragraph Reference	Description
2	The Company has not complied with the requirement that executive directors, including the chief executive officer, shall not be more than one third of the Board. The Board is also in the process to comply with the requirement at their earliest. Independent director should be at least 2.
9	Director's Training Program (DPT) has not been attended by Board.

Lahore
December 06, 2024
UDIN: CR202410809zGBEQi698

QADEER AND COMPANY
CHARTERED ACCOUNTANTS
ENGAGEMENT PARTNER
TAHIR RAZZAQUE KHAN, FCA

INDEPENDENT AUDITOR'S REPORT

To the members of ARUJ INDUSTRIES LIMITED

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of **ARUJ INDUSTRIES LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2024 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy and other explanatory information.

We do not express an opinion on the accompanying financial statements of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

- As reported in note 1.02 of these financial statements, the Company has incurred a net loss of Rs. 336.811 million as at June 30, 2024, and, as of that date, the Company's accumulated losses of Rs. 375.651 million have resulted in net capital deficiency of Rs. 171.072 million and the Company's current liabilities exceeded its current assets by Rs. 403.002 million. Furthermore, the Company has ceased the production at its plant and at present, there is no formal approved business plan for future. These conditions along with adverse key financial ratios indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. The management has prepared the accompanied financial statements applying going concern basis of accounting, however, we do not concur with the management's assumption of the ability of the Company to continue as a going concern;
- As disclosed in notes 8, 12, and 13, balance payable to various banks remain unpaid and unconfirmed, including the current portion of long-term loans amounting to Rs. 6.007 million, short-term borrowings of Rs. 676.379 million, and accrued mark-up on loans of Rs. 7.927 million. Additionally, we were unable to verify the accuracy or the terms and conditions of these balances through alternate audit procedures. Consequently, due to the unavailability of information, any necessary adjustments and their potential impact on these financial statements remain unascertained;
- The trade and other payables as mentioned in note 11 to the financial statements include old outstanding balances. We could not verify the actual liability through direct confirmations or by applying alternate audit procedures. The effect of adjustment, had the liability been verified, could not be determined;
- The trade debts of Rs. 318.120 million, as disclosed in note 21 to the financial statements, include old outstanding balances. We did not receive direct confirmations of debtor balances and could not verify them through alternative audit procedures. In our opinion, certain balances appear to be impaired, but no allowance for expected credit loss (ECL) has been provided. However, the actual impact of adjustments, had the allowance for ECL were provided, could not be determined;
- Unclaimed dividend amounting to Rs. 2.290 million as disclosed in note 11.2 to the financial statements relating to previous years has not been deposited into the government treasury as per the requirements of the Section 244 of the Companies Act, 2017. Further, no notification has been issued to the shareholders of the Company in this regard;
- Revaluation of free hold land, building and plant and machinery has not been carried out with sufficient regularity as required under paragraph 34 of IAS 16 "Property, Plant and Equipment". We remain unable to determine whether any adjustment is necessary in carrying value of these assets on account of revaluation of deficit/surplus.

- We were not provided access to factory premises by the management of the Company due to which we were unable to observe the count of physical stock taking of inventories and to conduct physical verification as at June 30, 2024. We were unable to obtain sufficient appropriate audit evidence about existence, physical condition and reported carrying values of 'Stores Spare & Loose tools' and 'Stock in Trade' amounting to Rs. 8.400 million and Rs. 79.679 million respectively. We remain unable to verify these balances by applying other alternate audit procedures as the information was not provided to us. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Report on Other Legal and Regulatory Requirements

Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we do not express an opinion as to whether,

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

The engagement partner on the audit resulting in this independent auditor's report is **Salahuddin Mahmood**.

Lahore,
Dated: DECEMBER 10, 2024
UDIN: AR202410809azwBoUnyG

Qadeer and Company,
Chartered Accountants Lahore

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

	Note	2024	2023
		Rupees	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
12,500,000 ordinary shares of Rs. 10/- each		<u>125,000,000</u>	125,000,000
Issued, subscribed and paid up share capital	5	<u>104,578,900</u>	104,578,900
Capital reserve	6	<u>100,000,000</u>	100,000,000
Revenue reserves - unappropriated loss		<u>(375,651,301)</u>	(39,620,161)
		<u>(171,072,401)</u>	164,958,739
Directors' loan - unsecured	7	<u>97,058,538</u>	94,308,538
		<u>(74,013,863)</u>	259,267,277
Non-current liabilities			
Long term loan	8	<u>-</u>	-
Lease liabilities	9	<u>8,007,132</u>	15,797,489
Deferred liabilities	10	<u>48,663,059</u>	42,766,362
		<u>56,670,191</u>	58,563,851
Current liabilities			
Trade and other payables	11	<u>294,948,708</u>	194,185,582
Unclaimed dividend	11.02	<u>2,290,218</u>	2,290,218
Accrued mark-up	12	<u>7,926,512</u>	7,926,512
Short term borrowings	13	<u>676,379,342</u>	681,317,985
Current portion of long term loan		<u>6,006,540</u>	6,006,540
Current portion of lease liabilities		<u>8,543,630</u>	6,808,399
Provision for taxation	14	<u>4,478,474</u>	10,371,171
		<u>1,000,573,424</u>	908,906,407
Contingencies and commitments			
	15		
TOTAL EQUITY AND LIABILITIES		<u>983,229,752</u>	<u>1,226,737,535</u>
ASSETS			
Non-current assets			
Property, plant and equipment	16	<u>383,663,671</u>	410,604,548
Capital work in progress	17	<u>-</u>	6,548,799
		<u>383,663,671</u>	417,153,347
Long term deposits	18	<u>1,994,591</u>	1,733,341
		<u>385,658,262</u>	418,886,688
Current assets			
Stores, spares and loose tools	19	<u>8,399,795</u>	24,526,245
Stock in trade	20	<u>79,679,073</u>	280,184,309
Trade debts	21	<u>318,120,039</u>	285,554,958
Loans, advances and other receivables	22	<u>160,576,842</u>	140,729,993
Tax refunds/ rebate due from the Government	23	<u>28,947,159</u>	67,967,959
Cash and bank balances	24	<u>1,848,582</u>	8,887,383
		<u>597,571,490</u>	807,850,847
TOTAL ASSETS		<u>983,229,752</u>	<u>1,226,737,535</u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		Rupees	
Sales - net	25	358,277,910	857,996,198
Cost of sales	26	606,475,218	918,866,713
Gross loss		(248,197,308)	(60,870,515)
Selling and distribution cost	27	-	1,117,682
Administrative expenses	28	61,392,067	41,463,059
Operating loss		(309,589,375)	(103,451,256)
Finance cost	29	6,780,877	27,370,496
Other operating expenses	30	-	1,972,260
		(316,370,252)	(132,794,012)
Loss before levy and tax		(316,370,252)	(132,794,012)
Levy	31	-	-
Loss before tax		(316,370,252)	(132,794,012)
Taxation	31	20,440,911	6,749,503
Loss for the year		(336,811,163)	(139,543,515)
Loss per share - basic and diluted	32	(32.21)	(13.34)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2024

		2024	2023
	Note	Rupees	
Loss for the year		(336,811,163)	(139,543,515)
Other comprehensive income:			
<i>Items that will not be subsequently reclassified to statement of profit or loss:</i>			
Remeasurement of staff retirement benefit	10.08	780,023	10,725,329
Total comprehensive loss for the year		(336,031,140)	(128,818,186)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

		2024	2023
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES	Note		
Loss before levy and tax		(316,370,252)	(132,794,012)
Adjustment for:			
Depreciation	16.01	33,489,679	36,222,625
Finance cost	29	6,780,877	27,370,496
Provision for staff retirement benefits	10.07	6,830,006	8,334,886
		<u>47,100,562</u>	<u>71,928,007</u>
Operating loss before working capital changes		(269,269,690)	(60,866,005)
<i>(Increase)/decrease in current assets:</i>			
Stores, spare parts and loose tools		16,126,450	(370,044)
Stock in trade		200,505,236	135,431,090
Trade debts		(32,565,081)	(33,720,255)
Loans, advances and other receivable		(19,846,849)	(2,414,646)
Sales tax refundable		30,880,858	23,820,357
<i>Increase/(decrease) in current liabilities:</i>			
Trade and other payables		83,238,016	(23,706,457)
		<u>278,338,630</u>	<u>99,040,045</u>
Cash generated from operations		9,068,940	38,174,040
Finance cost paid		(6,780,877)	(27,162,155)
Gratuity paid		-	(22,499,281)
Income tax paid / deducted - net		(821,845)	(7,627,149)
Net cash generated from / (used in) operating activities		1,466,218	(19,114,545)
CASH FLOWS FROM INVESTING ACTIVITIES			
Long-term security deposits		(261,250)	1,278,750
Fixed capital expenditure		-	(63,200)
Net cash (used in) / generated from investing activities		(261,250)	1,215,550
CASH FLOWS FROM FINANCING ACTIVITIES			
Directors' loan - net		2,750,000	1,140,000
Repayment of lease liabilities - net		(6,055,126)	(7,416,342)
Repayment of long term loan - net		-	(6,006,443)
Short term borrowings		(4,938,643)	24,118,925
Net cash (used in) / generated from financing activities *		(8,243,769)	11,836,140
Net decrease in cash and cash equivalents		(7,038,801)	(6,062,855)
Cash and cash equivalents at the beginning of the year		8,887,383	14,950,238
Cash and cash equivalents at the end of the year	24	1,848,582	8,887,383

* There are no non-cash items included in these activities.

