

gadoon

gadoon

# Sustainability that lasts



Annual Report 2023

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Gadoon Textile Mills Limited

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Abdul Aziz Haji Hashim Tabba Street  
Karachi 75350 Pakistan

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## Sustainability That Lasts

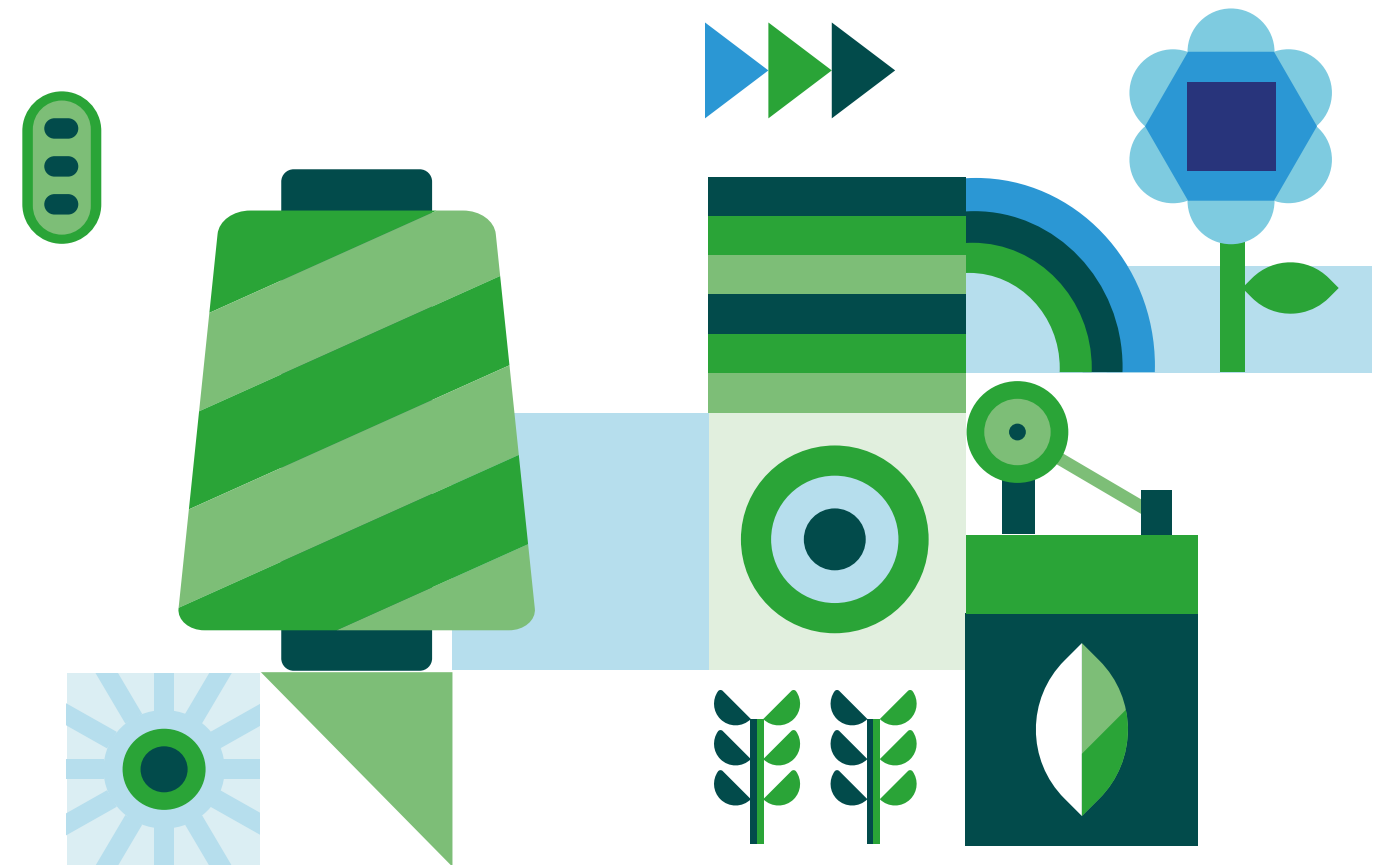
Guided by a strong commitment to bringing in new and innovative strategies, we are determined to make environmental considerations a top priority. GTML has embarked on a journey of transformation, aiming to adopt practices that are better for the environment.

Recognizing the true essence of sustainability, the Company has embraced recycling practices. With an aim to make responsible consumption, create less waste, and contribute to a more sustainable future for the planet.

The unwavering dedication to sustainable practices is a true source of inspiration. It shows that businesses can do well while also caring for the environment and contributing to society. Thus, as a reputed employer we are making efforts to be responsible and continue these efforts with same dedication & passion over time.

In an era where environmental concerns are growing and people are becoming more attentive to these issues, we are standing here as a prime illustration of how to create a genuine impact.

Our Annual Report is also embracing fresh concepts, repurposing materials, creating transparency, and uplifting the Company's vision & lasting commitment that holds immense value.



# Honoring the Journey of Excellence

## In remembrance of beloved Chairman **Mr. Muhammad Yunus Tabba (Late)**

Mr. Muhammad Yunus Tabba's life and legacy are a testament to his notable leadership and innovation. As a founding member of the Yunus Brothers Group (YBG), he with his transparent vision, dedication and unwavering commitment devoted his life to move towards the summit of excellence. His honesty towards his work and his determination to reach the pivotal point of success, set the tone for the YBG. His diverse experiences and extensive knowledge steered the Group and the Company to achieve numerous milestones both locally and globally.

During his era of leadership, he had been awarded the prestigious title of "Businessman of the Year" by the Chambers of Commerce several times reflecting his ingenious leadership. Mr. Muhammad Yunus Tabba's impact extends beyond the parameters of business, as he was also devoted to public service. In recognition of his outstanding services, he was awarded "Sitara-e-Imtiaz" by the President of the Islamic Republic of Pakistan. This recognition was a fitting symbol of his passion and supremacy towards the Country.

It is with deep sadness that we bid farewell to Mr. Muhammad Yunus Tabba, who passed away on January 02, 2023. His steadfastness, brilliant business strategies, and commitment towards the Group and community will continue to be a source of inspiration.

We pay tribute to his profound life and the enduring impact of his entrepreneurial legacy. His legacy lives on in the Company he shaped, the lives he touched, and the inspiration he has left behind.

May his soul rest in eternal peace (Aameen).





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# Sustainability that organizes



# Company Information

## Board of Directors

Mr. Muhammad Ali Tabba (Chairman)  
Mr. Muhammad Sohail Tabba (CEO)  
Mr. Imran Yunus Tabba (Non-Executive Director)  
Mr. Jawed Yunus Tabba (Non-Executive Director)  
Ms. Zulekha Tabba Maskatiya (Non-Executive Director)  
Mr. Muhammad Hassan Tabba (Non-Executive Director)  
Syed Muhammad Shabbar Zaidi (Independent Director)  
Mr. Moin M. Fudda (Independent Director)

## Audit Committee

Syed Muhammad Shabbar Zaidi (Chairman)  
Mr. Moin M. Fudda  
Mr. Muhammad Ali Tabba  
Mr. Jawed Yunus Tabba

## HR & Remuneration Committee

Mr. Moin M. Fudda (Chairman)  
Mr. Jawed Yunus Tabba  
Ms. Zulekha Tabba Maskatiya

## Budget Committee

Mr. Muhammad Ali Tabba (Chairman)  
Mr. Muhammad Sohail Tabba  
Mr. Jawed Yunus Tabba  
Syed Muhammad Shabbar Zaidi

## Executive Director Finance

Mr. Abdul Sattar Abdullah

## Chief Operating Officer

Mr. Imroz Iqbal

## Chief Financial Officer

Mr. Muhammad Imran Moten

## Chief Internal Auditor

Mr. Haji Muhammad Mundia

## Company Secretary

Mr. Muhammad Umair

## Auditors

Yousuf Adil  
Chartered Accountants  
Independent correspondent firm to  
Deloitte Touche Tohmatsu Limited

## Registered Office

200-201, Gadoon Amazai Industrial Estate,  
Distt. Swabi, Khyber Pakhtunkhwa.  
Phone: 093-8270212-13 Fax: 093-8270311  
E-mail: secretary@gadoontextile.com

## Head Office

7-A, Muhammad Ali Society, Abdul Aziz Haji  
Hashim Tabba Street, Karachi 75350.  
Phone: 021-35205479-80 Fax: 021-34382436

## Liaison Office

Office No. 401, 4th Floor, Tri Tower, Opposite  
Sarhad University, Ring Road, Peshawar.

## Factory Locations

- 200-201, Gadoon Amazai Industrial Estate, Distt. Swabi, Khyber Pakhtunkhwa.
- 57 km on Super Highway, near Karachi.

## Bankers

Allied Bank Limited  
Askari Bank Limited  
Bank Al-Falah Limited (Islamic Banking)  
Bank AL Habib Limited  
Bank Islami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Industrial and Commercial Bank of China Limited  
JS Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Soneri Bank Limited  
Standard Chartered Bank Pakistan Limited  
The Bank of Khyber  
The Bank of Punjab  
United Bank Limited

## Development Financial Institution

Pak Kuwait Investment Company (Private) Limited

## E-Communication

Website:  
www.gadoontextile.com  
Facebook:  
www.facebook.com/Gadoontextile  
LinkedIn:  
www.linkedin.com/company/gadoontextilemillslimited  
YouTube:  
www.youtube.com/@GadoonTextileMillsLimited1988

## Share Registrar/Transfer Agent

CDC Share Registrar Services Limited  
CDC House 99-B, Block B, S.M.C.H.S. Main Shahr-e-Faisal,  
Karachi.  
Toll-Free: 0800 23275

# Gadoon at a Glance

## Our Story

In the late '80s, the Government invited the corporate sector of Pakistan to set up industrial units in the Gadoon Amazai area of District Swabi, Khyber Pakhtunkhwa, to eradicate prevalent poppy cultivation and provide an alternative source of employment.

The Yunus Brothers Group (YBG), considering this corporate social responsibility, participated towards this noble cause, collaborating with the Government and laid the foundations of Gadoon Textile Mills Limited (GTML) in 1988. The Company continued its operations, despite the unilateral withdrawal of incentive, offered by the Government for setting up industrial units, in 1991.

With an aim to achieve its goal through a sustainable strategy and principle of no poverty and zero hunger, GTML made further expansion and growth, as an additional production facility was set up in Karachi, followed by a merger with Fazal Textile Mills Limited (FTML). This timeless effort and devotion towards society made GTML "one of the largest spinning units of Pakistan."

## Our Business

GTML primarily engaged in the textile industry of Pakistan operates in the B2B segment. Involved in the fiber spinning and value added sector markedly, its production facilities have the capacity of spinning and processing all categories of cotton and manmade fiber, including knitted bedding products.

With reference to our enormous business performance over the decades, we are dedicated in creating a clear-cut difference among the textile industry of Pakistan. The innovative and quality products and ethical and professional standards have helped maintain a customers' centric portfolio, comprising some of the industry's greatest names at home and abroad. These connections have been strengthening the fabric of relationship for the last thirty five years.

After marking a strike within the textile industry, the Company also operates in the dairy segment where the prime business is the production and sale of milk with a current herd size of over 1300 animals.

## Product Portfolio

The Company offers a diverse product portfolio mentioned as follows:

### Yarn

- Compact Yarn
- Core Spun Yarn
- Fancy Yarn
- Man-Made / Cellulose Yarn
- Melange Yarn / Heather Grey Yarn
- Murata Jet Spun Yarn
- Murata Vortex Spun Yarn
- Neppy Yarn
- Open-End Yarn
- Poly / Cotton Yarn
- Recycle Polyester yarn
- S twist Yarn
- Siro Yarn
- Slub Yarn
- TFO Yarn
- Tri-Blend Yarn
- Zero Twist Yarn

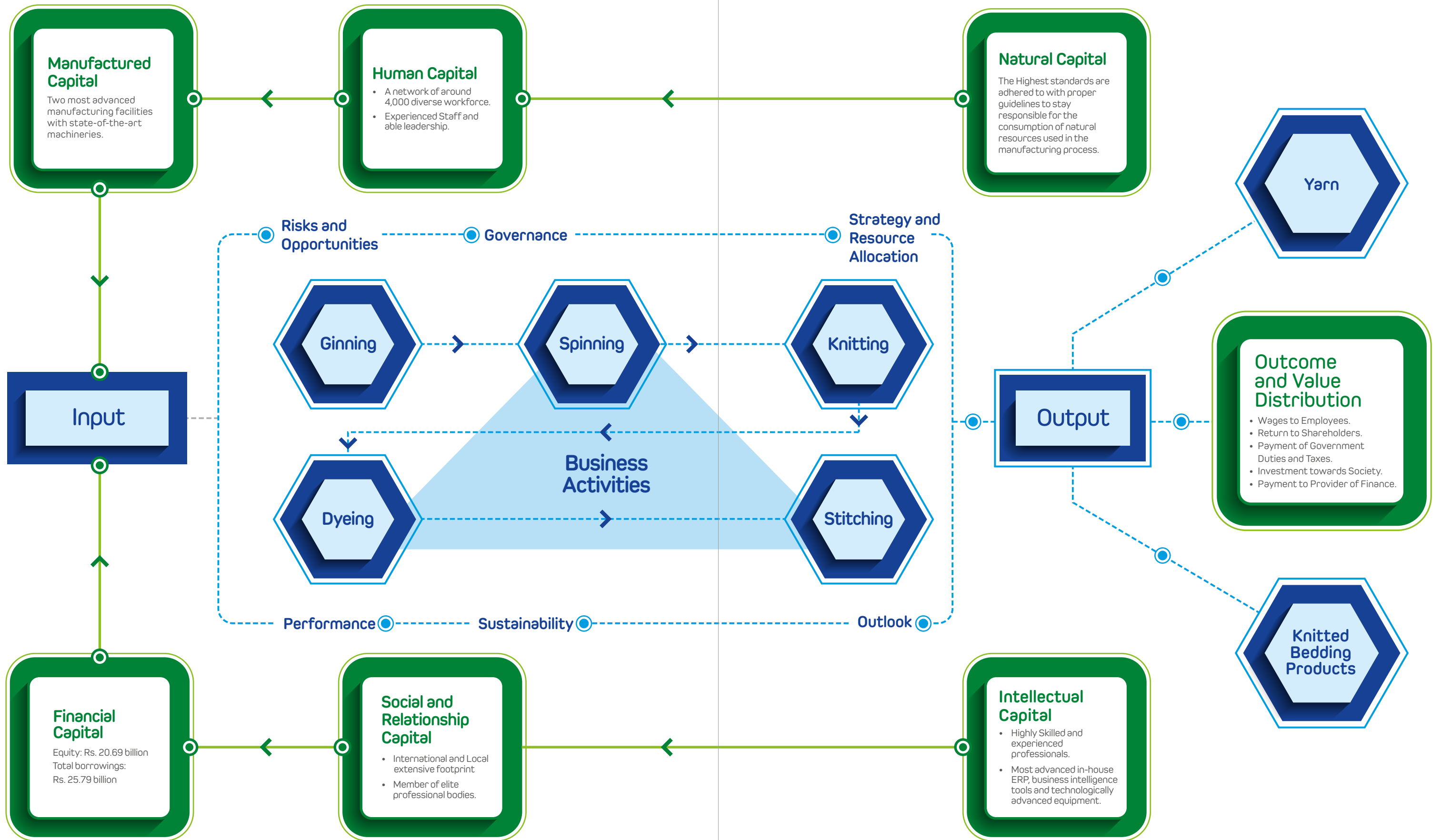
### Knitted Bedding Products

- Grey and Dyed Fabrics
- Fitted Knitted Sheet and Pillowcases
- Institutional and Hospital Laundry Knitted Fitted Sheets
- Jersey Duvet Sets
- Jersey Pillow Covers
- Jersey Sheet Sets
- Molten Fitted Sheets
- Nursery Kids Sheets
- Terry Fitted Sheets

### Our Brands

Koyal and Peach are our two brands having a significant prominence in the market.

# Business Model





# Product Gallery

## Yarn

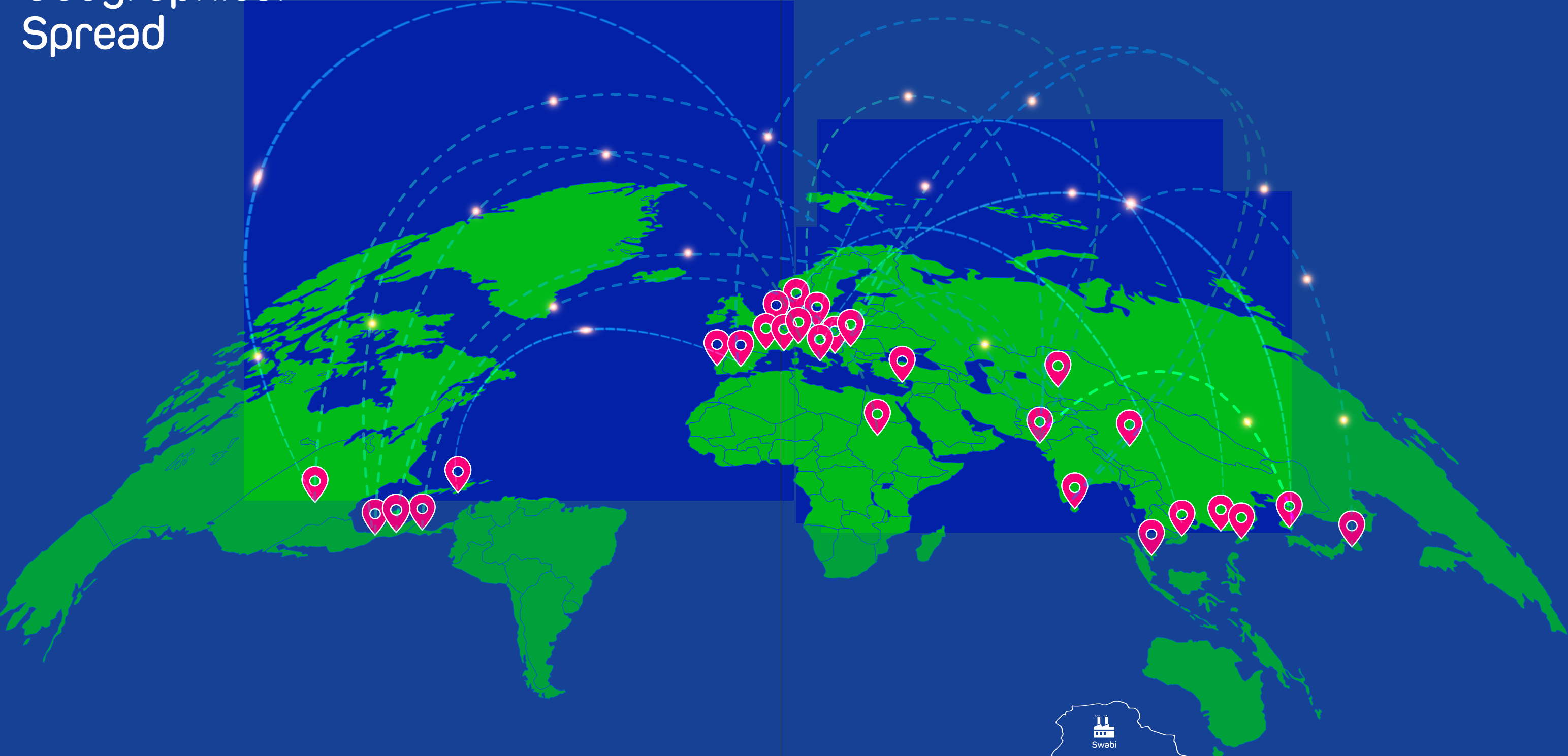


## Knitted Bedding Products

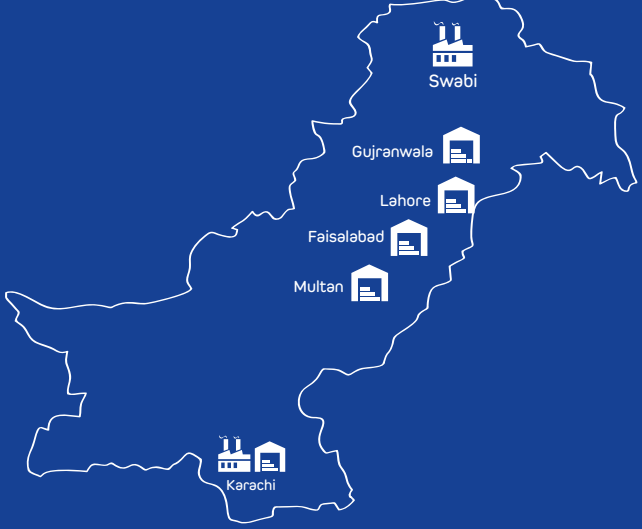




# Geographical Spread



- |                    |             |             |         |
|--------------------|-------------|-------------|---------|
| Belgium            | Guatemala   | Pakistan    | Taiwan  |
| China              | Honduras    | Poland      | Turkey  |
| Croatia            | Hong Kong   | Portugal    | USA     |
| Dominican Republic | Italy       | South Korea | Vietnam |
| Egypt              | Japan       | Switzerland |         |
| El Salvador        | Kazakhstan  | Slovenia    |         |
| France             | Malaysia    | Spain       |         |
| Germany            | Netherlands | Sri Lanka   |         |



	Manufacturing Plant
	Major Market
	International Market

# Vision, Mission, Culture and Core Values



## Vision

To be the textile manufacturer of the first choice for customers at home and abroad, doggedly pursuing sustained leadership in the markets where it competes and making its valuable contribution to the Country's exports.

## Mission

Our mission is to manage a textile business entity aimed at producing quality yarns through innovative technology and effective resource management, maintaining high ethical and professional standards, and coming up to the expectations of all our customers.

We persevere to achieve the highest possible operating efficiencies and lowest costs and expand the business through selective expansion so that we are able to deliver maximum value to stakeholders.

## Culture

GTML embraces a culture that is driven by a people-oriented approach and empowers a

collaborative environment for employees. The management is committed to promoting a coherent culture and facilitating effective teamwork at the workplace; thus, our strong belief in cultivating open communication is reflected in all that we do. Frequent feedback and performance evaluation on various levels are ensured to sustain equity and transparency of employees, which supplement mutual trust and respect among employees and with management.

## Core Values

- **Total Quality Management**  
To maintain the quality throughout the value chain.
- **Ethical Practices**  
To synergize and promote equity among all stakeholders.
- **Environmentally Conscious**  
To cover the maximum aspects of sustainability and corporate social responsibility.
- **Innovation**  
To build and enhance the future of innovation within the industry.



# Business Conduct and Code of Ethics

## Statement of Intent

The Company ensures that ethical standards are highly maintained and observed in the conducting of business functions. The Code of Conduct policy has been devised to provide direction to the Company's employees in meeting the standards of professional and personal integrity and guiding them towards the proficient conduct. The Human Resource department serves its purpose in ensuring that the employees are well aware of the guidelines. Following are the salient features of Code of Conduct:

## Compliance with Laws and Regulations

Each employee must comply with all the applicable laws and regulations. Further, it is also imperative to ensure that the rights of all stakeholders are being protected.

## Conflict of Interest

Employees are required to avoid engaging in activities that conflict with the Company's best interest. In case an employee or their close relatives are suppliers or competitors of the Company, it shall be disclosed upon the date of joining, as it might result in a situation of conflict of interest. Under the sustainable goal of peace, justice and strong institution, GTML strongly condemns the abuse of position to achieve any sort of self-interest.

## Anti-Bribery and Anti-Corruption

Employees are required to conduct business operations fairly and honestly to maintain the Company's integrity and reputation. Involvement in the acts of bribery or corruption for business or financial gain is prohibited and must be reported.

The Company does not associate itself or is involved with any political party. Thereby, all employees are instructed to refrain from utilizing the assets of the Company in indulgence and appearance for any political activities by any means.

## Confidentiality

Confidential information must not be disclosed to unauthorized personnel or used for personal benefit by the employees. Disclosure of sensitive data is permissible in the provision of written approval from authorized individuals, or the information is required by the court, regulatory body, or governmental agency. Confidentiality of the Company information shall be adhered to throughout the employment period, and even after leaving the Company.

## Property Protection

The Company expects its employees to abide by the laws of refraining from any embezzlement of its property, both tangible and intangible assets, entrusted to them, and handle them responsibly.

## Fair and Respectful Workplace

Providing a positive work environment for its employees is the utmost priority. The Company has high intolerance for disrespect, gender discrimination, favoritism, harassment, and misuse of authority. GTML is an equal opportunity employer and encourages diversity and gender equality in the workforce.

The Company expects its employees to withhold similar principals while conducting business functions decently, as employees are representatives of the Company.

## Health, Safety, and Environment

Ensuring the health and safety of its employees and environmental protection is the focus of GTML. In this regard, the Company has adopted measures to offer a safe working environment and minimize its environmental impact.

The possession of firearms or other weapons or any other dangerous or illegal articles on Company premises or while on Company business, with the exception of employment / job requirement in the Company operations, is strictly prohibited.

## Quality Assurance

Product quality is the core focus of GTML. The Company is committed to discovering, developing, manufacturing high-quality products without compromising on the contractual or agreed quality of the product.

## Separation from the Company's Employment

Employees must ensure that on leaving the Company's employment due to any reason, the charge and all Company belongings are duly handed over to the satisfaction of management. All the material, electronic equipment, computer and accessories, mobile set and SIM card, soft or hard copies of Company documents, or any other Company information or property in any shape or form is returned.

# Group Profile



## About YBG

Yunus Brothers Group (YBG) has a rich history dating back to 1962, when it began as a trading house. The establishment of the fabric trading business marked a significant milestone in the company's journey, leading it to become one of the largest conglomerates in Pakistan over the next six decades.

Over time, YBG has diversified its interests and expanded into various businesses such as textiles, cement, real estate, power generation, chemicals, pharmaceuticals, FMCG, philanthropy, automobiles, and mobile assembling. Today, YBG stands as one of the largest export houses in Pakistan, continuing to innovate and grow across a wide range of industries.

## Holding Company



## YB Holdings (Private) Limited (YBHPL)

YBHPL was incorporated in Pakistan in the year 2013 as a Group Holding Company. The company invests mainly in its group companies and has a diverse portfolio in building materials, textiles, energy, chemical, trading, food, and real estate.

## Associates



## Lucky Core Industries Limited (LCI) formerly ICI Pakistan Limited

LCI is incorporated in Pakistan and is listed on Pakistan Stock Exchange Limited (PSX). The company, along with its subsidiaries, is engaged in the manufacturing of polyester staple fiber, POY Chips, soda ash, specialty chemicals, sodium bicarbonate, and polyurethanes;

marketing of seeds, toll manufactured and imported pharmaceuticals, animal health products; and merchandising of general chemicals. It is also engaged in manufacturing and trading infant and grown-up formula. GTML holds 7.21% ownership in LCI.



## Lucky Holdings Limited (LHL)

LHL is a subsidiary of Lucky Cement Limited and was incorporated in Pakistan in the year 2012 as a public unlisted company limited by shares under the Companies Ordinance, 1984. Lucky Cement Limited (LCL) holds 75% shares of LHL. GTML holds 1.00% ownership in LHL.



## Yunus Energy Limited (YEL)

YEL was incorporated as a Special Purpose Vehicle (SPV), with a corporate structure of a public unlisted company, in the year 2011, to exclusively develop a 50 MW Wind Power Project in Deh Kohistan, Jhimpir, District Thatta.

The project is equipped with state-of-the-art European technology. Wind Turbine Generators (WTGs) have been manufactured by Nordex Energy Germany, one of the top WTG manufacturers from Europe; electrical balance of plants has been supplied by Alstom France, a leading grid solution provider; whereas construction activities have been carried out by Descon Engineering Limited, the leading construction, and engineering company of Pakistan. It is a clean energy project, harnessing renewable wind resources for the generation of electric power without any carbon emissions. The project is supplying electricity to the national grid regularly post commencing commercial operations in September 2016. GTML holds 19.99% ownership in YEL.

## Associated Companies



Aziz Tabba Foundation

### Aziz Tabba Foundation (ATF)

ATF is a not-for-profit organization, incorporated in the year 1987. It is a well-reputed platform that undertakes to provide welfare support to financially deprived people for maintaining their lives. Welfare support includes providing financial assistance for their shelters, education, marriage, vocational training, laptop support, equipment support, monthly aid, self-employment scheme (motorcycles and rickshaws), Ramadan rations, and healthcare treatment. To address the acute water shortages in different colonies and underdeveloped areas of Karachi, the foundation ventures into setting-up tube wells besides arranging water through the boring source for the residents of these localities of the city.

ATF is also running 2 hospitals namely Tabba Heart Institute and Tabba Kidney Institute which cater to world-class healthcare services to the community coming from across the country.



### Lucky Motor Corporation Limited (LMCL)

LMCL, a subsidiary of LCL has completed Four years of operations in June 2023. The company has been broken into three business divisions, namely Automotive, Auto-Parts and Electronics.

The Automotive Division is engaged in the business of assembling, marketing, distribution and sales of "Kia" and "Peugeot" branded vehicles, parts and accessories in Pakistan. LMCL has technical collaboration with Kia Corporation, which is part of South Korea's 2nd largest business group "Hyundai Motor Group" and the world's 3rd largest automobile group, and Peugeot which is part of the Stellantis Group, which is the world's 4th Largest automobile group.

LMCL has 45 dealerships (Kia – 35 & Peugeot – 10) across 20 cities of Pakistan to serve its customers.

The Auto-parts Division was established with the objective of achieving localization of auto parts for locally assembled Kia and Peugeot models. LMCL has created history in the automobile industry of Pakistan by

manufacturing and distributing two different international automobile brands i.e., "Kia" and "Peugeot" under one roof.

The Electronics Division was formed in July 2021 as an outcome of an agreement signed with Samsung Gulf Electronics FZE for assembling Samsung branded mobile phones in Pakistan.

LMCL is distinct in terms of its operations and portfolio diversification and is creating substantial value for its shareholders.



### Lucky Air (Private) Limited (LAPL)

LAPL was incorporated in Pakistan in the year 2012 as a private company limited by shares. The company operates an Aircraft of LCL and provides services for crew management, technical and engineering services on inbound and outbound flights of the Aircraft.



### Lucky Cement Limited (LCL)

Founded in 1993, LCL stands as the flagship company of YBG. LCL is the largest producer of Cement in Pakistan with production capacity of 15.30 MTPA and remains one of the country's leading exporters of quality cement. LCL is listed on the PSX. The Company is the first Shariah Compliant Company of Pakistan certified by the SECP.

Over the years, the Company has experienced remarkable growth with production facilities at strategic locations in Karachi to cater to the Southern regions and Pezu, Khyber Pakhtunkhwa to serve the Northern areas of the Country. The Company has international footprint also, with two joint venture manufacturing facilities in Iraq, whereas one joint venture manufacturing facility in Democratic Republic of Congo. As a pioneer in the cement industry, LCL holds the distinction of being Pakistan's first company to export sizeable quantities of loose cement. Setting itself apart from other cement manufacturers, LCL operates its own loading and storage export terminal at Karachi Port, providing a seamless and reliable exporting process.

LCL strives to remain an efficient and low-cost producer and is one of the pioneers to introduce and install Waste Heat Recovery, Solar Power Plant, Refuse Derived Fuel (RDF) and Tyre Derived Fuel (TDF) Plants in Pakistan. It also

has self-sufficient Captive power generation facility of 214 MW and supplies additionally generated electricity to support the National grid. LCL owns a fleet of Bulkers and Trailers, which gives added advantage in terms of logistics and efficient deliveries to all types of customers spread across the length and breadth of the Country. LCL remains focused on the responsible and rational use of natural resources, a strategy that allows it to reduce any adverse impact of its operations and increase its operational efficiency. Sustainability lies at the heart of LCL's operations, and the company has diligently integrated it into its core values. Every eco-efficient initiative undertaken aligns with the United Nations' Sustainable Development Goals 2030, reflecting the company's dedication to contributing positively to global sustainability efforts. By aligning its strategies with these goals, LCL strives to make a meaningful and lasting impact on the environment and society at large.

After having a strong footprint in cement manufacturing industry in Pakistan, Iraq and DR of Congo, LCL has evolved into a conglomerate having strategic investments in diversified industries such as Chemicals, Automobiles, Mobile manufacturing, and Power. With its long-term strategy of diversification and value creation, LCL has become a large conglomerate with direct / indirect investments in following companies:

- Al Mabrooka Cement Manufacturing Company Limited
- Al Shumookh Lucky Investments Limited
- LCL Investment Holdings Limited
- LR International General Trading FZCO
- Lucky Al Shumookh Holdings Limited
- Lucky Core Industries Limited (formerly ICI Pakistan Limited)
- Lucky Core Powergen Limited (formerly ICI Powergen Limited)
- Lucky Core Ventures (Private) Limited
- Lucky Electric Power Company Limited
- Lucky Holdings Limited
- Lucky Motor Corporation Limited
- Lucky Rawji Holdings Limited
- Najmat Al-Samawa Company for Cement Industry
- NutriCo International (Private) Limited
- NutriCo Morinaga (Private) Limited
- Nyumba Ya Akiba S. A. (NYA)
- Yunus Energy Limited



### Lucky Commodities (Private) Limited (LCPL)

LCPL is a trading arm of YBG and is the leading supplier of Coal in Pakistan. LCPL aims to be the preferred supplier for customers by conducting business with integrity, unparalleled services and professionalism. Pakistan currently is facing a severe shortage of electricity with the Government's initiative and the execution of coal fired power plants in the country, many industries in Pakistan are moving towards coal as their first priority for electricity and steam generation. As the largest supplier of coal in Pakistan, LCPL makes an important contribution to the industrial sector by fulfilling their coal requirements.

LCPL is currently one of the largest importer of all types of coal in Pakistan and at present catering to a significant portion of the country's coal requirement. Being part of the largest business conglomerate of Pakistan, LCPL has strong market presence, which support the company to build up a network of high profile clients, which include power, chemical, textile, steel and other major manufacturing industries.



### Lucky Electric Power Company

### Lucky Electric Power Company Limited (LEPCL)

LEPCL is a 660 MW Supercritical Coal-Fired Power Plant at Bin Qasim, Karachi. The project, in a long run will be fueled by Thar lignite coal, when it is available. It is Pakistan's first indigenous fuel power plant outside Thar. The project is ushering in a new era of indigenous fuel utilization for baseload power generation, in line with the national objective of reducing reliance on imported fuel. The latest technology for emission control has been installed, which includes Flue Gas Desulphurization (FGD), Electrostatic Precipitators (ESP) with associated environmentally friendly equipment. This project achieved its commercial operation on March 21, 2022. During this year, operations were partially carried out on Thar Coal (to the extent available) along with Indonesian



Lignite Coal. The power generated from the plant is being fed into the national grid in line with a power purchase agreement signed with the Government.

The plant will switch to 100% Thor Coal operations upon completion of Phase III by the Sindh Engro Coal Mining Company (SECMC) which as per the current timeline is expected by March 2024. This will not only eliminate the foreign currency outflow being made for importing the coal but will also reduce the energy basket price besides providing energy security to the country.



### Lucky Energy (Private) Limited (LEPL)

LEPL is a Captive Power Producer (CPP) under the National Electric Power Regulatory Authority (NEPRA) incorporated in July 1993. LEPL, is a gas-based thermal power generation unit, with a total production capacity of 56.575 MW. It is equipped with one of the most sophisticated and highly-efficient generators and supplies uninterrupted power to its group companies.



### Lucky Entertainment (Private) Limited (LEL)

Onderland, established in 2016, is dedicated to spreading accessible Screams of Happiness. As the largest Family Entertainment Center (FEC) in Pakistan, Onderland offer over 100 attractions across a two-story facility spanning 45,000 square feet. Their award-winning Spinning Roller Coaster and thrilling rides like Maverick, Twist & Swing, and Drop Tower provide an exhilarating experience. Guests can also enjoy virtual reality adventures, sports activities, and a range of arcade games. Inclusivity is a core value, ensuring that people of all ages, genders, and socio-economic backgrounds can find joy at Onderland.

Onderland has been nominated for the Best Family Entertainment Center by Middle East and North Africa Leisure Attractions Council (MENALAC), ranking among the top 5 in the MENA region. Onderland's state-of-the-art facility has received acclaim from customers and recognition from the education sector, serving over 8,000 students annually. They are committed to maintaining their position as the leader in

Pakistan's entertainment landscape by prioritizing the environment, offering diverse packages, and ensuring a safe and enjoyable experience for all.



### Lucky Exim (Private) Limited (LEXL)

LEXL, an indenting arm of (YBG), is the largest indenter of all types of coal in Pakistan. LEXL is the preferred supplier of customers as the business is conducted with integrity, unparalleled service, and professionalism. Therefore, customers are provided with premium coal that offers the best value for money without compromising on quality. With an initial focus on coal trading, the company plans to diversify its trade activities to various energy and dry bulk commodities.



### Lucky Foods (Private) Limited (LFPL)

LFPL has a strategic aim to be one of the leading corporate dairy farms in Pakistan. The company is currently focusing on local animals and has also developed its retail shops and home delivery network to reach household consumers. The company has also ventured into the marketing of milk and yogurt and plans to add more value-added dairy products. The farm is located at Super Highway, Karachi. LFPL aims to be a leading player in food-related products, across Pakistan and in the export market.



### Lucky Knits (Private) Limited (LKL)

LKL started its operations in 2005 located in Karachi, the factory consists of a vertically integrated setup, having its own knitting, dyeing, cutting, printing, stitching, and packing facilities. The company manufactures and exports a substantial variety of knitted fabric and garments, with its product line ranging from T-shirts, polo shirts, hoodies, jackets, shorts, and trousers. As LKL is one of the premier apparel manufacturers in Pakistan with the advantage of having all the facilities "under one

roof", it has succeeded in building effective systems in quality control and inspection procedures.



### Lucky Landmark (Private) Limited (LLPL)

Situated in the heart of the city, LLPL owns the LuckyOne Mall, which opened its doors to the public on May 6, 2017. One of the largest malls in Pakistan, with more than 200 retail outlets, the LuckyOne Mall provides an unprecedented retail space that includes a "Health and Wellness Avenue", "Wedding Galleria", "Fashion Alley", "Banking Enclave" and one of the largest "Food Court" in the Country.

Having the largest Carrefour and the biggest atrium in Pakistan, LuckyOne Mall is the first in the industry to have an in-mall open-air "Food Street" and an international standard FEC - "Onderland".

To facilitate the customers, the mall also offers a double-story basement car parking lot sufficient for around 1500 cars.

It is one of the malls with an International Standard "Learning Studio" for constant training of management and staff.

Recognized for providing an ultimate shopping experience, LuckyOne Mall continues to expand, renovate, and offer an innovative and engaging experience to its customers, making it truly the "Place to Be".



### Lucky Textile Mills Limited (LTML)

LTML was established in 1983 and has since remained one of the leading textile manufacturers in the country to date. The Company is engaged in the activity of manufacturing and export of fabrics, home textiles and garments. It has two state-of-the-art weaving mills that have altogether 425 Sulzer Shuttle-less looms and 408 Air Jet looms which are equipped with a computerized back process comprising of Karl Mayer warping and sizing machines.

The company has the capacity to process 108 million meters per annum of fabric. Further LTML has its own power generation facility at one of its manufacturing unit. The stitching division is equipped with sophisticated

high-tech machines that can stitch fabrics and transform them into home textiles as well as apparel products with a high degree of precision. Stitching machines include an automated Texpa plant as well.

In line with its vision of becoming a vertically integrated setup, LTML has successfully established its own Spinning Unit. In the first phase, the company imported 14 Murata Vortex Spinning (MVS) machines and 04 Saurer Automatic Rotor Spinning Machines, all of which are now operational.

The second phase of the Spinning Unit expansion is currently underway and is scheduled to be completed in first quarter of FY 2024. This phase involves the addition of 02 MVS machines and 04 Saurer Automatic Rotor Spinning Machines. Once fully operational, these machines will further enhance LTML's spinning capabilities.



### LuckyOne (Private) Limited (LOPL)

Lucky One Apartments is a magnificent, multifaceted, first-of-its-kind-end residential complex that will revolutionize the luxury living experience in Pakistan. LuckyOne integrates 8 elegant residential towers and a large 8 - acre Rooftop Park. The project comprises two phases of which Phase -1 has been launched. Conveniently situated at the prime location of Karachi on main Rashid Minhas Road, opposite UBL Sports Complex, the apartments are easily accessible through major Flyovers of Karachi. The unbeatable mix of top-class luxury apartments and hi-end amenities like Swimming Pool, Gymnasium, Jogging Track, Tennis Courts, Reading Room, Event Hall, Play areas, and the amazing 8 - acre Rooftop Park will make LuckyOne Apartments the premiere lifestyle destination for urban living in Karachi.



### Tabba Heart Institute (THI)

THI is a leading cardiac care hospital of 170-bed with a vision of quality care. Since its inception in 2005, the hospital has carved a niche for itself in the cardiac healthcare sector of the Country and has grown manifolds in its reach and magnitude. The hospital was awarded the prestigious Platinum Performance Achievement Award by the American College of



Cardiology. THI is the first and only hospital in Pakistan that has been bestowed with this distinction for the past three consecutive years. THI is certified by International Organization for Standardization (ISO) for quality and safe environment practices with ISO 9001 and 14001 standards respectively and accredited by the College of Physicians and Surgeons Pakistan for its fellowship training programs.

Besides offering a complete range of therapeutic and preventive care for cardiovascular diseases, OPD consultations are also available for Electrophysiology, Diabetology, Pulmonology, Nephrology, Neurology, Infectious Diseases, Gastroenterology, Physiotherapy, Psychiatry, Geriatrician, and General Medicine. THI also has a structured and recognized fellowship training program in Interventional Cardiology, Cardiac Surgery, and Cardiac Anesthesiology. Moreover, the hospital also offers core skills training program in nursing and allied health services.



### Tabba Kidney Institute (TKI)

TKI is a 100-bed Post Graduate Training and Research Center with state-of-the-art technology and expertise of well-experienced doctors, famous for the cure of kidney-related diseases, extends Emergency, In-Patient Department, Consultant Clinics / OPD, Clinical Laboratory, Pharmacy, Radiology services besides providing High-Tech Operation theaters facility equipped with Flexible Ureterorenoscope, 3D Laparoscopic, 140-watt Laser, Trilithology and 4K Camera technology.

It is certified by the ISO and accredited by the College of Physicians and Surgeons Pakistan for post-graduate training in Nephrology and Urology.



### Lucky Renewables (Private) Limited (LRPL)

LRPL is another step of YBG towards sustainable green energy, incorporated as a Special Purpose Vehicle (SPV), with a corporate structure of a private limited company,

to exclusively develop a 50 MW Wind Power Project in Deh Kohistan, Jhimpir, District Thatta.

The project is equipped with state-of-the-art WTG, manufactured by Siemens Gamesa China; the electrical balance of plants has been supplied by various recognized vendors; whereas construction activities have been carried out by Hydro China International Engineering Company Limited and Orient Energy Systems (Private) Limited.

The project is financed by a consortium of local and foreign lenders. The local Lender consortium comprises Bank Al-Habib Limited and Allied Bank Limited. Foreign financing has been secured from International Finance Corporation. The company achieved its financial close on November 18, 2019, and started commercial operations in September 2021. It is a clean energy project, harnessing renewable wind resources for the generation of electric power without any carbon emissions.



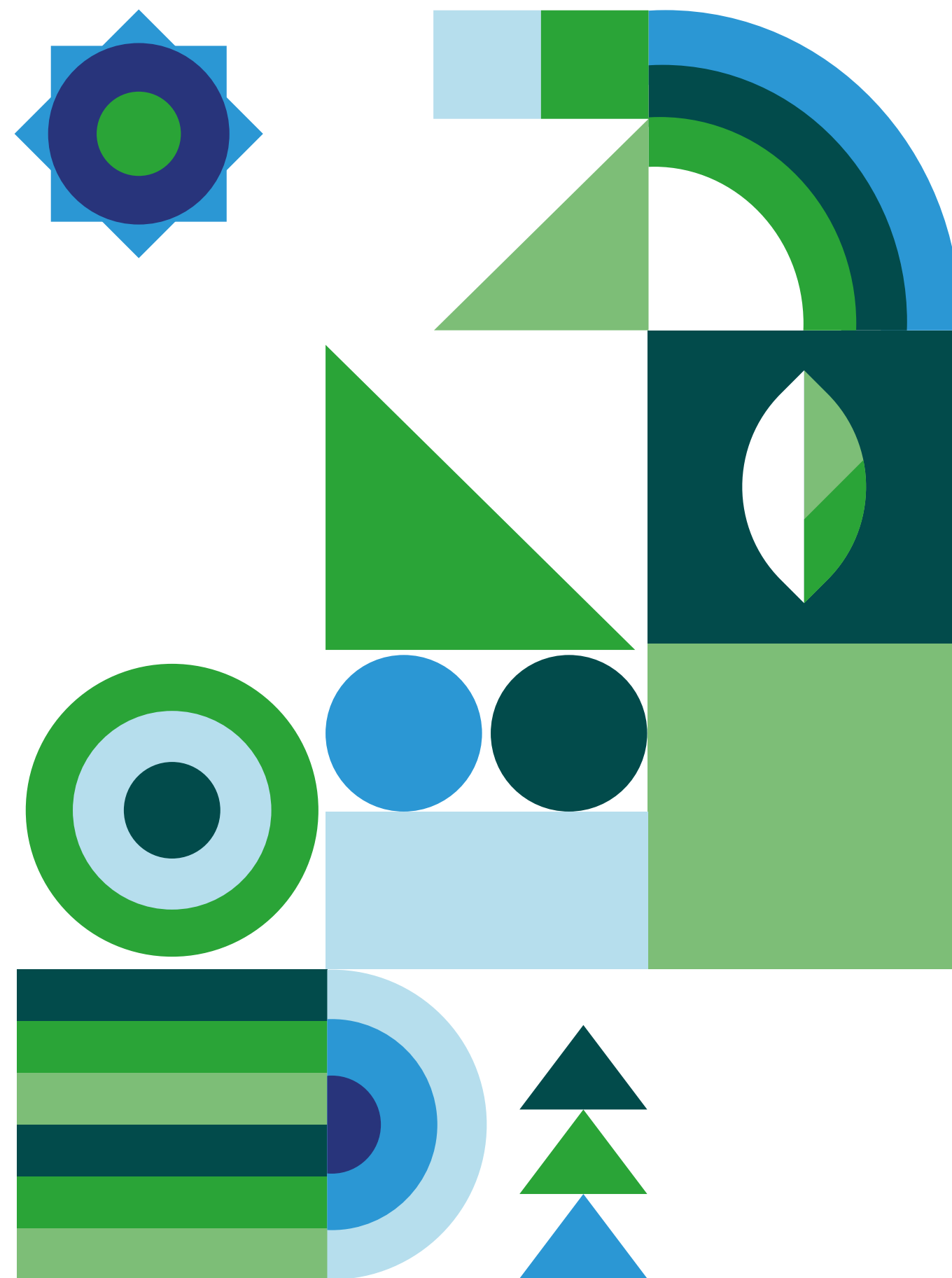
### Y.B. Pakistan Limited (YBPL)

YBPL started business in 1962 as a partnership with Mr. Abdul Razzak Tabba and Mr. Muhammad Yunus Tabba. Initially, trading grey cloth was the main business. However, with time the firm also started trading in other commodity items e.g., wheat, rice, corn, and other pulses. To encourage corporate culture, the management decided in 2012 to convert the partnership firm into a public limited company with the name and style of YBPL. The company has a diversified portfolio of investments in various segments of the business.

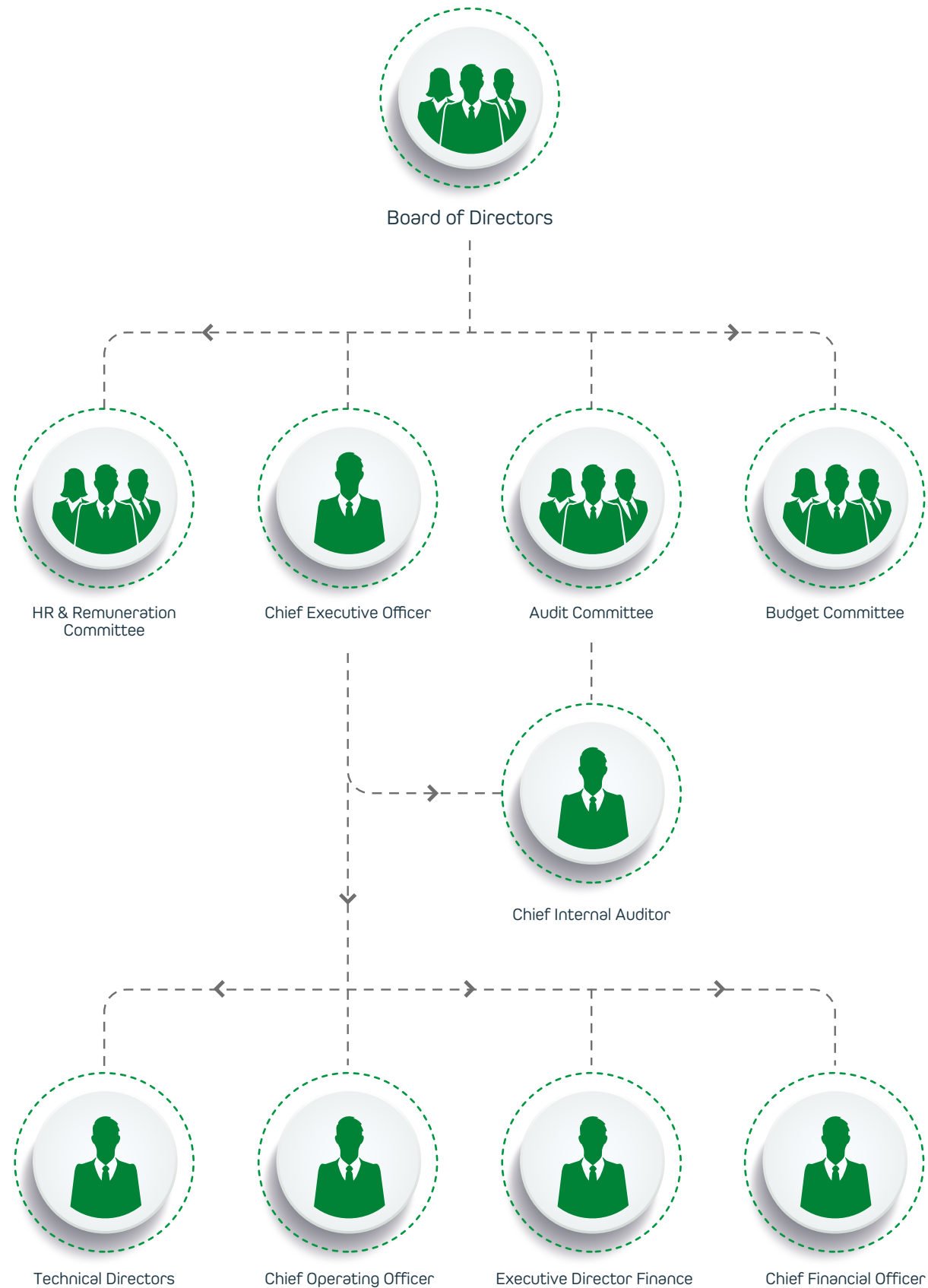


### Yunus Textile Mills Limited (YTML)

YTML is a vertically integrated home textile unit established in 1998, consisting of spinning, weaving, dyeing, printing, finishing, and cut & sewing with a workforce of 4,900 employees. In a span of 10 years, it became the number one home textile exporter of Pakistan with more than 10% share (approx.) of all Home Textiles exported. The company has its international warehousing, distribution, and design development offices in the USA and France.



# Organizational Chart



# Senior Management

## Head Office



**Mr. Muhammad Sohail Tabba**  
Chief Executive Officer



**Mr. