ANNUAL REPORT 2024

KHALID SIRAJ
Textile Mills Limited

Contents

Company Information

Chief Executive Officer	-	Mian Tayyab Iqbal
Directors	-	Mian Iqbal Barkat
	-	Mian Hassan Barkat
	-	Mian Tahir Iqbal
	-	Mrs. Abida Iqbal
	-	Mrs. Rafia Hassan
	-	Mr. Muhammad Musaddaq
Audit Committee		
Chairman	-	Mian Tahir Iqbal
Members	-	Mrs. Rafia Hassan
	-	Mr. Muhammad Musaddaq
HR Committee		
Chairman	-	Mian Hassan Barkat
Members	-	Mrs. Abida Iqbal
	-	Mr. Muhammad Musaddaq
Company Secretary	-	Haji Tariq Samad
Auditors	-	M/s. Sheikh & Chaudhri (Chartered Accountants) Corporate Avenue, 32-A, Jail Road, Lahore. Ph: 042-35463623-5
Bankers	-	National Bank of Pakistan Habib Metropolitan Bank Limited Meezan Bank Limited
Chief Financial Officer	-	Mr. Nabeel Ahmed
Legal Advisor	-	Mr. Majid Ali Rana (Advocate)
Share Registrar	-	M/s. Corplink (Pvt) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore. Ph: 042-35916714, Fax: 042-35869037
Registered Office	-	135-Upper Mall, Lahore.
Website Address	-	www.kstmlspinning.com.pk
Mills	-	48-K.M, Lahore-Multan Road, Phool Nagar, Tehsil Pattoki, Distt. Kasur.

Vision & Mission Statement

Vision Statement

To accomplish, build up and sustain a good reputation of the project in textile sector locally and globally by manufacturing and marketing high quality of yarn through team work by means of honesty, integrity and commitment.

Mission Statement

To provide maximum satisfaction to customers by Supplying fine quality yarn for knitting and Weaving for well Known textile Brands through effective utilization of men, Material and machines by encouraging, supporting and rewarding the employees and sharing profits with our shareholders. We do have social responsibility towards our community in which we operate and we are committed to safety, health and environment in all our operations.

Chairman's Review Report

The Board of Directors is performing its duties in accordance with law and in the best interest of company and its shareholders. As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of Khalid Siraj Textile Mills Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

Despite unprecedented challenges faced by the economy, the Board overall performance and effectiveness has been assessed satisfactory for the financial year ended June 30, 2024 as the Company is able to generate some revenue. The performance is based on evaluation of integral components including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management and efficiency in carrying out the Board business. I would like to extend my acknowledgement and gratefulness towards the Board for its positive contribution and continuous commitments.

The Board has exercised all its power in accordance with relevant laws and regulations and all Board members are equally involved in important decision of the Company. Hope that their performance during coming years will improve further.

on behalf of the Board of Directors

Mian Tahir Iqbal
Director

Lahore: January 06, 2025

Directors' Report

On behalf of the Board of Directors the undersigned takes pleasure to present before you the 37th (thirty sixth) Annual Report for the financial year ended June 30, 2024 along with Auditors' Report thereon.

Operating Financial Results

During the financial year under review, the company has posted net profit after taxation of Rs.0.329 million and net profit Rs.0.409 million of the corresponding last year.

The composition of net profit is as under:-

APPROPRIATIONS

	2024	2023
	Rupees	
Other operating Income	20,137,171	30,400,000
Profit / (Loss) before taxation	(6,950,955)	635,492
Taxation	(6,773,802)	(306,200)
Profit / (Loss) after taxation	(13,724,757)	329,292
Other comprehensive income for the year		
Revaluation surplus pertaining to property, plant and equipment	0	0
Other comprehensive income for the year (net of tax)	0	0
Total comprehensive Income / (loss) for the year	(13,724,757)	329,292
Profit / (Loss) per share (basic and anti-dilutive)	(1.28)	0.03

Charts of Significant Ratios and comparison with previous years

	2024	2023	2022	2021	2020
Turnover (Net)	-	-	-	3,302	-
Profit/Loss before taxation	(6,951)	635	1,871	3,920	(26,623)
Profit/Loss after taxation	(13,725)	329	409	15,663	(20,322)
Owner's equity (ordinary shareholders)	(57,922)	(44,197)	(44,526)	(44,935)	(145,985)
Breakup value of share of Rs. 10 each	(5.41)	(4.13)	(4.16)	(4.20)	(13.64)
Earnings per share-basic	(1.28)	0.03	0.04	1.46	(1.90)
Total assets	324,307	348,380	375,130	408,632	337,610

Future outlook / Strategy

There have been uncertainties during the financial year, mainly due to abrupt devaluation which resulted in an increase in inflation. Electricity rates have been inflated to levels that the market is not absorbing. Regionally competitive rates are to re-instated for spinning sector to work efficiently. After the receipt of financial assistance from friendly countries, foreign direct investment and the approval of bailout package by the IMF, it is expected that the economy now finds its way to towards gaining momentum. To counter this challenging economic situation; the Pakistani textile sector shall have to be a cost effective niche marketing, product and customer development are the essential tools to remain competitive domestically and internationally. The management is confident that the company shall be able to improve its operational performance and going forward.

The management of the company is determined and optimist to turn the unit as viable, operational and profitable in future. We hope that the Change in Government Policies and facilitation to textile sector will bring fruitful results for the Company.

CORPORATE GOVERNANCE

The Board of Directors of Khalid Siraj Textile Mills Limited and its management are fully conversant with its responsibilities as formulated in Code of Corporate Governance as incorporated in the listing regulations of stock exchanges issued by the SECP.

In compliance with the Code of Corporate Governance, the Directors are pleased to state that:

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

2. The company has maintained proper books of Account;

3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;

4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements;

5. The system of internal control is sound in design and has been effectively implemented and monitored;

6. There are no significant doubts upon the company's ability to continue as a going concern, however, uncertain circumstances are discussed in note 4.4 of notes to the accounts. The company has sound potentials to continue as going concern;

7. There are no statutory payments due on account of taxes, duties, levies and charges which are outstanding except for those disclosed in attached financial statements;

8. Board of Directors, CEO, CFO, Company Secretary, Executives and their spouse and minor children have made no transaction of company’s shares during the year except that mentioned in “Pattern of shareholding”.

9. Key operating ratios and financial results of the company for the last six years are annexed.

10. During the year under review, five (5) meeting of Board of Directors were held and the attendance of Directors were as under:-

1.	Mr. Mian Tayyab Iqbal	05 Nos.
2.	Mr. Mian Tahir Iqbal	05 Nos.
3.	Mr. Mian Iqbal Barkat	05 Nos.
4.	Mr. Mian Hassan Barkat	05 Nos.
5.	Mr. Muhammad Musaddaq	03 Nos.
6.	Mrs. Abida Iqbal	04 Nos.
7.	Mrs. Rafia Hassan	04 Nos.

Leave of absence was granted by the board to the non-attending directors.

Audit Committee

Board of Directors of your Company has established Audit Committee of the Board in compliance with the requirements the Listed Companies (Code of Corporate Governance), Regulations, 2019. Term of reference of the Committee was duly communicated to the members by the Board.

Four (4) meeting of audit committee were held during the year. Attendance by each member was as follows:-

Mian Tahir Iqbal	Chairman	04 Nos.
Mrs. Rafia Hassan	Member	04 Nos.
Mr. Shahid Mehmood	Member	04 Nos.

HR Committee Meetings

Four (4) meetings of HR & Remuneration Committee were held during the year. Attendance by each member was as follows:-

Mian Hassan Barkat	Chairman	04 Nos.
Mrs. Abida Iqbal	Member	04 Nos.
Mr. Shahid Mehmood	Member	04 Nos.

Quality Control

To ensure implementation of the Management System, Internal Quality Audits, Surveillance Audits and Management Review Meetings are conducted regularly.

Communication

Communication with the shareholders is given high priority. Annual, Half Yearly and Quarterly Accounts are distributed to them within the time specified in the Companies Act 2017. Every opportunity is given to the individual shareholders to attend and freely ask questions about the company operations at the Annual General Meeting.

Contingencies and Commitments

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which this balance sheet relates and the date of the Directors' Report.

Dividend

Due to the circumstances already discussed the Board of Directors does not recommend any dividend for the year ended 30 June 2024.

Auditors

On the suggestion of Audit Committee, the Board of Directors of the Company has recommended the re-appointment of M/s Sheikh & Chaudhri, Chartered Accountants, as the auditors of the Company for the year ending June 30, 2025.

Pattern of Shareholding and Information Under Clause XVI (J) Of The Code Of Corporate Governance

The information under this head as on June 30, 2024 is annexed.

Corporate Social Responsibility

The company is fully aware of corporate social responsibilities and is supporting social sector organizations in the fields of educations, health and environment. The company gives donations as a financial assistance to charitable organizations as well as also offers internships all around the year to student form colleges and universities.

Acknowledgement

The Board is pleased and appreciates continued support of its bankers, dedication and hard work of all the employees of the company.

On behalf of the Board of Directors

Mian Tayyab Iqbal
Chief Executive Officer

Mian Tahir Iqbal
Director

Lahore: January 06, 2025

Notice of Annual General Meeting

Notice is hereby given that the 37th Annual General Meeting of the shareholders of **Khalid Siraj Textile Mills Limited** (the "Company") will be held on Friday, January 31, 2025 at 10:00 a.m. at the registered office of the Company, 135-Upper Mall, Lahore, to transact the following business:

Ordinary Business:

1 To confirm the minutes of 36th Annual General Meeting held on October 24, 2023.
To receive, consider and adopt the audited financial statements of the Company together with the Chairman's Report, Directors' and Auditors' Reports thereon for the year ended June 30, 2024.
In accordance with the Section 223 of the Companies Act 2017 and in terms of S.R.O No. 389(I)/2023 dated March 21, 2023 issued by (The SECP), Financial Statements of the Company can be accessed through the following web link: https://kstml.com.pk/annual-reports and QR enabled code:

2 Auditors:
To appoint auditors of the Company and fix their remuneration for the year ending June 30, 2025. The retiring Auditors, M/S. Sheikh & Chaudhri, Chartered Accountants, are being eligible, have offered themselves for re-appointment and the Board of Directors recommended their appointment.

3 Any Other Business:
To consider any other business of the Company with the permission of the Chair.

By order of the Board

Haji Tariq Samad

Company Secretary

Lahore: January 06, 2025

NOTES:

1. **Closure of The Transfer Books:** The share transfer books of the Company will remain closed from January 24, 2025 to January 31, 2025 (both days inclusive) to establish the right to attend the Annual General Meeting and to receive the dividend declared. Transfers received at the Company's Share Registrar, M/s. Corplink (Pvt.) Limited, Wing Arcade 1-K Commercial Model Town, Lahore, at the close of business on January 23, 2025 will be treated in time for the purpose to attend and vote at the AGM.
2. **Participation in AGM:** An Individual beneficial owner of share must bring his/her original CNIC or Passport, Account and Participant's I.D numbers to prove his/her identity. A representative of corporate members must bring the Board of Director's Resolution and/or Attorney and the specimen signature of the nominee. CDC account holders will further have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
   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 by the Company at the registered office not less than 48 hours before the time of holding the meeting. A proxy must be a member.
3. **Participation in AGM Through Video Link:** Pursuant to circular 4 of 2021 issued by the SECP, Members who wish to participate virtually in the AGM are requested to share below in formation at kstmlspinning@outlook.com at least 07 days prior to date the meeting.

Name of Shareholder	CNIC number	Folio/CDC/Account No.	Registered email	Cell Number

Shareholders, who will be registered, after necessary verification as per the above requirement, will be provided a password protected video link by the Company via email. The said link will be open from 10:00 am at the date of AGM till the end of the meeting.

4. **Electronic Voting:**
    a) In accordance with Companies Regulation, 2018, (the "Regulations") the right to vote through electronic voting facility and voting by post shall be provided to members of every listed company for, inter alia, all businesses classified as special business under the Companies Act, 2017 in the manner and subject to conditions contained in the Regulations;
    b) Detail of E-Voting facility will be shared through e-mail with those members of the company who have valid cell numbers/e-mail address available in the register of members of the company by the end of business on January 23, 2025 by M/s Corplink (Pvt) Ltd being the E-voting service provider. E-voting shall be authenticated through electronic signature or authentication for login.
    c) Members shall cast vote online form January 25, 2025 to January 31, 2025 at 05:00 p.m. and voting shall close on January 31, 2025 at 05:00 p.m. Once the vote on the resolution has been casted by a Member, he/she shall not be allowed to change it subsequently.
5. **Procedure for Voting Through Postal Ballot:** Members may alternatively opt for voting post ballot. For convenience of the members, Ballot Paper is available on the Company's website www.kstml.com.pk to download. The members must ensure that duly filled and signed ballot paper along with a copy of CNIC should reach the company secretary through post at 135-Upper Mall, Lahore or email at kstmlspinning@outlook.com one day before the AGM, i.e. January 30, 2025 before 5:00p.m.
6. **Transmission of Annual Financial Statements through Email:** The Audited Financial Statements of the Company for the year ended June 30, 2024 have been made available on the Company's website (https://www.kstml.com.pk). Further, those members who require a hard copy of the Company's Annual Report are requested to provide us their latest address to enable us send these by courier / post.

Pattern of Shareholding
The Companies Act, 2017 (Section 227(2) (f)

FORM 34

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

1.1 Name of the Company **KHALID SIRAJ TEXTILE MILLS LIMITED**

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

	------Shareholdings------		
2.2 No. of Shareholders	**From**	**To**	**Total Shares Held**
497	1	100	21348
297	101	500	94688
242	501	1000	162393
218	1001	5000	466437
43	5001	10000	302488
13	10001	15000	161822
4	15001	20000	71469
4	20001	25000	95000
4	25001	30000	112107
2	30001	35000	67500
6	35001	40000	224400
1	40001	45000	45000
3	50001	55000	161500
1	55001	60000	56129
2	60001	65000	126413
2	70001	75000	149400
1	85001	90000	86567
1	100001	105000	102800
3	105001	110000	324712
10	110001	115000	1128987
1	140001	145000	140654
2	145001	150000	298530
1	150001	155000	152100
1	155001	160000	159160
1	160001	165000	162500
1	170001	175000	173007
1	175001	180000	176900
1	180001	185000	185000
1	190001	195000	191230
1	240001	245000	240750
1	295001	300000	299600
1	305001	310000	306062
1	365001	370000	369973
2	370001	375000	746677
1	380001	385000	382232
1	395001	400000	399431
1	420001	425000	420304
1	550001	555000	553840
1	680001	685000	682998
1	695001	700000	697892
1376			10,700,000

2.3 Categories of shareholders	Share Held	Percentage
2.3.1 Directors, Chief Executive Officers, and their spouse and minor children	1,105,741	10.3340%
2.3.2 Associated Companies, undertakings and related parties (Parent Company)	0	0.0000%
2.3.3 NIT and ICP	690,898	6.4570%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	4,899	0.0458%
2.3.5 Insurance Companies	420,304	3.9281%
2.3.6 Modarabas and Mutual Funds	11,235	0.1050%
2.3.7 Share holders holding 10% or more	0	0.0000%
2.3.8 General Public		
a. Local	8,377,146	78.2911%
b. Foreign	0	0.0000%
2.3.9 Others (to be specified)		
1- Joint Stock Companies	13,936	0.1302%
2- Pension Funds	64,042	0.5985%
3- Others Companies	2,492	0.0233%

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):	-	-
	Mutual Funds (Name Wise Detail)	-	-
	Directors and their Spouse and Minor Children (Name Wise Detail):		
1	MIAN IQBAL BARKAT	546,682	5.1092%
2	MIAN TAYYAB IQBAL (CDC)	130,929	1.2236%
3	MRS. RAFIA HASSAN	111,600	1.0430%
4	MRS. ABIDA IQBAL	102,800	0.9607%
5	MIAN TAHIR IQBAL	10,000	0.0935%
6	MIAN HASSAN BARKAT (CDC)	203,230	1.8993%
	Executives:	697,892	6.5224%
	Public Sector Companies & Corporations:	-	0.0000%
	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:	500,480	4.6774%

Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)

S. No.	NAME	Holding	%Age
1	MIAN HUSSAIN BARKAT	697,892	6.5224%
2	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	682,998	6.3832%
3	MIAN FAROOQ BARKAT	616,211	5.7590%
4	MIAN IQBAL BARKAT	546,682	5.1092%

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
	NIL	NIL	NIL

Statement of Compliance

WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATION, 2019

Name of the Company : Khalid Siraj Textile Mills Limited (the **"Company"**)
For the Year ended : June 30, 2024

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

1. The total number of directors are seven (7) as per the following:

   a) **Male:** Five (5) b) **Female:** Two (2)

2. The composition of board is as follows:

Category	Name
Independent Directors	• None
Executive Directors	• Mian Tayyab Iqbal
Non-Executive Directors	• Mian Iqbal Barkat • Mian Tahir Iqbal • Mian Hassan Barkat • Mrs. Abida Iqbal • Mrs. Rafia Hassan • Mr. Muhammad Musaddaq

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

4. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by 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. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

10. The financial statements of the company were duly endorsed by the CEO and CFO before approval of the Board;

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

    a. Audit Committee

    i. Mr. Tahir Iqbal -Chairman
    ii. Mrs. Rafia Hassan -Member
    iii. Mr. Muhamamd Musaddaq -Member

    b. HR and Remuneration Committee

    i. Mian Hassan Barkat -Chairman
    ii. Mrs. Abida Iqbal -Member
    iii. Mr. Muhamamd Musaddaq -Member

    c. Nomination Committee

    i. Mr. Iqbal Barkat -Chairman
    ii. Mr. Hassan Barkat -Member
    iii. Mrs. Abida Iqbal -Member

    d. Risk Management Committee

    i. Mr. Tahir Iqbal -Chairman
    ii. Mr. Hassan Barkat -Member

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

13. The frequency of meetings(quarterly/half yearly/ yearly) of the aforesaid committee were as per following:

    a. **Audit Committee:** Four quarterly meetings during the financial year ended June 30, 2024

    b. **HR and Remuneration Committee:** Four quarterly meetings during the financial year ended June 30, 2024

    c. **Nomination Committee:** Two Half yearly meetings during the financial year ended June 30, 2024

    d. **Risk Management Committee:** Two Half yearly meetings during the financial year ended June 30, 2024

14. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

15. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard;

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

On behalf of the Board of Directors

Mian Tayyab Iqbal
Chief Executive Officer

Mian Tahir Iqbal
Director

Lahore: January 06, 2025

Independent Auditor's Report

To the Members of KHALID SIRAJ TEXTILE MILLS LIMITED

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the annexed financial statements of KHALID SIRAJ TEXTILE MILLS LIMITED (the Company), which comprise the statements of financial position as at June 30, 2024, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

Basis for Disclaimer of Opinion

a) As explained in note 3 to the financial statements, the Company has ceased its manufacturing operations in Nov 2013 and has also cancelled its lease agreement for manufacturing facility in the prior year. The Company incurred recurring losses in prior years resulting in accumulated losses of Rs. 392.762 million (2023: Rs. 393.339 million) at the close of the year ended 30 June 2024. The Company's current liabilities exceed its current assets by Rs. 183.606 million (2023: Rs. 180.919 million). Moreover, short term borrowings from financial institutions remained unpaid along with accrued mark-up which is in litigation. Based on the audit evidence obtained, we believe that the Company will not be able to meet its obligations in the ordinary course of business. Accordingly, we do not agree with management's preparation and presentation of the financial statements on a going concern basis. However, the financial statements, are prepared on going concern basis. Had the financial statements been prepared on a non-going concern basis of accounting, we believe that it would have had a significant negative effect on the Company's financial position and financial performance.

b) The Company has not provided for mark-up on short-term borrowings amounting to Rs.16.791 million (2023: Rs. 16.791 million) owing to the dispute with financial institutions (refer notes 17 to the financial statements) during the year, and no provision for cost of funds had been accounted for in the financial statements. In the absence of detailed working and the opinion of legal counsel (sought directly) of the Company in this regard we were unable to determine the amount of provision required on account of accrued mark-up.

c) Short-term borrowings amounting to Rs. 68.216 million (refer note 18 to the financial statements) from financial institutions remained unconfirmed in the absence of direct balance confirmations. These also could not be verified through other corroborative audit evidences.

d) We are unable to confirm long term finances amounting to Rs. 149.975 million (2023: Rs 169.040 million) and their terms as mentioned in note 15 to the financial statements in the absence of direct confirmation.

e) We remained unable to confirm the trade & other payables amounting to Rs 77.770 million (2023: 75.820 million) and write back of Rs 19.642 million in 2024 as mentioned in note 16 & 21 to the financial statements in the absence of direct balance confirmation and other corroborative procedures.

f) We are unable to verify unclaimed dividends amounting to Rs. 24.058 million (2023: Rs.24.058 million), contingencies, and long term deposit amounting to Rs. 6.348 million (2023: Rs. 6.348 million), as mentioned in note 19, 20 & 7 respectively, in the absence of direct balance confirmation and other corroborative procedures.

g) We are unable to verify any addition in plant & machinery during the prior years, as the lease agreement states that significant portion of the rentals shall be withheld for overhauling of the plant. However, the Company has not received any information from the lessees relating to addition. Accordingly, we are unable to confirm the closing balance of property, plant & equipment amounting to Rs. 314.370 million (2023 Rs: 337.949 million) ,in note 6, and related depreciation, revaluation surplus and its adjustments.

h) The Company is not in compliance with certain requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 and rules of Pakistan Stock Exchange and we have issued an adverse review report on the statement of compliance. We are unable to determine any financial implication of the same.

i) The Company's accounting policies on various items of financial statements and related disclosures are not in accordance with the requirements of International Financial Reporting Standard and related International Accounting Standards (IAS).

j) The company has failed to submit its income tax return for 2023, which constitutes non-compliance with Section 114(1) of the Income Tax Ordinance, 2001.

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 matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropirate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Report on Other Legal and Regulatory Requirements

Because of the significance of the matters described in Basis of Disclaimer of Opinion section of our report, we express no opinion 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 and 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).

Other matter

The financial statements of KHALID SIRAJ TEXTILE MILLS LIMITED (the company) for the year ended 30 June, 2023, were audited by another auditor who expressed adverse opinion on those statements on 30 September, 2023.

The engagement partner on the audit resulting in this independent auditor’s report is Saad Ali Rana, FCA.

Sheikh & Chaudhri
Chartered Accountant
Lahore, Pakistan

Date: January 6, 2025
UDIN: AR202410306BHiuraVDX

KHALID SIRAJ TEXTILE MILLS LIMITED

Statement of Financial Position

As at 30 June 2024

	Notes	2024 Rupees	2023 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	6	314,369,312	337,949,921
Long term deposits	7	6,348,000	6,348,000
		320,717,312	**344,297,921**
Current assets			
Stores, spare parts and loose tools	8	3,018,542	3,018,542
Tax refunds due from government	9	56,663	54,607
Trade deposits and short term prepayments	10	507,100	507,100
Cash and bank balance	11	7,384	501,519
		3,589,689	**4,081,768**
Total assets		**324,307,001**	**348,379,689**
EQUITY AND LIABILITIES			
Equity			
Authorised share capital			
12,000,000 (2023: 12,000,000) ordinary shares of Rs. 10 each		**120,000,000**	**120,000,000**
Issued, subscribed and paid up share capital	12	107,000,000	107,000,000
Accumulated loss		(392,762,091)	(393,338,813)
Surplus on revaluation of property, plant and equipment	13	227,840,413	242,141,892
		(57,921,678)	**(44,196,921)**
Liabilities			
Non-current liabilities			
Deferred tax liability	14	45,057,667	38,535,580
Long term finance	15	149,975,333	169,039,785
		195,033,000	**207,575,365**
Current liabilities			
Trade and other payables	16	77,770,255	75,819,989
Mark-up accrued on borrowing	17	16,790,575	16,790,575
Short-term borrowing	18	68,216,918	68,224,465
Unclaimed dividend	19	24,058,182	24,058,182
Income tax liability		359,749	108,034
Total current liabilities		**187,195,679**	**185,001,245**
Contingencies and commitments	20	-	-
Total liabilities		**382,228,679**	**392,576,610**
Total equity and liabilities		**324,307,001**	**348,379,689**

The annexed notes from 1 to 36 form an integral part of these financial statements.

CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER	DIRECTOR

KHALID SIRAJ TEXTILE MILLS LIMITED

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2024

	Notes	2024 Rupees	2023 Rupees
Revenue		-	-
Other operating income	21	20,137,171	30,400,000
Administrative expenses	22	(3,387,729)	(2,903,462)
Other operating expenses	23	(23,580,609)	(26,798,511)
(Loss) / profit from operating activities		**(6,831,167)**	**698,027**
Finance costs	24	(119,788)	(62,534)
(Loss) / profit before tax		**(6,950,955)**	**635,493**
Taxation	25	(6,773,802)	(306,200)
(Loss) / profit for the year		**(13,724,757)**	**329,293**
Other comprehensive income			
Items not potentially reclassifiable to profit or loss		-	-
Other comprehensive income		-	-
Total comprehensive income		**(13,724,757)**	**329,293**
Basic earnings per share			
Basic and diluted earnings per share		(1.28)	0.03
Total basic and diluted (loss) / earnings per share		**(1.28)**	**0.03**

The annexed notes from 1 to 36 form an integral part of these financial statements.

CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**

KHALID SIRAJ TEXTILE MILLS LIMITED

Statement of Changes in Equity

For the Year Ended 30 June 2024

	Issued share capital	Revaluation surplus	Accumulated loss	Total
	Rupees	Rupees	Rupees	Rupees
Balance at 1 July 2022	107,000,000	258,010,986	(409,537,200)	(44,526,214)
Incremental depreciation on revaluation of property, plant and equipment for the period (net of deferred taxation)	-	(15,869,094)	15,869,094	-
Total comprehensive income for the year	-	-	329,293	329,293
Balance at 30 June 2023	**107,000,000**	**242,141,892**	**(393,338,813)**	**(44,196,921)**
Incremental depreciation on revaluation of property, plant and equipment for the period (net of deferred taxation)	-	(14,301,479)	14,301,479	-
Total comprehensive income for the year	-	-	(13,724,757)	(13,724,757)
Balance at 30 June 2024	**107,000,000**	**227,840,413**	**(392,762,091)**	**(57,921,678)**

The annexed notes from 1 to 36 form an integral part of these financial statements.

CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**

KHALID SIRAJ TEXTILE MILLS LIMITED

Statement of Cash Flows

For the Year Ended 30 June 2024

	2024 Rupees	2023 Rupees
(Loss) / profit for the year	**(6,950,955)**	**635,493**
Adjustments for non-cash items		
Provision for worker's welfare fund	-	13,667
Provision for worker's profit participation fund	-	34,166
Interest on worker's profit participation fund	94,003	54,182
Interest on worker's welfare fund	20,728	-
Liabilities written back	(19,641,787)	(30,400,000)
Depreciation	23,580,609	26,169,528
Finance cost	5,057	-
Cash flows before working capital changes	(2,892,345)	(3,492,964)
Changes in operating assets / liabilities		
(Increase)/decrease in current assets		
Stores, spare parts and loos tools	-	581,150
Increase/(decrease) in current liabilities		
Trade and other payables	1,835,535	48,992,852
Finance cost paid	(5,057)	-
Income tax paid	(2,056)	(318,042)
Net cash flows (used in) / from operating activities	**(1,063,923)**	**45,762,996**
Cash flows from investing activities	**-**	**-**
Cash flows from financing activities		
(Repayments) / proceeds (net) of short-term borrowings	(7,547)	-
Long-term security deposits	-	(44,300,000)
Proceeds (net) of long-term finances	577,335	(1,462,996)
Cash flows from / (used in) financing activities	**569,788**	**(45,762,996)**
Net decrease in cash and cash equivalents	**(494,135)**	**-**
Cash and cash equivalents at beginning of the year	501,519	501,519
Cash and cash equivalents at end of the year	**7,384**	**501,519**

The annexed notes from 1 to 36 form an integral part of these financial statements.

CHIEF EXECUTIVE　　CHIEF FINANCIAL OFFICER　　DIRECTOR

KHALID SIRAJ TEXTILE MILLS LIMITED

Accounting Policies

1. **General information**

KHALID SIRAJ TEXTILE MILLS LIMITED ('the Company') was incorporated in Pakistan as a public limited company on 17 January 1988 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and is quoted on pakistan stock exchange.The principle business of the Company is manufacturing and sale of yarn and the other related / allied operations. Our manufacturing facility is situated 48 kilometers along Multan Road, Phool Nagar, Bhai Pheru, Tehsil Pattoki, District Kasur.

The company is incorporated as a private company and domiciled in Pakistan. The registered office of the Company is situated at 135, Upper Mall, Lahore.

2. **Statement of compliance**

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

a) International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

b) Provisions of and directives issued under the Companies Act, 2017.

c) 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.

3. **Going concern assumption**

The financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates realization of assets and liquidation of liabilities in normal course of business. The Company has incurred recurring losses resulting in accumulated losses of Rs. 392.762 million (2023: Rs. 393.339) million at close of the year ended 30 June 2024. The Company’s current liabilities exceed its current assets by Rs. 183.608 million (2023: Rs. 180.919 million).

The Company had ceased its operations since November 2013 due to working capital. However, subsequent to the reporting date, the management is taking steps to recommence operations and are in negotiations with financial institutions to obtain funds to manage working capital requirements. The Company managed its liquidity constraints through financing from its sponsors and its ability to continue as a going concern is dependent on continued financing from sponsors. Management's efforts for obtaining finances from financial institutions are not so far materialized, however, management is confident that efforts will be realized and that the Company will be able to continue as a going concern.

The Company has taken steps to recommence its operations.

4. **Basis of preparation and material accounting policy information**

The financial statements of KHALID SIRAJ TEXTILE MILLS LIMITED have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

Basis of preparation and material accounting policy information continued...

4.1 Property, plant and equipment

Recognition

Property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Initial measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost.

The cost of an item of property, plant and equipment includes:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Depreciation

Depreciation of an asset commences when it is available for use, and ceases at the earlier of the date that the asset is classified as held for sale, or the date that the asset is derecognised.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset. The depreciation is charged by applying reducing balance method over the useful life of an asset. The depreciable amount of an asset is determined after deducting its residual value.

Residual values, useful lives and depreciation methods are reviewed at each financial year end. Where there are significant changes in the expected pattern of economic consumption of the benefits embodied in the asset, the relevant changes will be made to the residual values and depreciation rates, and the change will be accounted for as a change in accounting estimate.

The measurement base, useful life or depreciation rate as well as the depreciation method for all major classes of assets are as follows:

Basis of preparation and material accounting policy information continued...

Useful life/Depreciation

Asset class	Measurement base	rate	Depreciation method
Freehold Land	Revaluation Model	N/A	N/A
Factory building on freehold land	Revaluation Model	10%	Reducing Balance Method
Non-factory building on freehold land	Revaluation Model	5%	Reducing Balance Method
Plant and machinery	Revaluation Model	10%	Reducing Balance Method
Electric Installation	Revaluation Model	10%	Reducing Balance Method
Laboratory Equipment	Revaluation Model	10%	Reducing Balance Method
Motor vehicles	Cost Model	15%	Reducing Balance Method
Furniture and fixtures	Cost Model	10%	Reducing Balance Method
Concrete mixer & Weighing scales	Cost Model	10%	Reducing Balance Method
Tube Well	Cost Model	10%	Reducing Balance Method
Office equipment	Cost Model	10%	Reducing Balance Method
Bicycles	Cost Model	20%	Reducing Balance Method
Fans	Cost Model	10%	Reducing Balance Method
Air Conditioner	Cost Model	10%	Reducing Balance Method
Refrid Generator	Cost Model	10%	Reducing Balance Method
Telephone	Cost Model	10%	Reducing Balance Method
Heaters	Cost Model	10%	Reducing Balance Method
Tools and Equipments	Cost Model	10%	Reducing Balance Method
Arms and Ammunition	Cost Model	10%	Reducing Balance Method

4.2 Surplus on revaluation of fixed assets

Surplus arising on acquisition being the difference between fair value of the assets acquired and the consideration paid is recognized as income over the remaining useful life of the assets acquired. Increase in carrying amounts arising on revaluation of property, plant and equipment are recognized, net of tax, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same assets are first recognized in other comprehensive income to the extent of remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. Differences between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation surplus on property plant and equipment to un appropriated profit.

Basis of preparation and material accounting policy information continued...

4.3 Financial instruments

Classification and recognition

Classification of a financial instrument, or its component parts takes place on initial recognition. Each instrument is classified as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.

Financial assets classification

The Company classifies financial assets into the following categories:

- Financial assets subsequently measured at fair value through profit or loss
- Financial assets subsequently measured at fair value through other comprehensive income (OCI)
- Financial assets subsequently measured at amortised cost

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

For assets measured at fair value, gains and losses are either recorded in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The company reclassifies debt investments when and only when its business model for managing those assets changes.

Financial liabilities classification

The Company classifies financial liabilities into the following categories:

- Financial liabilities subsequently measured at amortised cost
- Financial liabilities subsequently measured at fair value through profit or loss

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

Recognition

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the company commits to purchase or sell the asset.

Initial measurement

Financial assets

When a financial asset is recognised initially, it is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

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

Financial liabilities

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

Basis of preparation and material accounting policy information continued...

The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

Financial assets Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and cash flow characteristics of the asset. Debt instruments are subsequently measured at:

• Amortised cost: assets held only for collection of principal and interest payments

- Interest income is included in finance income using the effective interest rate method.
- Any gain or loss on derecognition is recognised in profit or loss and presented in other gains / (losses) together with foreign exchange gains and losses.
- Impairment losses are presented as a separate line item in the statement of profit or loss.
- The company's financial assets at amortised cost includes trade receivables, and loans to associates and directors included under other non-current financial assets.

• Fair value through OCI: assets held only for collection of principal and interest payments and for selling the financial assets

- Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss.
- When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains / (losses).
- Interest income from these financial assets is included in finance income using the effective interest rate method.
- Foreign exchange gains and losses are presented in other gains / (losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- The company's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.
- The company elected to classify irrevocably its non-listed equity investments under this category.

• Fair value through profit or loss: assets that do not meet the criteria for amortised cost or fair value through OCI

- A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains / (losses) in the period in which it arises.
- The company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in OCI.
- This category includes derivative instruments and listed equity investments which the company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Equity instruments

All equity investments are subsequently measured at fair value.

• Fair value through OCI: elected to present fair value gains and losses on equity investments in OCI

- There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.
- Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.
- Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value.

• Fair value through profit or loss: assets that do not meet the criteria for amortised cost or fair value through OCI

- Changes in the fair value are recognised in other gains / (losses) in the statement of profit or loss as applicable.

Basis of preparation and material accounting policy information continued...

Financial liabilities

• Fair value through profit or loss: financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss

- Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.
- This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.
- Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.
- Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.
- Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The company has not designated any financial liability as at fair value through profit or loss.

• Amortised cost: Loans and borrowings

- After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.
- Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.
- Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.
- The effective interest rate amortisation is included as finance costs in the statement of profit or loss.
- This category generally applies to interest-bearing loans and borrowings.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when it is transferred and the transfer qualifies for derecognition.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Impairment of financial assets

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

Basis of preparation and material accounting policy information continued...

The impairment methodology applied depends on whether there has been a significant increase in credit risk:

• For credit exposures with no significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month expected credit loss).

• For credit exposures with significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime expected credit loss).

For trade receivables and contract assets, a simplified approach is applied in calculating expected credit losses. Instead of tracking changes in credit risk, a loss allowance is recognised based on lifetime expected credit losses at each reporting date. A provision matrix was established that is based on the company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the low credit risk simplification is applied. At every reporting date, the company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. The internal credit rating of the debt instrument is reassessed during this evaluation. It is also considered whether there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The company's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the XXX Credit Rating Agency and, therefore, are considered to be low credit risk investments. It is the company's policy to measure expected credit losses on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss. The company uses the ratings from the XXX Credit Rating Agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate expected credit losses.

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

Loan to (from) group company

This can include loans between holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

The loan to group company is classified as a financial asset at amortised cost, and is initially measured at fair value includingtransaction costs and subsequently measured at amortised cost using the effective interest method.

The loan from group company is classified as a financial liabilities at amortised cost, and is initially measured at fair value including transaction costs and subsequently measured at amortised cost using the effective interest method.

Loan to (from) director, manager or employee

The loan to director, manager or employee is classified as a financial asset at amortised cost, and is initially measured at fair value including transaction costs and subsequently measured at amortised cost using the effective interest method.

The loan from director, manager or employee is classified as a financial liabilities at amortised cost, and is initially measured atfair value including transaction costs and subsequently measured at amortised cost using the effective interest method.

Loan to (from) member

The loan to member is classified as a financial asset at amortised cost, and is initially measured at fair value including transaction costs and subsequently measured at amortised cost using the effective interest method.

Basis of preparation and material accounting policy information continued...

The loan from member is classified as a financial liabilities at amortised cost, and is initially measured at fair value including transaction costs and subsequently measured at amortised cost using the effective interest method.

4.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair value and subsequently carried at amortised cost.

4.5 Trade and other payables

Trade payables are initially measured at fair value plus direct transaction costs, and are subsequently measured at amortised cost,

4.6 Prepayments

Trade deposits and short term prepayments consist of various payments that have been made for bank guarantee deposits. Trade deposits and short term prepayments are measured at amortised cost, and are derecognised when deposits are withdrwan from bank.

Recognition

Inventories are recognised as an asset when

- it is probable that future economic benefits associated with the item will flow to the entity; and
- the cost of the inventories can be measured reliably.

Measurement

Inventories are measured at the lower of cost and net realisable value using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Work-in-process are valued at estimated manufacturing cost.

Finished goods are measured at lower of cost and net realizable value.

4.7 Tax

Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period.

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantively enacted by the end of the reporting period and is based on current rates of taxation being applied on the taxable income for the year, after taking into account tax credits and rebates available, if any, and taxes paid under the Final Tax Regime.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of:

- deductible temporary differences;
- the carry forward of unused tax losses; and
- the carry forward of unused tax credits.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and deferred tax assets are made to reflect the tax consequences that would follow from the manner in which it is expected, at the end of the reporting period, recovery or settlement if temporary differences will occur.

Deferred tax assets and liabilities are offset only where:

- there is a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same entity within the group or different taxable entities within the group which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4.8 Borrowing costs

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.

4.9 Related parties

A related party is a person or entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to a reporting entity if that person:
  - has control or joint control of the reporting entity;
  - has significant influence over the reporting entity; or
  - is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- An entity is related to the reporting entity if any of the following conditions apply:
  - The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - Both entities are joint ventures of the same third party;
  - One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
  - The entity is controlled or jointly controlled by a person identified as a related party;
  - A person identified as having control or joint control over the reporting entity has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
  - The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related party transactions are carried out on an arm’s length basis. Pricing for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

4.10 Dividend distribution

Dividend is recognized as liability in the period in which it is declared. Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed, in the Company’s financial statements in the year in which the dividends are approved by Company’s shareholders.

Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.

4.11 Ordinary share capital

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

5. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

No significant estimates and adjustments have been applied in the preparation of these financial statements.

KHALID SIRAJ TEXTILE MILLS LIMITED

6. Property, plant and equipment

Reconciliation for the year ended 30 June 2024

Particular	Cost/Revalued amount				Accumulated Depreciation				Net book value
	As on 1 July 2023	Addition during year	Deletion during year	As on 30 June 2024	As on 1 July 2023	Deletion during year	Charge for year	As on 30 June 2024	As on 30 June 2024
	Rupees				Rupees				Rupees
Freehold land									
At cost	1,064,297	-	-	1,064,297	-	-	-	-	1,064,297
At revaluation	95,460,703	-	-	95,460,703	-	-	-	-	95,460,703
	96,525,000	**-**	**-**	**96,525,000**	**-**	**-**	**-**	**-**	**96,525,000**
Factory building on freehold land									
At cost	34,577,413	-	-	34,577,413	30,578,246	-	(399,917)	30,978,163	3,599,250
At revaluation	194,932,641	-	-	194,932,641	118,283,439	-	(7,664,920)	125,948,359	68,984,282
	229,510,054	**-**	**-**	**229,510,054**	**148,861,685**	**-**	**-**	**156,926,522**	**72,583,532**
Non-factory building on freehold land									
At cost	7,380,828	-	-	7,380,828	6,222,600	-	(57,911)	6,280,511	1,100,317
At revaluation	19,394,423	-	-	19,394,423	9,066,536	-	(516,394)	9,582,930	9,811,493
	26,775,251	**-**	**-**	**26,775,251**	**15,289,136**	**-**	**(574,306)**	**15,863,442**	**10,911,810**
Textile Machinery									
At cost	320,871,940	-	-	320,871,940	293,765,623	-	(2,710,632)	296,476,255	24,395,685
At revaluation	415,366,439	-	-	415,366,439	300,497,826	-	(11,486,861)	311,984,687	103,381,752
	736,238,379	**-**	**-**	**736,238,379**	**594,263,449**	**-**	**(14,197,493)**	**608,460,942**	**127,777,437**
Electric installations									
At cost	6,881,121	-	-	6,881,121	6,032,953	-	(84,817)	6,117,770	763,351
At revaluation	16,214,684	-	-	16,214,684	14,073,189	-	(214,150)	14,287,339	1,927,346
	23,095,805	**-**	**-**	**23,095,805**	**20,106,142**	**-**	**(298,966)**	**20,405,108**	**2,690,697**
Laboratory equipment									
At cost	6,692,987	-	-	6,692,987	6,502,964	-	(19,002)	6,521,966	171,021
At revaluation	18,295,338	-	-	18,295,338	15,689,308	-	(260,603)	15,949,911	2,345,427
	24,988,325	**-**	**-**	**24,988,325**	**22,192,272**	**-**	**(279,605)**	**22,471,877**	**2,516,448**
Property, plant and equipment continued...									
Tools and equipment	154,960	-	-	154,960	150,670	-	429	**151,099**	3,861
Concrete mixer	300,000	-	-	300,000	291,763	-	824	**292,587**	7,413
Weighing scales	233,200	-	-	233,200	226,257	-	694	**226,951**	6,249
Furniture and fixtures	7,609,088	-	-	7,609,088	6,569,930	-	103,916	**6,673,846**	935,242
Arms and ammunition	27,350	-	-	27,350	25,576	-	177	**25,753**	1,597
Bicycles	11,880	-	-	11,880	11,832	-	10	**11,842**	38
Motor vehicles	13,263,417	-	-	13,263,417	13,015,063	-	37,253	**13,052,316**	211,101
Tube well	1,292,880	-	-	1,292,880	1,071,894	-	22,099	**1,093,993**	198,887
	22,892,775	**-**	**-**	**22,892,775**	**21,362,985**	**-**	**165,402**	**21,528,387**	**1,364,388**
Total amount as at 30 June 2024	**1,160,025,589**	**-**	**-**	**1,160,025,589**	**822,075,669**	**-**	**23,580,609**	**845,656,278**	**314,369,312**

Property, plant and equipment continued…

Reconciliation for the year ended 30 June 2023

Particular	Cost/Revalued amount				Accumulated Depreciation				Net book value
	As on 1 July 2022	Addition during year	Deletion during year	As on 30 June 2023	As on 1 July 2022	Deletion during year	Charge for year	As on 30 June 2023	As on 30 June 2023
	Rupees				Rupees				Rupees
Freehold land									
At cost	1,064,297	-	-	1,064,297	-	-	-	-	1,064,297
At revaluation	95,460,703	-	-	95,460,703	-	-	-	-	95,460,703
	96,525,000	**-**	**-**	**96,525,000**	**-**	**-**	**-**	**-**	**96,525,000**
Factory building on freehold land									
At cost	34,577,413	-	-	34,577,413	30,133,894	-	(444,352)	30,578,246	3,999,167
At revaluation	194,932,641	-	-	194,932,641	109,766,861	-	(8,516,578)	118,283,439	76,649,202
	229,510,054	**-**	**-**	**229,510,054**	**139,900,755**	**-**	**(8,960,930)**	**148,861,685**	**80,648,369**
Non-factory building on freehold land									
At cost	7,380,828	-	-	7,380,828	6,161,641	-	(60,959)	6,222,600	1,158,228
At revaluation	19,394,423	-	-	19,394,423	8,522,963	-	(543,573)	9,066,536	10,327,887
	26,775,251	**-**	**-**	**26,775,251**	**14,684,604**	**-**	**(604,532)**	**15,289,136**	**11,486,115**
Textile Machinery									
At cost	320,871,940	-	-	320,871,940	290,753,810	-	(3,011,813)	293,765,623	27,106,317
At revaluation	415,366,439	-	-	415,366,439	287,734,647	-	(12,763,179)	300,497,826	114,868,613
	736,238,379	**-**	**-**	**736,238,379**	**578,488,457**	**-**	**(15,774,992)**	**594,263,449**	**141,974,930**
Electric installations									
At cost	6,881,121	-	-	6,881,121	5,938,712	-	(94,241)	6,032,953	848,168
At revaluation	16,214,684	-	-	16,214,684	13,835,245	-	(237,944)	14,073,189	2,141,495
	23,095,805	**-**	**-**	**23,095,805**	**19,773,957**	**-**	**(332,185)**	**20,106,142**	**2,989,663**
Laboratory equipment									
At cost	6,692,987	-	-	6,692,987	6,481,850	-	(21,114)	6,502,964	190,023
At revaluation	18,295,338	-	-	18,295,338	15,399,749	-	(289,559)	15,689,308	2,606,030
	24,988,325	**-**	**-**	**24,988,325**	**21,881,599**	**-**	**(310,673)**	**22,192,272**	**2,796,053**
Tools and equipment	154,960			154,960	150,193		(477)	150,670	4,290
Concrete mixer	300,000	-	-	300,000	290,848	-	(915)	291,763	8,237
Weighing scales	233,200	-	-	233,200	225,485	-	(772)	226,257	6,944
Furniture and fixtures	7,609,088	-	-	7,609,088	6,454,467	-	(115,462)	6,569,929	1,039,159
Arms and ammunition	27,350	-	-	27,350	25,379	-	(197)	25,576	1,774
		-	-			-			
Property, plant and equipment continued...		-	-			-			
Bicycles	11,880	-	-	11,880	11,820	-	12	11,832	48
Motor vehicles	13,263,417			13,263,417	12,971,236	-	43,828	13,015,064	248,353
Tube well	1,292,880	-	-	1,292,880	1,047,340	-	24,554	1,071,894	220,986
	22,892,775	**-**	**-**	**22,892,775**	**21,176,768**		**186,217**	**21,362,985**	**1,529,791**
						-			
Total amount as at 30 June 2023	**1,160,025,589**	**-**	**-**	**1,160,025,589**	**795,906,140**		**26,169,529**	**822,075,669**	**337,949,921**

KHALID SIRAJ TEXTILE MILLS LIMITED
Notes to the Financial Statements
For the Year Ended 30 June 2024

	2024 Rupees	2023 Rupees
7. Long term deposits		
Deposits with various institutions	**6,348,000**	**6,348,000**

These are deposits with utility companies. As these being held for indefinite period with no fixed maturity date, are carried at cost as their amortized cost is impracticable to determine.

	2024 Rupees	2023 Rupees
8. Stores, spare parts and loose tools		
Machinery Spares	**3,018,542**	**3,018,542**
9. Tax refundS due from government		
Income tax refundable	2,056	-
Sales tax refundable	54,607	54,607
	56,663	**54,607**

It represents accumulated differences of input tax on purchases and sales tax payable.

	2024 Rupees	2023 Rupees
10. Trade deposits and short term prepayments		
Bank guarantee deposits	**507,100**	**507,100**
11. Cash and bank balance		
Cash at bank (on current account)	**7,384**	**501,519**

12. Issued, subscribed and paid up share capital

Issued, subscribed and paid up capital comprises of:	Number of shares		Rupees	
	2024	**2023**	**2024**	**2023**
Ordinary share shares of Rs. 10 each fully paid in cash	10,000,000	10,000,000	100,000,000	100,000,000
fully paid as bonus shares	700,000	700,000	7,000,000	7,000,000
	10,700,000	**10,700,000**	**107,000,000**	**107,000,000**

12.1 There is no movement in capital of the Company during the year.

12.2 The Company has only one class of ordinary shares which carry no right to fixed income. All shares rank pari passu with existing shares in all matters / entitlements including right to bonus shares, right shares and dividends.

13. Surplus on revaluation of property, plant and equipments	**2024 Rupees**	**2023 Rupees**
Surplus on revaluation		
At beginning of the year	302,053,930	324,404,763
Add: Surplus arisen during the year	-	-
Less: Incremental depreciation for the year	(14,301,479)	(22,350,833)
At end of the year	287,752,451	302,053,930
Less: Related deferred tax		
At beginning of the year	59,912,038	66,393,778
Less: surplus arisen during the year	-	-
Less: Incremental depreciation for the year	-	(6,481,740)
At end of the year	59,912,038	59,912,038
Net surplus on revaluation	**227,840,413**	**242,141,892**

13.1 The Company, had revalued its freehold land, buildings on freehold land and plant and machinery on 30 June 2010 and 30 June 2016 by independent valuers M/s. Anderson Consulting (Private) Limited (who are on the list of approved valuers of Pakistan Banks' Association) and revaluation adjustments were incorporated. The said revaluation exercises were carried-out to replace the carrying amounts of assets with the market values / depreciated market values.

13.2 During the year ended 2021, the revaluation exercise was carried out by independent valuers M/s. Surval (who are on the list of approved valuers of Pakistan Banks' Association) and resultant revaluation adjustments were incorporated in these financial statements.

The basis of revaluation are as under:

Freehold land

The value is based on inquiries in the activity of land and also information obtained from different sources in the area. (Forced Sale Value | 2021: Rs. 77,220,000).

Building on freehold land (both factory and non-factory building)

The value of building is based on information of construction details, covered areas and quality of constructions were noted and new rate of construction per square foot was determined based upon estimates of balance life to arrive at new construction value. (Forced Sale Value | 2021: Rs. 96,300,000).

PLant and machinery

The value is based on inquiries from the local market, market based comparisons and setting price of machinery to obtain prevalent replacement values of similar local and imported machinery items. (Forced Sale Value | 2021: Rs. 142,950,000).

		2024 Rupees	2023 Rupees
14. Deferred tax liability			
Deferred Tax		**45,097,667**	**45,097,667**

Deferred tax liability continued...

14.1 Movement in deferred tax balances is as follows:			
At beginning of the year		38,535,580	38,337,414
Recognized in profit or loss account:			
Accelerated tax depreciation on fixed assets		680,638	(741,544)
Surplus on revaluation of property, plant and equipment		5,841,449	(6,481,452)
Deferred tax asset on deductible temporary differences			
Unused tax losses	**14.2**	-	7,421,452
Net deferred tax liabilities		**45,057,667**	**38,535,870**

14.2 Deferred tax assets and liabilities on temporary differences are measured at 29%. (2023: 29%)

14.3 During the year, the company reassessed its estimates and concluded that it would not generate future taxable profits. Consequently, no deferred tax assets were recognized on unused tax losses.

15. Long term finance			
Current and ex-directors	**15.1**	149,975,333	149,397,998
Previous associated undertakings	**15.2**	-	19,641,787
		149,975,333	**169,039,785**

15.1 Loan from current and ex-directors

These represents unsecured and interest free loans from chief executive officer, directors and sponsors. The terms of repayment has not yet been decided so far, however, the directors and sponsors have given undertaking that they have no intention to demand such loan within period of next twelve months, as such the current maturity has not been presented.

Due to the nature of these interest free long-term finances as detailed above, the present value of these loans is not calculated and equity portion is not presented in the financial statements.

15.2 Previous associated undertakings

This represents unsecured loans from various companies which were previously associated undertakings but had been allocated by the Honorable Lahore High Court, Lahore to other families of ex-Ittefaq group. This amount includes principal amount of Rs. 0 (2023: Rs. 13.440 million) and mark-up accrued on said loans amounting to Rs. 0 (2023: Rs. 6.21 million). The loan has been repaid during the year.
Furtherance to same, the parties in dispute have entered into a settlement agreement dated 6 April 2014 which was accorded by Lahore High Court, Lahore in its order dated 16 April 2014.

		2024 Rupees	2023 Rupees
16. Trade and other payables		28,443,722	26,638,997
Trade payables		550,000	550,000
Advances from customers		2,131,308	2,131,581
Accrued liabilities		1,359,510	1,328,427
Income tax payable	**16.1**	158,916	138,188
Workers' welfare fund		44,600,000	44,600,000
Securities payable	**16.2**	526,799	432,796
Workers' profit participation fund		**77,770,255**	**75,819,989**
16.1 Workers' welfare fund		138,188	124,521
Opening balance		20,728	-
Interest for the year		-	13,667
Allocation for the year		**158,916**	**138,188**

Interest on workers' welfare fund has been provided at the rate 15%.

		2024 Rupees	2023 Rupees
16.2 Workers' profit participation fund			
Opening balance		432,796	344,448
Mark-up on funds utilized in the company's business		94,003	54,182
		526,799	398,630
Payments during the year		-	-
		526,799	398,630
Allocation for the year		-	34,166
Balance at the end of the year		**526,799**	**432,796**

Interest on workers' profit (participation) fund has been provided at the rate 1 year KIBOR + 2.5%.

		2024 Rupees	2023 Rupees
17. Mark-up accrued on borrowing			
Short-term borrowings		**16,790,575**	**16,790,575**
18. Short-term borrowing			
National Bank of Pakistan	**18.1**	68,180,179	68,180,179
Book overdraft - unsecured	**18.2**	36,739	44,286

18.1 This represents facilities obtained from National Bank of Pakistan for working capital requirements having aggregate sanctioned limits of Rs. 167.50 (2023: Rs. 167.50) million and are secured by way of first pari passu and ranking charges amounting to Rs. 245.33 (2023: Rs. 245.33) million over the fixed and current assets of the Company, pledge of stocks of cotton bales and yarn and personal guarantees of sponsoring directors of the Company. These facilities carry mark-up at the rate of 3 months KIBOR plus 300 bps (2023: 3 months KIBOR plus 300 bps) per annum payable on quarterly basis. These facilities had expired on 31 December 2013 and had not been renewed by the bank till the authorization for issue of these financial statements.

Short-term borrowing continued...

18.2 This has arisen due to issuance of post-dated cheques in respect of balance in a bank account.

		2024 Rupees	2023 Rupees
19. Unclaimed dividend			
Unclaimed dividend		**24,058,182**	**24,058,182**

These are unclaimed dividends by sponsors of the Company. The above unclaimed dividend alongwith loans from sponsors is subjudice before the Honorable Lahore High Court, Lahore

20. Contingencies and commitments

There are no contingencies at the reporting date (2023: Rs. Nil).

		2024 Rupees	2023 Rupees
21. Other operating income			
Other income		495,384	-
Liabilities written off		19,641,787	30,400,000
		20,137,171	**30,400,000**
22. Administrative expenses			
Salaries and other benefits		1,885,260	1,120,900
Director's remuneration		597,500	570,000
News paper and periodicals		780	70,150
Repairs and maintenance		9,552	-
Legal and professional charges	**22.1**	300,000	300,000
Motor vehicle expenses		89,817	-
Printing and stationery		64,500	-
Legal and professional charges		267,195	90,000
Other expenses		79,750	102,528
Advertisement Expenses		36,000	-
Fee and subscription		57,375	649,884
		3,387,729	**2,903,462**
22.1 Legal and professional charges include the following in respect of Auditors' remuneration for:			
Annual statutory audit		250,000	250,000
Interim review and other certification		50,000	50,000
		300,000	**300,000**
23. Other operating expenses			
Depreciation on property, plant and equipment		23,580,609	26,169,528
Provision for obsolete store items		-	581,150
Workers' profit participation fund		-	34,166
Workers' welfare fund		-	13,667
		23,580,609	**26,798,511**
24. Finance costs			
Bank charges		5,057	8,352
Interest on worker's profit participation fund		94,003	54,182
Interest on worker's welfare fund		20,728	-
		119,788	**62,534**

	2024 Rupees	2023 Rupees
25. Taxation		
Current tax	251,715	108,034
Deferred tax	6,522,087	198,166
	6,773,802	**306,200**

26. Financial assets

Carrying amount of financial assets by category

27. Financial risk management

credit risk
market risk
liquidity risk

Risk management framework

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

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board of Directors reviews and agrees upon the policies for managing each of these risks.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

Financial risk management continued...

27.1 Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

27.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the end of the reporting period was as follows:

	2024 Rupees	2023 Rupees
Trade deposits and short term prepayments	507,100	507,100
Cash and bank balance	7,384	501,519
	514,484	**1,008,619**

27.1.2 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2024 Rupees	2023 Rupees
Trade deposits and short term prepayments	**507,100**	**507,100**

Financial risk management continued...

27.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to bank balances, margin against bank guarantees, margin against letter of credit and accrued return on deposits. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

	Rating				
	Short term	Long term	Agancy	2024 Rupees	2023 Rupees
National Bank of Pakistan	**A1+**	**AAA**	**VIS**	5,805	-
Al-Baraka Islamic Investment	**A1**	**A1+**	**VIS**	1,136	501,519
Habib Metropolitan Bank Limited	**A1+**	**AAA**	**PACRA**	443	-
				443	
				7,827	**501,519**

Counterparties without external credit ratings

These mainly include customers which are counter parties to local and foreign trade debts against sale of yarn. As explained in note 4.3, the Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery. On adoption of IFRS 9, management uses an allowance matrix to base the calculation of ECL of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'role rate' method based on the probability of receivable progressing through successive stages of delinquency to write-off. The Company has used three years quarterly data in the calculation of historical loss rates along with the matching quarterly ageing brackets for the computation of roll rates. These rates are multiplied by scalar factors to reflect the effect of forward looking macro economic factors. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at June 30, 2024 was determined as follows:

	2024		2023	
	Gross carring value	Loss Allowance Value	Gross carring	Loss Allowance
Not yet due	-	-	-	-
Past due 0 - 90 days	-	-	-	-
Past due 91 - 180 days	-	-	-	-
Past due 181 - 366days	-	-	-	-
Past due 366 days	-	-	-	-

Financial risk management continued...

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and shipments to the export customers are generally covered by letters of credit or other form of credit insurance.

27.2 Market risk

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

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. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into are denominated in foreign currencies. The Company is not exposed to currency risk as all transactions are carried out in domestic currency.

Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re- price in a given period.

Fixed rate financial instruments

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 and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

Variable rate instruments

Cash flow sensitivity analysis for variable rate

The Company does not account for any variable rate financial assets and liabilities at fair value through profit and loss as the Company is in litigation with the financial institutions and not charging any mark-up on these borrowings.

Price risk management

The Company is not exposed to any price risk as there are no financial instruments at the reporting date that are sensitive to price fluctuations.

27.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets, or that such obligations will have to be settled in a manner unfavorable to the Company. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Financial risk management continued...

27.3.1 Exposure to liquidity risk

Contractual maturities of financial liabilities, including estimated interest payments

The following are the remaining contractual maturities at the reporting date. The amounts are grossed and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

Contractual maturities of financial liabilities

	Carrring Amount	Contractual cash flows	Between 1 to 5 Years
Year ended 30 June 2024			
Non-derivative financial liabilities			
Trade and other payable (Note 16)	77,770,255	77,770,255	77,770,255
Long term finance (Note 15)	149,975,333	149,975,333	149,975,333
Short-term borrowing (Note 18)	68,216,918	68,216,918	68,216,918
Unclaimed dividend (Note 19)	24,058,182	24,058,182	24,058,182
Mark-up accrued on borrowing (Note 17)	16,790,575	16,790,575	16,790,575
	336,811,263	**336,811,263**	**336,811,263**
Year ended 30 June 2023			
Non-derivative financial liabilities			
Trade and other payable (Note 16)	75,819,989	75,819,989	75,819,989
Long term finance (Note 15)	169,039,785	169,039,785	169,039,785
Short-term borrowing (Note 18)	68,224,465	68,224,465	68,224,465
Unclaimed dividend (Note 19)	24,058,182	24,058,182	24,058,182
Mark-up accrued on borrowing (Note 17)	16,790,575	16,790,575	16,790,575
	353,932,996	**353,932,996**	**353,932,996**

28. Recognized fair value measurements - financial instruments

Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into following three levels. An explanation of each level is as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

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

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

29. Related party transactions

Related parties comprise subsidiary, associated companies, companies where directors also hold directorship, retirement benefits fund and key management personnel. Significant transactions with related parties during the year are as under:

Name of related party	Nature of transactions	Nature of relationship	2024 Rupees	2023 Rupees
Mian Iqbal Barkat	Loan Received/ Paid	Common directorship	295,335	-
Mian Tayyab Iqbal	Loan Received/ Paid	Common directorship	282,000	-
Mian Tayyab Iqbal	Remuneration	Director	597,500	570,000

Following is the detail of related parties, however, no transaction have been entered into by the Company with them during the current as well as last year.

Company name	Basis of relationship
Barkat Textile Mills Limited	Common directorship
Ramzan Buksh Textile Mills Limited	Common directorship
Ittefaq Textile Mills Limited	Common directorship
Ittefaq Foundries (Private) Limited	Common directorship
Brother Textile Mills Limited	Common directorship

30. Remuneration of Chief Executive, Directors and Executives

Following is the detail of related parties, however, no transaction have been entered into by the Company with them during the current as well as last year.

31. Plant capacity and actual production

	2024 Rupees	2023 Rupees
Number of spindles installed	17,280	17,280
Installed capacity after conversion into 20/ S counts (Kilograms)	4,668,224	4,668,224

32. Operating segments

These financial state ments have been prepared on the basis ofa single reportable segment.
All the sales of the Company are made to customers located inside Pakistan.
All non-current assets of the Company at 30 June 2024 are located in Pakistan.

33. Number of employees

	2024	2023
Number of employees as at June 30th	6	6
Average number of employees during the year	**6**	**6**

34. Events after the balance sheet date

There are no reportable events after statement of financial position date.

35. Date of authorisation for issue

These financial statements were authorized for issue on January 06, 2025 by the Board of Directors of the Company.

36. General

Figures in these financial statements have been rounded off to the nearest of rupee.

CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**

Ittefaq

FORM OF PROXY

KHALID SIRAJ TEXTILE MILLS LIMITED

I/We ____

of _______________________________ being member(s) of **Khalid Siraj** Textile Mills Limited under Member Register Folio No. ________ and/or CDC Participant ID No./Sub-Account No/Investor Account No. _______________ and holder of __________ ordinary shares hereby appoint Mr./Mrs./Miss ________________________________ who is also a member of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 37th Annual General Meeting of the Company to be held at the Registered Office of the Company, 135-Upper Mall, Lahore on Friday, January 31, 2025 at 10:00 a.m. or at any adjournment thereof.

As witness my/our hand(s) this ________________________________ day of 2025 signed by the said ______________________________________in the presence of

1. Witness:

Signature ____________

Name ____________

CNIC ____________

Affix Revenue Stamps of Rs.5/-

____

Signature of Member

2. Witness:

Signature ____________

Name ____________

Address ____________

Shareholder's Folio No.____________

CDC Participant I.D/Sub A/c # ____________

CNIC ____________

Notes:

1. Proxies, in order to be effective, must be received at the Company's Registered Office 135-Upper Mall, Lahore, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
2. Signature must agree with the specimen signature registered with the Company.
3. An individual beneficial owner of CDC, entitled to attend any vote at this meeting, must bring his/her NIC/Passport to prove his/her identity, and in case of proxy must enclose an attested copy of his/her NIC/Passport. Representative of corporate members should bring the original usual documents required of such purpose.
4. No person shall act as proxy unless he is member of the Company.