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2024

	Issued, subscribed and paid up share capital	Capital reserves	Revenue reserves - unappropriated loss	Sub Total	Directors' loan - unsecured	Total Equity
				Share capital and reserves		
(RUPEES)						
Balance as at July 01, 2022	104,578,900	100,000,000	89,198,025	293,776,925	93,168,538	386,945,463
Directors' loan - unsecured	-	-	-	-	1,140,000	1,140,000
Loss for the year	-	-	(139,543,515)	(139,543,515)	-	(139,543,515)
Other comprehensive income for the year	-	-	10,725,329	10,725,329	-	10,725,329
Total comprehensive loss for the year	-	-	(128,818,186)	(128,818,186)	-	(128,818,186)
Balance as at June 30, 2023	104,578,900	100,000,000	(39,620,161)	164,958,739	94,308,538	259,267,277
Directors' loan - unsecured	-	-	-	-	2,750,000	2,750,000
Loss for the year	-	-	(336,811,163)	(336,811,163)	-	(336,811,163)
Other comprehensive income for the year	-	-	780,023	780,023	-	780,023
Total comprehensive loss for the year	-	-	(336,031,140)	(336,031,140)	-	(336,031,140)
Balance as at June 30, 2024	104,578,900	100,000,000	(375,651,301)	(171,072,401)	97,058,538	(74,013,863)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

1 THE COMPANY AND ITS OPERATIONS

1.01 Aruj Industries Limited ("the Company") was incorporated in Pakistan on December 31, 1992 under the Companies Ordinance, 1984 (now the Companies Act 2017), as a Public Company, limited by shares and quoted on Pakistan Stock Exchange Limited. The company is principally engaged in manufacturing of Fusible Interlining and Dying / Bleaching / Stitching of Fabric. The Company commenced its commercial operations on May 15, 1995.

The geographical location and address of the Company's business units, including mills/plant is as under:

Geographical location

2-KM, Off Raiwind Manga Road, Raiwind, Lahore.
1-KM, Raiwind Road, Thokar Niaz Baig, Lahore.

Business Units

Head office and Plant
Branch Office and shop

1.02 The Company has accumulated losses amounting to Rs. 375.651 million (2023: Rs. 39.620 million) at the year end and net loss during the year comprises of Rs. 336.811 million (2023: Rs. 139.544 million). Also current liabilities of company exceeded its current assets by Rs. 403.002 million (2023: Rs. 101.056 million). These conditions indicate existence of a material uncertainty that may cast significant doubt about the Company's ability to realize its assets in normal course of business and to continue as a going concern. Continuation of the company is dependent on its ability to attain satisfactory levels of profitability and availability of adequate working capital through continued

(a) the sponsors of the Company; and
(b) the principal lenders of the Company for which management is entering into arrangement for rescheduling.

These financial statements have been prepared on applicable financial reporting framework basis on the grounds that the Company will be able to achieve satisfactory levels of profitability and liquidity in the future based on the plans drawn up by the management for this purpose and availability of the adequate working capital from its lenders and sponsors. Based on the management's plan and assured continued support from the directors, the company shall not hit the fundamental accounting assumption as going concern.

To substantiate this assumption the following events are of significance and importance on which attention of the members is drawn :

- That the long term borrowings have been paid to lenders / banks in full during the past years;
- That the Directors and CEO of the Company has injected an additional loan amounting Rs. 2.750 million (2023: Rs. 1.140 million) during the year to meet working capital requirements and for the settlement of long-term liability;
- That the repayment of long-term loan has reduced the financial cost which will contribute in the profit for the subsequent periods;
- The company is successfully generating positive cash flow from its operational activities
- The Directors and sponsors of the Company are committed to provide the financial support required to meet the working capital needs in future.

In view of above, the management is confident that the company's perpetual succession and fundamental accounting assumption of being a going concern is neither threatened nor in question.

2 BASIS OF PREPARATION**2.01 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 as 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 and provisions of and directives issued under the Companies Act, 2017.

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

2.02 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are effective in the current year

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting period beginning on or after July 1, 2023, but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

2.03 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective standards, amendments or interpretations:

Standards, amendments or interpretations	Effective date (accounting period beginning on or
IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2024
IFRS 16 - 'Leases' (amendments)	January 1, 2024
IAS 7 - 'Statement of Cash Flows' (amendments)	January 1, 2024
IFRS 7 - 'Financial Instruments Disclosures' (amendments)	January 1, 2024
IAS 21 - 'The Effects of Changes in Foreign Exchange Rates' (amendments)	January 1, 2025

The management is in the process of assessing the impact of these standards, amendments and interpretations on the financial statements of the Company.

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting period beginning on or after July 1, 2024, but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

IFRS 1 - First-time Adoption of International Financial Reporting Standards
IFRS 17 – Insurance Contracts

2.04 Basis of measurement

These financial statements have been prepared under the historical cost convention except for the Company's liability under defined benefit plan (gratuity) that is determined based on the present value of defined benefit obligation less fair value of plan assets, freehold land that is stated at fair values determined by an independent valuer. These financial statements have been prepared following accrual basis of accounting except for cash flow information.

2.05 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources, actual results may differ from the estimates.

The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made and in any future periods affected. Significant management estimates in these financial statements relate to the useful life of property, plant and equipment, allowances for expected credit losses, slow moving inventory and taxation. However, the management believes that the change in outcome of estimates would not have any material effect on the amounts disclosed in the financial statements.

Judgment made by management in the application of accounting and reporting standards as applicable in Pakistan that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent year are as follows:

2.05.1 Depreciation method, rates and useful lives of property, plant and equipment

The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item.

2.05.2 Recoverable amount of assets / cash generating units

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.05.3 Fair value of financial instruments having no active market

Fair value of financial instruments having no active market is determined using discounted cash flow analysis after incorporating all factors that market participants would consider in setting a price and using inputs that reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

2.05.4 Taxation

The Company takes into account income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by tax department at the assessment stage and where the Company considers that its view of items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

2.05.5 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.05.6 Contingencies

The Company discloses its contingent liabilities for the pending litigations and claims against the Company based on its judgment and the advice of the legal advisor for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the statement of financial position date.

2.06 Functional and presentation currency

Items included in the financial statements are prepared using the currency of the primary economic environment in which the company operates i.e. Pakistan Rupees which is the Company's functional and presentation currency.

3 MATERIAL ACCOUNTING POLICY INFORMATION

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, unless otherwise stated.

3.01 Ordinary share capital

Ordinary share capital is recognized as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as deduction from equity net of any tax effects.

3.02 Employee benefits - Defined benefit plan

The Company operates an unfunded gratuity scheme covering its permanent employees. Employees are eligible for benefits under this scheme after the completion of a prescribed qualifying period of service. The latest actuarial valuation was carried out as at June 30, 2024. Charge for the current year is based on estimates provided by the actuary as at June 30, 2024. All actuarial gains and losses (i.e. remeasurements) are recognized in 'other comprehensive income' as they occur.

3.03 Borrowings

These are recognized initially at fair value less attributable transaction cost. Subsequent to initial recognition, these are stated at amortized cost with any difference between cost and redemption value being recognized in the statement of profit or loss over the period of the borrowings on an effective interest basis.

3.04 Provisions

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

3.05 Taxation

Current

Provision for current taxation is the amount computed on taxable income at the current rates of taxation or alternative corporate tax computed on accounting income or minimum tax on turnover, whichever is higher, and taxes paid / payable on final tax basis, after taking into account tax credit available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from the assessment made / finalized during the year.

Deferred

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

The carrying amount of the deferred tax asset is reviewed at each date of statement of financial position and is recognized only to the extent that it is probable that future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is utilized or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the financial position date.

Levy

Tax charged under Income Tax Ordinance, 2001 which is not based on taxable income or any amount paid / payable in excess of the calculation based on taxable income or any minimum tax which is not adjustable against future income tax liability is classified as levy in the statement of profit or loss and other comprehensive income as these levies fall under the scope of IFRIC 12/IAS 37.

3.06 Trade and other payables

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

3.07 Trade debts and other receivables

Trade debts are carried at original invoice amount, which approximates fair value and subsequently measured at amortized cost, less an allowance made for expected credit losses (ECL) based on review of outstanding amounts at the year end. Allowance for ECL is created when there is an objective evidence that the Company will not be able to collect all the amounts due according to the original terms of receivable. The ECL is recognized in the statement of profit or loss. When trade debt is uncollectable, it is written off against ECL. Subsequent recoveries of amounts previously written off are credited to statement of profit or loss.

3.08 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss (if any), except freehold land that is stated at revalued amount less impairment loss (if any). Cost of property, plant and equipment consists of historical cost and other directly attributable costs incurred to bring the assets to their working condition.

Depreciation on property, plant and equipment has been provided by using the reducing balance method at the rates specified in note 15. The Company charges the depreciation on additions from the date when the asset is available for use and to the preceding day when the asset is de-recognized.

Maintenance and normal repairs are charged to the statement of profit or loss as expense when incurred. Major renewals and improvements are capitalized. Gain or loss on disposal of property, plant and equipment, if any, is shown in the statement of profit or loss.

3.09 Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the expenditures on material, labor and appropriate overheads directly relating to the construction, erection or installation of an item of property, plant and equipment. These costs are transferred to property, plant and equipment as and when related items become available for intended use.

3.10 Impairment

Carrying amounts of the Company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment loss is recognized in the statement of profit or loss.

3.11 Right of use assets and related liabilities

Leases are recognized as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Company.

Lease liabilities are initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease. If the implicit rate cannot be readily determined, the Company's incremental borrowing rate is used. Subsequently these are increased by interest, reduced by lease payments and remeasured for lease modifications, if any.

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 on a straight line method over the lease term as this method most closely reflects 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 recognized right of use assets equal to the present value of lease payments.

3.12 Stores, spares and loose tools

Usable stores and spares are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus Provision for obsolete and slow moving stores and spares is based on management's estimate.

3.13 Stock in trade

These are valued at lower of cost or net realizable value except waste which is valued at net realizable value determined at average selling price.

Cost is determined as follows:

Raw materials	At weighted average cost
Work in process	At annual average material cost plus appropriate manufacturing costs
Finished goods	At average manufacturing cost
Trading goods	At weighted average cost
Wastes	At net realizable value

Net realizable value signifies the estimated selling price at which goods in stock could be currently sold less any further costs that would be incurred to complete the sale.

Costs in relation to work in process and finished goods represent annual average costs which consist of prime costs and appropriate manufacturing overheads.

Items in transit are stated at cost comprising invoice value and other incidental charges paid thereon.

3.14 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flow, cash and cash equivalents comprise cash in hand and cash at banks in current and saving accounts.

3.15 Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through statement of profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at statement of financial position date are carried at amortized cost.

A financial asset is measured at amortized cost if it meets both the following conditions and is not designated as at fair value through statement of profit or loss:

- (i) it is held with in a business model whose objective is to hold assets to collect contractual cash flows; and
- (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs. Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Financial liabilities

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

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the statement of profit or loss.

Off-setting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.16 Foreign currency translation and transactions

Assets and liabilities in foreign currency are stated in Pak Rupees at the rates of exchange ruling on the balance sheet date or rate of exchange fixed under contractual agreements. Transactions in foreign currency are translated into Pak Rupees (functional and presentation) at the exchange rate prevailing on the date of transaction. All exchange differences are included in the statement of profit or loss.

3.17 Related party transactions / Transfer pricing

Transactions with related parties are based on the transfer pricing policy that all transactions between the Company and the related party or between two or more segments of the Company are at arm's length prices using the comparable uncontrolled price method except in circumstances where it is in the interest of the Company not to do so.

3.18 Revenue recognition

Revenue from local sale of goods be recognized at the point in time when control of goods is transferred to the customer, which is when the goods are dispatched to the customer and invoices are generated.

- Revenue is recognized at transaction price (which excludes estimates of variable consideration), which represents the fair value of the consideration received or receivable excluding discount, rebates and government levies and the payment is typically due on the satisfaction of performance obligation.
- Export sales are recorded at the time of receipt of bill of lading.
- Export rebate and duty drawbacks are accrued on the basis of actual export proceeds realized.
- Scrap sales are recognized on delivery to customers at realized amounts.

3.19 Borrowing costs

Borrowing costs relating to the acquisition, construction or production of a qualifying asset are recognized as part of the cost of that asset. All other borrowing costs are recognized as an expense in the period in which these are incurred.

3.20 Dividends

Dividend is recognized as a liability in the period in which it is declared.

3.21 Earning per share (EPS)

Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit and loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

4 CHANGE IN ACCOUNTING POLICY

- During the year, the Institute of Chartered Accountants of Pakistan (ICAP) has withdrawn Technical Release-27 'IAS 12, Income Taxes (Revised 2012)' and issued the 'IAS-12 "Application Guidance on Accounting for Minimum Taxes and Final Taxes" (the Guidance). Accordingly, the Company has changed its accounting policy to recognize minimum and final taxes as 'Levy' under IAS-37 "Provisions, Contingent Liabilities and Contingent Assets" which were previously being recognized as 'Income tax'.

Accordingly, the impact has been incorporated in these financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS-8), 'Accounting Policies, Change in Accounting Estimates and Errors'. However, there has been no effect on the statement of financial position, the statement of changes in equity and the statement of cash flows as a result of this change.

	Note	2024	2023
		Rupees	
5 ISSUED, SUBSCRIBED AND PAID-UP SHAREE CAPITAL			
7,058,190 (2023: 7,058,190) ordinary shares of Rs. 10/- each fully paid in cash		70,581,900	70,581,900
3,399,700 (2023: 3,399,700) ordinary shares of Rs. 10/- each issued for consideration other than cash	5.01	33,997,000	33,997,000
		<u>104,578,900</u>	<u>104,578,900</u>
5.01	These include shares issued against acquisition of assets.		
5.02	The Company has one class of ordinary shares which carry no right to fixed income. The shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets.		
6 CAPITAL RESERVE			
These reserves represents the amount set aside from unappropriated profits and utilized for the purpose of capital expenditures in factory building and plant & machinery.			
7 DIRECTORS' LOAN - UNSECURED			
Loan from directors - unsecured	7.01 & 7.02	97,058,538	94,308,538
7.01	These loans are accounted for under Technical Release - 32 "Accounting Director's Loan" issued by the Institute of Chartered Accountants of Pakistan.		
7.02	These loans have been provided by the chief executive and other directors of the Company for the repayment of long term loans, capital expenditure or otherwise as the Board deems fit. The loans are interest free and there is no fixed tenure for the repayment of the loans, the lenders shall not demand repayment and the same is entirely at the discretion of Company. Accordingly, the loan is treated as equity in accordance with the Technical Release -32 ("Accounting Director's Loan") issued by the Institute of Chartered Accountants of Pakistan and not measured at amortized cost as per requirements of the applicable financial reporting standards.		
8 LONG TERM LOAN			
Loan from banking companies - secured			
Bank Alfalah Limited	8.01 & 8.02	6,006,540	6,006,540
Less: Current portion of long term loan		(6,006,540)	(6,006,540)
		<u>-</u>	<u>-</u>
8.01 Bank Alfalah Limited			
Opening balance		6,006,540	-
Add: Loan received during the year		-	12,012,983
Less: Loan repaid during the year		-	(6,006,443)
		<u>6,006,540</u>	<u>6,006,540</u>
8.02	This represent TF-Refinance facility having limit of Rs. 48.052 million. The loan is repayable in eight quarterly instalments with one quarter grace period starting from 1st October 2020. The expiry date of the facility is 1st October 2022. It carries mark-up at the rate of SBP rate + 3% p.a. The base rate will be 3 month KIBOR at the disbursement date. These facilities are secured as follows:		
1st Paripassu charge of Rs.474 Million on all present and future current assets of the Company.			
1st PariPassu charge of Rs.300 Million over present and future fixed assets of the Company.			
Equitable mortgage along with TRM of Rs. 0.100 Million over a property owned by the Chairman of the Company having a market value of Rs. 147.119 million valued by Materials & Designs services pvt. Limited on 27-12-2019 and Personal Guarantees of all sponsor directors of the Company.			

9 LEASE LIABILITIES

	Note	2024	2023
		Rupees	
Present value of minimum lease payments		16,550,762	22,605,888
Less: current portion shown under current liabilities		(8,543,630)	(6,808,399)
		8,007,132	15,797,489

	2024			2023		
	Future Minimum Lease Payments	Finance Cost	Present Value	Future Minimum Lease Payments	Finance Cost	Present Value
	RUPEES					
Not later than one year	10,883,549	2,339,919	8,543,630	10,506,486	3,698,087	6,808,399
Later than one year but not later than five years	8,811,412	804,280	8,007,132	18,941,688	3,144,199	15,797,489
Total future minimum lease payments	19,694,961	3,144,199	16,550,762	29,448,174	6,842,286	22,605,888

This represents vehicles acquired under lease arrangements. The leases are secured by insurance in lessor's favor and post dated cheques in favor of lessor for entire principal along with markup amount. Rentals are payable monthly. The leases are priced at six month KIBOR plus 2.75% to 3% per annum (2023: six month KIBOR plus 2.75% to 3% per annum). Under the terms of agreement, taxes, repairs, replacements and insurance costs in respect of assets subject to lease are borne by the Company. The Company also has the option to acquire these assets at the end of the respective lease terms and intends to exercise the option.

DEFERRED LIABILITIES

Deferred tax - net	10.01	31,292,964	15,330,527
Employees retirement benefits	10.04	17,370,095	27,435,835
		48,663,059	42,766,362

10

10.01 Deferred tax-net

Taxable temporary differences / (deductible temporary differences) arising in respect of:

Accelerated depreciation	52,805,339	33,065,577
Employees retirement benefits	(5,037,328)	(4,992,281)
Finance lease and others	1,842,054	1,095,858
Minimum Tax	(18,317,101)	(13,838,627)
	31,292,964	15,330,527

10.02 The movement in temporary differences are as follows :

	(RUPEES)				
	Balance as at July 01, 2022	Recognized in profit or loss	Balance as at July 01, 2023	Recognized in profit or loss	Balance as at June 30, 2024
Deferred tax debits:					
Employees retirement benefits	(7,745,028)	2,752,747	(4,992,281)	(45,047)	(5,037,328)
Minimum tax	-	(13,838,627)	(13,838,627)	(4,478,474)	(18,317,101)
	(7,745,028)	(11,085,880)	(18,830,908)	(4,523,521)	(23,354,429)
Deferred tax credits:					
Accelerated depreciation	26,242,050	6,823,527	33,065,577	19,739,762	52,805,339
Finance lease and others	687,584	408,274	1,095,858	746,196	1,842,054
	19,184,606	(3,854,080)	15,330,527	15,962,437	31,292,964

10.03 Deferred tax asset on minimum tax and carry forward of tax losses has not been recognized due to uncertainty of adjustments in foreseeable future.

	Note	2024	2023
		Rupees	
10.04 Employees retirement benefits			
<i>statement of financial position :</i>			
Present value of defined benefit obligation	10.06	17,370,095	27,435,835
Benefits payable as at end of the year		-	-
Balance sheet liability		17,370,095	27,435,835
10.05 Statement of financial position for the previous year			
Present value of defined benefit obligations as at 30th June BoY		27,435,835	52,325,559
Less Fair Value of Plan Assets		-	-
Net Define Benefit Liability as at 30th June BoY		27,435,835	52,325,559
10.06 Reconciliation of Present Value of Defined Benefit Obligations			
Present Value of Defined Benefit Obligations as at 30th June BoY		27,435,835	52,325,559
Service Cost (Current service cost + Past service cost + gain/losses on settlement)		3,807,839	2,892,327
Interest on Defined Benefit Liability		3,022,167	5,442,559
Benefits paid		-	(22,499,281)
Benefits payable		(17,675,769)	-
Actuarial (gain)/losses		780,023	(10,725,329)
Present Value of Defined Benefit Obligations as at 30th June EoY		17,370,095	27,435,835
10.07 Amount Chargeable to Profit or Loss for the current year			
Service Cost (Current service cost + Past service cost + Gain/losses on settlement)		3,807,839	2,892,327
Net Interest on Defined Benefit Liability (Asset)		3,022,167	5,442,559
Total Amount Chargeable To Profit or loss		6,830,006	8,334,886
Head office		1,993,378	3,074,327
Other Staff		4,836,628	5,260,559
Total Amount Chargeable To Profit or loss		6,830,006	8,334,886
10.08 Measurement of Net Defined Benefit Liability			
Actuarial (gain)/losses due to changes in Demographic Assumptions		-	-
Actuarial (gain)/losses due to changes in Financial Assumptions		(42,231)	-
Actuarial (gain)/losses due to experience adjustments		822,254	(10,725,329)
Return on Plane Assets		-	-
Effect of Changes in Asset Ceiling		-	-
Amount chargeable to Other Comprehensive Income (OCI)		780,023	(10,725,329)
10.09 Statement of Financial Position as at 30th June End of the Year (EoY)			
Present Value of Defined Benefit Obligation as at 30th June EoY		17,370,095	27,435,835
Plus Payables		17,675,769	-
Less Fair Value of Plan Assets		-	-
Net Defined Benefit Liability as at 30th June EoY		35,045,864	27,435,835
10.10 Estimated Expense Chargeable to Profit & Loss for the Next Year			
		2023-24	2022-23
Service Cost		2,694,320	3,807,839
Net Interest Cost on Net Defined Benefit Liability		2,562,089	4,458,323
Total Amount Chargeable to Profit or Loss		5,256,409	8,266,162
10.11 Reconciliation of Net Defined Benefit Liability			
Defined Benefit Liability as at 30th June BoY		27,435,835	52,325,559
Cost Chargeable to P&L		6,830,006	8,334,886
Cost Chargeable to OCI		780,023	(10,725,329)
Benefit Paid during the Year		-	(22,499,281)
Net Defined Benefit Liability as at 30th June EoY		35,045,864	27,435,835

10.12 Sensitivity Analysis as at 30.06.2024

Change in assumptions	PVDBO in Rs.
Discount Rate+1%	15,882,365
Discount Rate-1%	18,997,604
Salary income+1%	18,997,184
Salary income-1%	15,882,170

10.13 Method and Assumptions

Valuation Method Used

IAS-19 mandates projected units credit (PUC) Method (which is an Actuarial Technique) to determine the present value of define benefit obligation, current service cost and past service cost. The same method is used the underlying valuation.

Assumptions

The economic and demographic assumption used in the valuation are unbiased, mutually compatible and best estimates as per the requirements of IAS-19. Financial assumptions are based on market expectations as at the valuation date. These assumptions are as follows:

Discount Rate

The market of high quality corporates bonds is not deep enough in Pakistan. Therefore, discount rate is based on market yields on Government bonds as at the valuation date. The discount rate used for the valuation is 14.75% per anum.

Rate of Growth in Salary

The Gratuity benefits are calculated using the Gross Salary. In view of the market expectations and long-term monetary policy of the State Bank regarding inflation, it has been assumed that the average rate of long-term future Salary increase will be 13.75% per anum.

Mortality, Withdrawal, Disability Retirement Rates

The mortality rates used for active employees are based on SLIC (2001-05) Mortality Table.

The rates for withdrawal from service and retirement on ill- health grounds are based on industry / country experience.

Comparison of Assumption with previous valuation

	2024	2023
Discount rate	14.75%	16.25%
Expected rate of salary increase in future years	13.75%	15.25%
Average Expected Remaining Working Lifetime of employees	10 Years	10 Years
Average Duration of Liability	9 Years	9 Years
Normal Retirement Age	60 Years	60 Years

The critical gap between the discount rate and salary growth rates one percentage point (1%). This difference is consistent with previous year's assumptions. Therefore, no significant gain/loss would arise due to change in economic assumptions.

Risk associated with the scheme

Interest Rate Risk

The present value of the defined benefit liability is calculated using the discount rate by the reference to the market yields at the end of the reporting period on high quality corporate bonds, or where there is no Deep market in such bonds, by reference to market yields on government bonds. Currencies and terms of bond yields used must be consistent with the currency and estimated term of the post-employment benefit obligation being discontinued. A decrease in bond interest rates will increase the liability, and vice versa.

Salary Risk

The present value of defined benefit liability is calculated be reference to the future salaries of plan participants. As such, an increase in the salary of plan participants will increase the salary and vice versa.

Withdrawal Rate Risk

The present value of defined benefit liability is calculated be reference to the best estimate of the withdrawal rate / attrition rate of plan participants. As such, an increase in the withdrawal rate may increase/decrease the liability and vice versa depending on the age-service distribution of existing employees.

Mortality Rate Risk

The present value of defined benefit liability is calculated be reference to the best estimate of the mortality plan participants during the employment. An improvement in mortality rates of the participants may increase/decrease the liability and vice versa depending on the age-service distribution of existing employees.

Actuarial Gain/Loss Recognition

The amount of gains/losses has been charged immediately to Other Comprehensive Income as per the provisions of IAS-19.

		2024	2023
	Note	Rupees	
11 TRADE AND OTHER PAYABLES			
Creditors		206,270,255	132,099,370
Advances from customers - unsecured:			
Local		21,848,303	15,390,552
Foreign		7,330,421	7,330,421
Accrued liabilities		14,061,211	7,252,431
Workers' welfare fund		4,524,546	4,524,546
Workers' profit participation fund	11.01	-	-
Withholding tax payable		11,270,648	9,861,264
Employees retirement benefits - current portion		17,675,769	-
Other payables	11.03	11,967,555	17,726,998
		<u>294,948,708</u>	<u>194,185,582</u>
11.01 Workers' profit participation fund			
Opening balance		-	-
Allocation for the year		-	-
		-	-
Less: Paid during the year		-	-
		-	-
11.02	The Company has not complied with the section 244 of Companies Act, 2017 regarding unclaimed dividend amounting to Rs. 2.290 million.		
11.03 Other payables			
E.O.B.I contribution payable		4,896,048	4,100,117
Directors' remuneration payable		-	6,600,000
Sales tax output Un-regt.		31,628	1,072,422
Provident fund payable		2,486,429	2,486,429
Social security payable		3,733,450	2,648,030
Auditors' remuneration		820,000	820,000
		<u>11,967,555</u>	<u>17,726,998</u>
12 ACCRUED MARK-UP			
Long term loan		354,941	354,941
Short term borrowings		7,571,571	7,571,571
		<u>7,926,512</u>	<u>7,926,512</u>
13 SHORT TERM BORROWINGS			
<i>From banking companies - secured:</i>			
Habib Bank Limited	13.01	94,242,833	94,242,833
The Bank of Punjab	13.02	147,653,000	150,000,000
Bank Alfalah Limited	13.03	350,875,381	350,875,731
Meezan Bank Limited	13.04	76,200,977	78,000,000
<i>Banking Overdrafts:</i>			
Bank Alfalah Limited	13.05	7,307,578	7,799,750
JS Bank Limited	13.05	-	399,671
Bank Al-Habib Limited	13.05	99,573	-
		<u>676,379,342</u>	<u>681,317,985</u>

13.01 This represent facility of Finance against packing credit facility (including its sublimit of ERF Part II, Running Finance Facility, FBP facility, FAFB and Letter of Guarantee) having total limit of Rs. 100 million. The expiry date of the facility is 30th April 2022. It carries mark-up at the rate of 3 months KIBOR + 2.5% p.a to 3 months KIBOR + 2.5% p.a and SBP rate + 1% p.a.

The Facility from HBL is secured against 1st pari passu charge over all present and future current assets of PKR 133.333 million, registered with SECP. Lien over Proceeds of export bills sent under LC / collection. 1st pari passu charge over all present and future fixed assets of PKR 100 million registered with SECP and personal Guarantees of all Directors.

13.02 This represents export refinance facility having limit of Rs. 100 million and carries markup at the rate of SBP + 1%; and FAFB facility having limit of Rs. 50 million having markup at the rate of matching KIBOR + 2.5% p.a.

Securities for facilities from The Bank of Punjab are as follows:

- 1st Pari Passu charge of Rs. 134.000 million and Rs. 67.000 million over present and future current assets of the company with 25% margin.
- 1st Pari Passu charge of Rs.100.000 million over present and future fixed assets of the Company.
- Personal Guarantees of Mr. Maqsood Butt, Mr. Ali Maqsood Butt and Mr. Faisal Khan (Directors of the Company) along with their personal net worth statements.
- Token legal mortgage of Rs. 0.1 million along with equitable mortgage over residential property measuring 2 Kanals 14 Marlas owned by director of the Company.
- The expiry date of the facilities from Bank of Punjab was 30th June 2022.

13.03 This represent facilities of CF-Hypo, FAPC Own Source, FBP Disc., SLC and LG having limits of Rs. 60.000 million, Rs. 125.000 million, Rs. 35.000 million, Rs. 142.500 million and Rs. 22.500 million respectively. The expiry date of the facilities are 31st November 2022. It carries mark-up at the rate of 1 months KIBOR + 2.5% and SBP rate + 1% p.a. These facilities are secured as follows:

- 1st Pari passu charge of Rs. 474 million on all present and future current assets of the Company (Shared with HBL : Rs. 133.333 million & BOP: Rs. 201.000 million) to be registered with SECP.
- 1st Pari passu charge of Rs. 300.000 million over present and future fixed assets of the Company (Shared with HBL: 100.000 million & BOP:Rs. 100.000 million) to be registered with SECP.
- Equitable mortgage with TRM over a property owned by the the Company having a market value of Rs. 575.117 million.
- Equitable mortgage over a property owned by the Chairman of the Company having a market value of Rs. 147.119 million.
- Lien on the import and local documents. and
- Personal Guarantees of all sponsor directors of the Company.

13.04 This represents Musawamah (Local/Import) facility having limits of Rs. 78.000 million, for purchase of raw material and retirement of Sight LC's. It carries mark-up at rate of 3 month KIBOR + 2.5% p.a. Expiry of the facility is July 31, 2023.

These facilities are secured as follows:

- Ranking charge over all present and future current assets of the customer with 25% margin.
- Token registered Mortgaged of Rs. 0.100 Million and rest of EM over Commercial property owned by Mrs. Naseem maqsood (Director).
- Personal Guarantees of all sponsoring directors of the Company.

13.05 These represent overdrafts in current accounts of the Company due to unrepresented cheques outstanding at the reporting date.

	Note	2024	2023
		Rupees	
14 PROVISION FOR TAXATION			
Opening balance		10,371,171	14,855,859
Levy		-	-
Provision for current tax for the year		4,478,474	10,603,583
		4,478,474	10,603,583
Payments / adjustments against advance tax		(10,371,171)	(15,088,271)
		4,478,474	10,371,171

Income tax return up to and including tax year 2023 has been filed to the tax authorities under the provision of Income Tax Ordinance, 2001.

15 CONTINGENCIES AND COMMITMENTS

Contingencies

15.01 On behalf of the Company, Bank Alfalah Limited has issued guarantee amounted to Rs. 20.306 million (2023: Rs. 20.306 million) in favor of SNGPL.

15.02 The Company has challenged the recovery of Gas Infrastructure Development Cess and filed petition challenging the demand of GIDC in the High Court of Sindh at Karachi. The High Court of Sindh granted stay against charging of GIDC. Since, the issue is being faced by the industry at large, therefore management is of the view that there is no need to maintain any provision against the liability. The management is confident that the final decision of the case shall be in its favor.

Furthermore, it is difficult to determine the exact monetary estimate as the applicability of the Gas Infrastructure Development Cess is in litigation. However the amount may approximate Rs. 17.970 million.

Commitments

15.03 There are no known material commitments as at reporting date (2023: nil)

16 PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	COST			Rate %	DEPRECIATION				Written down value as at June 30, 2024
	As at July 01, 2023	Addition / Transfer	(Deletion)		As at June 30, 2024	As at July 01, 2023	Adjustment	For the year	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
OWNED ASSETS:									
Freehold land	7,544,681	-	-	7,544,681	-	-	-	-	7,544,681
Building on freehold land	301,018,902	1,010,770	-	302,029,672	5	77,856,851	11,183,441	89,040,292	212,989,380
-Transferred from CWIP	398,617,373	5,538,029	-	404,155,402	10	265,652,166	13,574,181	279,226,346	124,929,056
Plant & Machinery	1,765,664	-	-	1,765,664	10	1,137,870	62,779	1,200,649	565,015
-Transferred from CWIP	58,757,306	-	-	58,757,306	20	46,997,682	2,351,925	49,349,607	9,407,699
furniture & fixture	6,593,582	-	-	6,593,582	10	2,711,239	388,234	3,099,473	3,494,109
Motor Vehicles	145,757	-	-	145,757	10	120,716	2,504	123,220	22,537
Office Equipment	366,921	-	-	366,921	10	329,563	3,736	333,298	33,623
Loose Tools	4,282,897	-	-	4,282,897	10	2,616,601	166,630	2,783,231	1,499,666
Laboratory Equipment	556,587	-	-	556,587	10	473,686	8,290	481,976	74,611
Electric Installation	113,775	-	-	113,775	10	107,500	628	108,127	5,648
Fire Fighting Equipment	1,310,000	-	-	1,310,000	10	1,093,364	21,664	1,115,027	194,973
Telephone Installation	781,073,445	6,548,799	-	787,622,244		399,097,236	27,764,011	426,861,247	360,760,998
Gas Installation	36,072,120	-	-	36,072,120	20	7,443,779	5,725,668	13,169,447	22,902,673
Subtotal	36,072,120	-	-	36,072,120		7,443,779	5,725,668	13,169,447	22,902,673
RIGHT-OF-USE ASSETS:									
Motor Vehicles									
Subtotal									
TOTAL 2024	817,145,565	6,548,799	-	823,694,364		406,541,015	33,489,679	440,030,695	383,663,671

16.01 Depreciation is allocated as under:

	2024	2023
Cost of Sales	25,023,852	26,815,094
Administrative Expenses	8,465,827	9,407,531
	<u>33,489,679</u>	<u>36,222,625</u>

16.02 Land - freehold and building on freehold land

Particulars	Area	Location
Freehold land	112 Kanals and 12 Marlas	2 KM, Off Raiwind Manga Road, Raiwind, Lahore.
Building on freehold land is located in above mentioned freehold land.		

2023 (For comparison only)

PARTICULARS	COST				Rate %	DEPRECIATION				Written down value as at June 30, 2023
	As at July 01, 2022	Addition / Transfer	(Deletion)	As at June 30, 2023		As at July 01, 2022	Adjustment	For the year	As at June 30, 2023	
	Rupees	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees	Rupees	
OWNED ASSETS:										
Freehold land	7,544,681	-	-	7,544,681	-	-	-	-	-	7,544,681
Building on freehold land	301,018,902	-	-	301,018,902	5	66,111,480	11,745,371	77,856,851	223,162,051	
Plant & Machinery	398,617,373	-	-	398,617,373	10	250,878,254	14,773,912	265,652,166	132,965,207	
furniture & fixture	1,765,664	-	-	1,765,664	10	1,068,115	69,755	1,137,870	627,794	
Motor Vehicles	58,757,306	-	-	58,757,306	20	44,057,776	2,939,906	46,997,682	11,759,624	
Office Equipment	6,530,382	63,200	-	6,593,582	10	2,282,835	428,403	2,711,239	3,882,343	
Loose Tools	145,757	-	-	145,757	10	117,934	2,782	120,716	25,041	
Laboratory Equipment	366,921	-	-	366,921	10	325,412	4,151	329,563	37,358	
Electric Installation	4,282,897	-	-	4,282,897	10	2,431,457	185,144	2,616,601	1,666,296	
Fire Fighting Equipment	556,587	-	-	556,587	10	464,475	9,211	473,686	82,901	
Telephone Installation	113,775	-	-	113,775	10	106,803	697	107,500	6,275	
Gas Installation	1,310,000	-	-	1,310,000	10	1,069,293	24,071	1,093,364	216,636	
Subtotal	781,010,245	63,200	-	781,073,445		368,913,832	30,183,404	399,097,236	381,976,207	
RIGHT-OF-USE ASSETS:										
Motor Vehicles	21,400,880	14,671,240	-	36,072,120	20	1,404,558	6,039,221	7,443,779	28,628,341	
Subtotal	21,400,880	14,671,240	-	36,072,120		1,404,558	6,039,221	7,443,779	28,628,341	
TOTAL 2023	802,411,125	14,734,440	-	817,145,565		370,318,390	36,222,625	406,541,015	410,604,548	

	Note	2024	2023
		Rupees	
17 CAPITAL WORK IN PROGRESS			
Building on freehold land:			
As at 01st July		6,548,799	6,548,799
Transferred to property plant & equipment		(6,548,799)	-
As at 30th June		-	6,548,799
18 LONG TERM DEPOSITS			
Considered good			
Sui northern gas pipeline ltd.- non interest bearing		1,351,071	1,351,071
Others - non interest bearing		643,520	382,270
		1,994,591	1,733,341
19 STORES, SPARES AND LOOSE TOOLS			
Stores, spares and loose tools		8,399,795	24,526,245
19.01	No identifiable store and spare are held for specific capitalization.		
20 STOCK IN TRADE			
Finished goods		19,748,888	172,575,362
Raw materials:			
- Fabric and accessories		-	21,463,969
- Chemicals		59,930,185	85,819,467
- Packing material		-	325,511
		79,679,073	280,184,309
20.01	No stock in trade has been pledged by any institution / party.		
21 TRADE DEBTS			
Considered good:			
Export - secured		44,970,690	44,970,690
Local - un-secured		273,149,349	240,584,268
		318,120,039	285,554,958
22 LOANS, ADVANCES AND OTHER RECEIVABLES			
Loans and advances - considered good	22.01	158,376,842	138,529,993
Rebate and DLTTL receivable		2,200,000	2,200,000
		160,576,842	140,729,993
22.01 LOANS AND ADVANCES - CONSIDERED GOOD			
Unsecured:			
To suppliers for goods and services		148,456,842	128,609,993
To employees - Interest free		9,860,000	9,860,000
For local guarantee		60,000	60,000
		158,376,842	138,529,993
23 TAX REFUNDS/ REBATE DUE FROM THE GOVERNMENT			
Advance income tax		11,066,477	19,206,419
Sales tax refundable		17,880,682	48,761,540
		28,947,159	67,967,959
24 CASH AND BANK BALANCES			
Cash in hand		151,500	5,308,646
Cash at banks - <i>current accounts</i>		1,697,082	3,578,737
		1,848,582	8,887,383

		2024	2023
	Note	Rupees	
25 SALES - NET			
Sales:			
- Local	25.01	32,940,415	78,711,432
- Export		-	129,019,216
Local: Processing and coating	25.01	325,337,495	649,397,491
Rebate and DLT on export		-	868,059
		358,277,910	857,996,198
25.01 It is net off of sales tax amounting to Rs. 62.002 million (2023: Rs. 124.018 million) and further sales tax of nil (2023: nil) respectively.			
26 COST OF SALES			
Fabric and accessories consumed	26.01	31,185,482	106,166,654
Chemicals consumed	26.02	215,091,455	496,397,125
Packing material consumed	26.03	4,829,374	10,855,852
Stores and spares consumed	26.04	16,126,450	691,356
Salaries and other benefits	26.05	33,079,457	64,178,650
Fuel and power		122,140,816	124,194,433
Postage, telephone and telegram		860,754	1,500,127
Printing and stationary		99,945	299,970
Laboratory expenses		8,850	154,890
Insurance		123,331	1,123,958
Import expenses		-	4,702,961
Freight and octroi		55,750	975,740
Repair and maintenance - machinery/building		4,656,810	8,285,153
Processing Charges (CMT)		366,418	2,319,307
Depreciation	16	25,023,852	26,815,094
		453,648,744	848,661,270
Finished goods:			
Opening stock		172,575,362	242,780,804
Closing stock		(19,748,888)	(172,575,362)
		152,826,474	70,205,443
		606,475,218	918,866,713
26.01 Fabric and accessories consumed			
Opening stock		21,463,969	100,092,331
Add: Purchases		9,721,513	27,538,292
		31,185,482	127,630,623
Less: Closing stock		-	(21,463,969)
		31,185,482	106,166,654
26.02 Chemicals consumed			
Opening stock		85,819,467	71,948,039
Add: Purchases		189,202,173	510,268,553
		275,021,640	582,216,592
Less: Closing stock		(59,930,185)	(85,819,467)
		215,091,455	496,397,125

		2024	2023
	Note	Rupees	
26.03 Packing material consumed			
Opening stock		325,511	794,225
Add: Purchases		4,503,863	10,387,138
		<u>4,829,374</u>	<u>11,181,363</u>
Less: Closing stock		-	(325,511)
		<u>4,829,374</u>	<u>10,855,852</u>
26.04 Stores and spares consumed			
Opening stock		24,526,245	24,156,201
Add: Purchases		-	1,061,400
		<u>24,526,245</u>	<u>25,217,601</u>
Less: Closing stock		(8,399,795)	(24,526,245)
		<u>16,126,450</u>	<u>691,356</u>
26.05	Salaries and other benefits include staff retirement benefits amounting to Rs. 4.837 million (2023: Rs. 5.261 million).		
27 SELLING AND DISTRIBUTION COST			
Export expenses		-	1,117,682
		<u>-</u>	<u>1,117,682</u>
28 ADMINISTRATIVE EXPENSES			
Director's remuneration		7,164,000	7,164,000
Salaries and other benefits	28.01	13,974,120	14,461,447
Postage and telegram		77,208	12,700
Printing and stationary		30,489	197,875
Vehicle running and maintenance		336,660	1,587,917
Fee and subscription		579,688	595,436
Entertainment		205,400	410,691
Auditor's remuneration	28.02	820,000	820,000
Sales tax refundable irrecoverable		26,698,045	-
Misc Expenses		3,040,630	6,470,462
Legal and professional		-	335,000
Depreciation	16	8,465,827	9,407,531
		<u>61,392,067</u>	<u>41,463,059</u>
28.01	Salaries and other benefits include staff retirement benefits amounting to Rs. 1.993 million (2023: Rs. 3.074 million).		
28.02 AUDITOR'S REMUNERATION			
Audit fee		700,000	700,000
Half yearly review		50,000	50,000
Other certification charges		50,000	50,000
Out of pocket expenses		20,000	20,000
		<u>820,000</u>	<u>820,000</u>
29 FINANCE COST			
Interest / mark-up on:			
Short-term borrowings		3,398,593	21,763,090
Long term loan		-	398,378
Finance lease		3,134,238	3,736,452
Bank charges		248,046	1,472,576
		<u>6,780,877</u>	<u>27,370,496</u>

	Note	2024	2023
		Rupees	
30 OTHER EXPENSES			
Exchange loss		-	1,972,260
31 LEVY AND TAXATION			
Levy		-	-
Current tax - for the year		4,478,474	10,371,171
- prior years		-	232,412
Deferred tax - net		15,962,437	(3,854,080)
		20,440,911	6,749,503

31.01 Income tax return has been filed to income tax authorities up to and including tax year 2023 under the provisions of the Income tax Ordinance, 2001.

31.02 Numerical reconciliation between the average effective tax rate and the applicable tax rate is not given due to application of minimum tax @ 1.25% (2023: 1.25%) on local sales (2023: final tax @ 1%) on export sales realizations for the calculation of provision of tax for the year and application of tax credits.

32 LOSS PER SHARE - Basic and diluted			
Loss after taxation for the year	Rupees	(336,811,163)	(139,543,516)
Outstanding weighted average ordinary shares	No. of shares	10,457,890	10,457,890
Loss per share - Basic and diluted	Rupees	(32.21)	(13.34)

33 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets as per statement of financial position - at amortized cost

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

Long term deposits	1,994,591	1,733,341
Trade debts	318,120,039	285,554,958
Loans and advances	9,920,000	9,920,000
Cash and bank balances	1,848,582	8,887,383
	331,883,212	306,095,682

Financial liabilities as per statement of financial position

- At cost

Directors' loan - unsecured	97,058,538	94,308,538
-----------------------------	------------	------------

- At amortized cost

Long term loan	6,006,540	6,006,540
Trade and other payables	290,424,162	189,661,036
Accrued interest / mark-up	7,926,512	7,926,512
Short term finance	676,379,342	681,317,985
	997,287,318	907,517,961

34

FINANCIAL INSTRUMENTS

34.01 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors.

(a) **Market risk**

(i) **Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company imports some items of garment accessories and chemicals such as HDP and also exports goods that are exposed to currency risk, primarily with respect to liabilities and foreign currency debts denominated in US Dollars. In current year under report, the Company has imported some raw material denominated in Dollars. The Company's exposure to foreign currency risk in US Dollars is as follows:

	2024	2023
	Rupees	
Foreign trade debts	44,970,690	44,970,690
Foreign payables	-	-
Net exposure	44,970,690	44,970,690

The following significant exchange rates have been applied at the reporting dates:

USD to PKR	278.04	290.00
------------	--------	--------

The Company manages its currency risk by close monitoring of currency markets. However, the Company does not hedge its currency risk exposure.

At June 30, 2024, if the Rupee had weakened / strengthened by 1% against the US dollar with all other variables held constant, pre-tax profit for the year would have been Rs. 449,707/- (2023: Rs. 449,707/-) lower / higher, mainly as a result of foreign exchange losses / gains on translation of US dollar-denominated financial assets and liabilities.

(ii) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company has no significant interest-bearing assets, the Company's income and operating cash inflows are substantially independent of changes in market interest rates.

At the reporting date, the interest rate profile of the company's significant interest bearing financial instruments was as follows:

Financial liabilities - variable rate instruments:

Finance lease	16,550,762	22,605,888
Long term loan	6,006,540	6,006,540
Short term borrowings	676,379,342	681,317,985
	698,936,644	709,930,413

Financial assets

	-	-
	698,936,644	709,930,413

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 rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments:

A change of 1% in interest rates at the reporting date would have decreased / (increased) profit for the year by the amount shown below. This analysis assumes that all other variables, in particular foreign currency rates, remains constants. This analysis is performed on the same basis as for 2023.

	Profit and Loss 1% rate	
	Increase	Decrease
As at June 30, 2024		
Cash flow sensitivity - variable rate financial liabilities	6,989,366	(6,989,366)
As at June 30, 2023		
Cash flow sensitivity - variable rate financial liabilities	7,099,304	(7,099,304)

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity securities price risk as its investment is not in any securities.

(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter parties fail to discharge an obligation. Credit risk arises from deposits with banks, trade debts, loans and advances, deposits and other receivables. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities, where applicable. Where considered necessary, advance payments are obtained from certain parties. Out of the total financial assets of Rs 331,927,958/- (2023: Rs 306,095,682/-), the financial assets that are subject to credit risk aggregated Rs 318,120,039. The maximum exposure to credit risk for trade debts at the balance sheet date by geographic region is as follows:

	2024	2023
	Rupees	
Local debts	273,149,349	240,584,268
Foreign debts	44,970,690	44,970,690
	318,120,039	285,554,958

The majority of foreign debtors of the company are situated in Europe.

The aging of loans and receivables at the reporting date was:

	2024	2023
Past due upto 12 months	71,916	263,789,654
More than one year	318,048,123	21,765,304
	318,120,039	285,554,958

For trade debts, management determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are fixed by the management based on internal or external ratings. The utilisation of credit limits is regularly monitored. Accordingly the credit risk is minimal and the Company also believes that it is not exposed to major concentration of credit risk. The carrying values of financial assets which are neither past due nor impaired are as under:

	2024	2023
	Rupees	
Long term deposits	1,994,591	1,733,341
Trade debts	318,120,039	285,554,958
Loans and advances	9,920,000	9,920,000
Cash and bank balances	1,697,082	3,578,737
	331,731,712	300,787,036

The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history, however, no losses. The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Banks	Rating Agency	Rating	
		Long term	Short term
Bank Al-Habib Limited	PACRA	AAA	A-1+
The Bank of Punjab	PACRA	AA+	A-1+
Meezan Bank	JCR-VIS	AAA	A-1+
Habib Bank Limited	JCR-VIS	AAA	A-1+
JS Bank Limited	PACRA	AA-	A-1+
Bank Al-Falah Limited	PACRA	AA+	A-1+
Faysal Bank Limited	PACRA	AA	A-1+
Standard Chartered Bank (Pakistan) Limited	PACRA	AAA	A-1+

(c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to growing nature of the business the Company maintains flexibility in funding by maintaining committed credit lines available.

Financial Liabilities in accordance with their contractual maturities are presented as follows:

FINANCIAL LIABILITIES	Interest / mark up bearing		Non interest bearing		Total
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year	
RUPEES					
June 30, 2024:					
Directors' loan - unsecured	-	-	-	97,058,538	97,058,538
Long term loan	6,006,540	-	6,006,540	-	6,006,540
Lease liabilities	8,543,630	8,007,132	16,550,762	-	16,550,762
Trade and other payables	-	-	265,769,984	-	265,769,984
Accrued mark up	-	-	7,926,512	-	7,926,512
Unclaimed dividend	-	-	2,290,218	-	2,290,218
Short-term finance	676,379,342	-	676,379,342	-	676,379,342
	690,929,512	8,007,132	698,936,644	97,058,538	1,071,981,896
June 30, 2023:					
Directors' loan - unsecured	-	-	-	94,308,538	94,308,538
Long term loan	6,006,540	-	6,006,540	-	6,006,540
Lease liabilities	6,808,399	15,797,489	22,605,888	-	22,605,888
Trade and other payables	-	-	189,661,036	-	189,661,036
Accrued mark up	-	-	7,926,512	-	7,926,512
Unclaimed dividend	-	-	2,290,218	-	2,290,218
Short-term finance	681,317,985	-	681,317,985	-	681,317,985
	694,132,924	15,797,489	709,930,413	94,308,538	1,004,116,717

34.02 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any externally imposed Capital requirements.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

During the year, the Company's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2024 and 2023 were as follows:

	Note	2024	2023
		Rupees	
Long term financing		22,557,302	28,612,428
Short term finance		676,379,342	681,317,985
Total debt		698,936,644	709,930,413
Total Equity		(74,013,863)	259,267,277
Total Capital		624,922,781	969,197,690
Gearing Ratio		111.84%	73.25%

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

35 CHIEF EXECUTIVE, DIRECTORS' AND EXECUTIVES' REMUNERATION

	Chief Executive		Directors	
	2024	2023	2024	2023
	RUPEES		RUPEES	
Remuneration	3,924,000	3,924,000	3,240,000	3,240,000
Total	3,924,000	3,924,000	3,240,000	3,240,000
Number of persons	1	1	1	1

35.01 The Chief Executive and Directors are also provided with free use of the Company maintained cars and residential phones. Further, Person qualified as executive of the company in accordance with the Companies Act, 2017 are four drawing average monthly gross salary in aggregate, amounting to Rs. 942,500/- (2023: eight persons drawing average monthly gross salary in aggregate, amounting to Rs. 1,383,000/-)

35.02 No meeting fee has been paid to any director of the Company.

36 AGGREGATE TRANSACTIONS WITH RELATED PARTIES

The Company may in the normal course of business carry out transactions with related parties. Amounts due from related parties, transaction with related parties and relationship with related parties are shown under respective notes, if any. Remuneration of Chief Executive Officer, Directors and Executive is disclosed in note 35 and loan from directors is disclosed in note 7 of these financial statements.

Name and Nature of related Party	2024	2023
	Rupees	
Dr. Naseem Maqsood	3,000,000	-
Mr. Ali Maqssod Butt	(250,000)	1,140,000
Loans received during the year - net	2,750,000	1,140,000

37 PLANT CAPACITY AND ACTUAL PRODUCTION

37.1	Processing capacity	Meters	
		2024	2023
	Annual capacity	24,540,000	24,540,000
	Actual production	2,430,330	5,868,133
37.2	Garments capacity	Pieces	
		2024	2023
	Annual capacity	1,650,000	1,650,000
	Actual production	563,458	282,861

37.3 The difference between annual capacity and actual production is mainly due to supply demand situation in domestic and international markets. Further, exact comparison of the plant capacity and actual production of these divisions are indeterminable due to multi product plants involving varying processes of manufacturing and run length of order lots.

38 ENTITY-WIDE INFORMATION

The Company constitutes of a single reportable segment, the principal classes of products are Fusible Interlining, Dying / Bleaching / Processing, Stitching of Fabric and other related products.

Information about geographical areas

The Company does not hold non-current assets in any foreign country.

Information about major customers

The Company have transactions with one (2023: ten) external customers each of which amounts to almost 10 percent of its revenues.

	2024	2023
39 NUMBER OF EMPLOYEES	No of employees	
Average during the year	79	183
As at June 30	60	97

40 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the board of directors in their meeting held on December 06, 2024.

41 GENERAL

- Figure have been rounded off to the nearest Pakistani rupee.
- Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation. However, no significant reclassification / rearrangements have been made in these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

FORM 20

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

1.1 Name of the Company **ARUJ INDUSTRIES LIMITED**

2.1. Pattern of holding of the shares held by the shareholders as at

30-06-2024

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
93	1	100	3,855
365	101	500	173,290
70	501	1,000	65,113
57	1,001	5,000	145,649
6	5,001	10,000	44,307
6	10,001	15,000	69,195
2	15,001	20,000	31,500
3	20,001	25,000	71,350
1	25,001	30,000	30,000
3	35,001	40,000	117,179
2	45,001	50,000	93,414
2	50,001	55,000	105,092
1	65,001	70,000	70,000
1	70,001	75,000	74,765
1	120,001	125,000	124,897
1	185,001	190,000	187,700
1	415,001	420,000	419,994
1	455,001	460,000	458,010
1	505,001	510,000	509,871
2	895,001	900,000	1,799,650
1	1,660,001	1,665,000	1,664,011
1	1,885,001	1,890,000	1,889,527
1	2,305,001	2,310,000	2,309,521
622			10,457,890

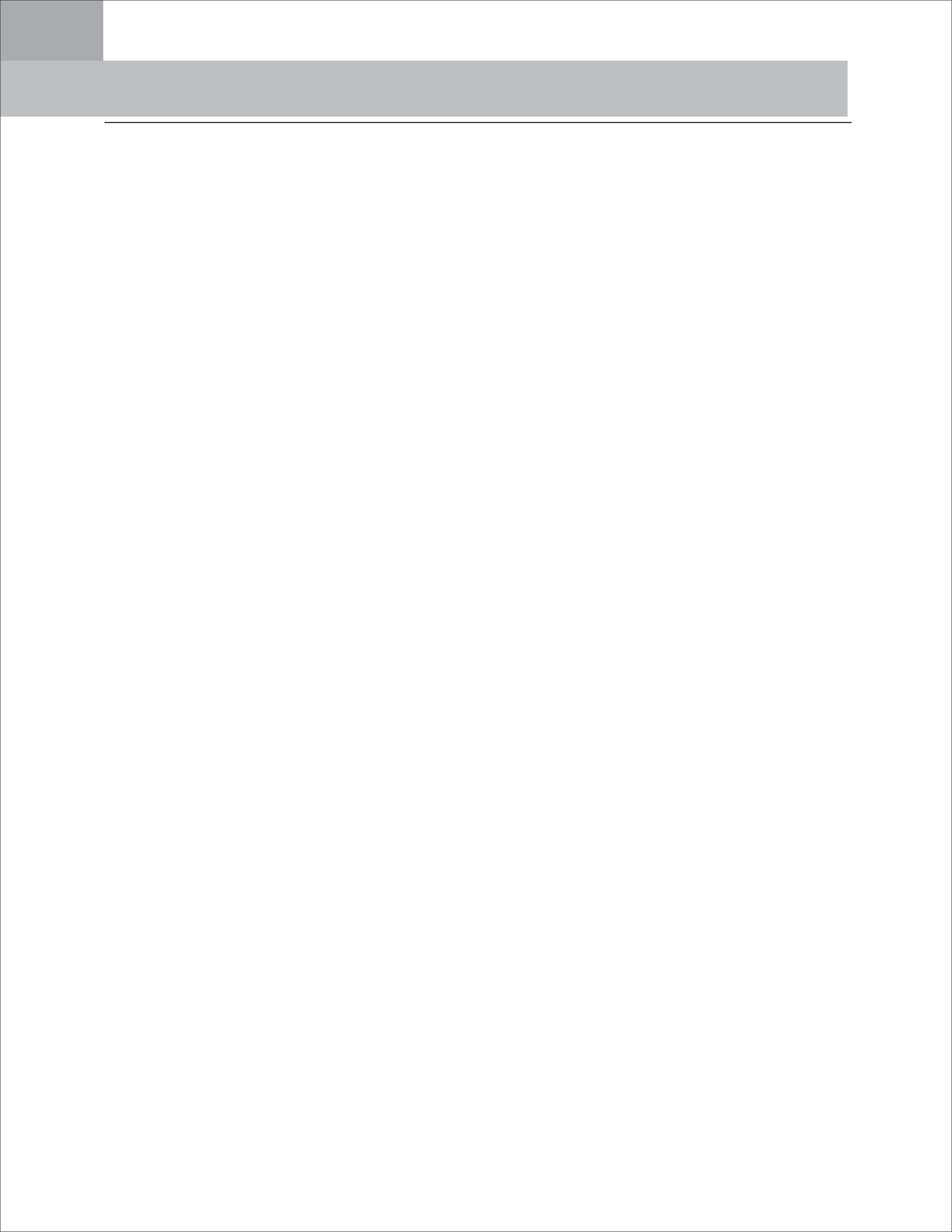
2.3 Categories of Shareholders	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	6,928,563	66.2520%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	187,700	1.7948%
2.3.3 NIT and ICP	0	0.0000%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	38	0.0004%
2.3.5 Insurance Companies	0	0.0000%
2.3.6 Modarabas and Mutual Funds	0	0.0000%
2.3.7 Shareholders holding 10% or more	5,863,059	56.0635%
2.3.8 General Public		
a. Local	3,297,079	31.5272%
b. Foreign	0	0.0000%
2.3.9 Others (to be specified)		
- Joint Stock Companies	38,096	0.3643%
- Pension Funds	6,197	0.0593%
- Others	217	0.0021%

ARUJ INDUSTRIES LIMITED
Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2024

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
1	ARUJ ENTERPRISES (PVT) LTD.	187,700	1.7948%
Mutual Funds (Name Wise Detail)			
		-	-
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MRS. DURRAY ZARA BUTT	1,889,527	18.0680%
2	MR. ALI MAQSOOD BUTT	509,871	4.8755%
3	MRS..DR. ARUJ BUTT	2,309,521	22.0840%
4	MR. FAISAL KHAN	419,994	4.0160%
5	MR. MUHAMMAD SAJJAD HUSSAIN	-	0.0000%
6	SH. GHULAM MUSTAFA	-	0.0000%
7	MISS AMARA JAVAID	-	0.0000%
8	MR. MURAD ALI BUTT (THROUGH GUARDIAN MR. ALI MAQSOOD BUTT	899,825	8.6043%
9	MISS. INSHA ALI BUTT (THROUGH GUARDIAN MR. ALI MAQSOOD BUTT	899,825	8.6043%
Executives:			
		-	-
Public Sector Companies & Corporations:			
		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		6,235	0.0596%
Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)			
1	MRS.DR. ARUJ BUTT	2,309,521	22.0840%
2	MRS. DURRAY ZARA BUTT	1,889,527	18.0680%
3	MR. MAQSOOD AHMAD BUTT	1,664,011	15.9115%
4	MR. MURAD ALI BUTT (THROUGH GUARDIAN MR. ALI MAQSOOD BUTT	899,825	8.6043%
5	MISS. INSHA ALI BUTT (THROUGH GUARDIAN MR. ALI MAQSOOD BUTT	899,825	8.6043%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S. No.	NAME	SALE	PURCHASE
--------	------	------	----------



پراکسی فارم
(32 ویں سالانہ عام اجلاس)

میں ہم _____ بیٹا/بیٹی/بیوی

کی _____ کی _____ رکن ہونا

کی عروج انڈسٹریز لمیٹڈ کے حاملین _____

کمپنی کے عام حصص، فوئیونمبر/شرکا کی ID/ CDC؛ بلی اکاؤنٹ نمبر کے تحت _____

اس طرح مقدر کریں _____ کی _____ اسے ناکام کرنا _____

کی _____ کے کون ہیں ارکن ہیں۔ عروج انڈسٹریز لمیٹڈ

فوئیونمبر/شرکا کی ID/ CDC؛ بلی اکاؤنٹ نمبر کے تحت _____ بالترتیب، میرے/ہمارے پراکس کے طور پر

میری/ہماری غیر موجودگی میں مجھے/ہمارے لیے اور میری/ہماری طرف سے 32 ویں سالانہ جنرل میں شرکت کرنے اور ووٹ دینے کے لیے

کمپنی کی میٹنگ 28 دسمبر 2024 کو ہونی ہے اور ایسا اس کا کوئی بھی التوا۔

جیسا کہ میرا/ہمارا ہاتھ گواہ ہے۔ _____ دسمبر 2024 کا دن

کی موجودگی میں دستخط کئے۔

کے دستخط
شیر بولڈرز (زبائیں) پر
ریونیوسٹیپ
مالیت - 5 روپے

دستخط کمپنی کے ساتھ رجسٹرڈ نمونے سے متفق ہونا چاہیے

_____ گواہ

_____ نام

_____ پیشہ

_____ پتہ

اہم:

1. پراکسیز، متاثر کن ہونے کے لیے، میٹنگ کے انعقاد کے وقت سے کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرڈ آفس میں موصول ہونے چاہیں اور ان پر دستخط اور گواہ ہونا ضروری ہے۔

2. کوئی شخص پراکسی کے طور پر کام نہیں کرے گا جب تک کہ وہ کمپنی کا رکن نہ ہو۔

3. شیر بولڈرز سے درخواست ہے کہ وہ اپنے پتے میں تبدیلی کی اطلاع دیں، اگر کوئی ہو۔

PROXY FORM
(32nd ANNUAL GENERAL MEETING)

I/We _____ son/daughter/wife

of _____ of _____ being member (s)

of **ARUJ INDUSTRIES LIMITED**, holder of _____

ordinary shares of the Company, under Folio No. / Participant's ID/CDC sub account No. _____

hereby appoint _____ of _____ failing him/her _____

of _____ who is/are member(s) of **ARUJ INDUSTRIES LIMITED**,

under Folio No. / Participant's ID/CDC sub-account No. _____ respectively, as my/our proxy

in my/our absence to attend and vote for me/us and on my/our behalf at the 32nd Annual General Meeting of the Company to be held on December 28, 2024 and/or any adjournment thereof.

As witness my/our hand this _____ day of December, 2024

Signed in the presence of.

Witness _____

Name _____

Occupation _____

Address _____

Signature of
shareholder (s) on
revenue stamp
worth Rupees 5/-

The signature should agree with the specimen registered with the Company.

IMPORTANT:

1. Proxies, in order to be affective, must be received at the Company's Registered Office not less than 48 hours before the time of holding the meeting and must be signed and witnessed.
2. No person shall act as proxy unless he/she is a member of the Company.
3. Shareholders are requested to notify change in their address, if any.



ARUJ INDUSTRIES LTD.

📍 **Corporate Office:** 2-Km off Raiwind Manga Road,
Raiwind, Lahore, Pakistan.

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📠 +92 42 35393127 ✉ info@aruj.com

🌐 www.aruj.com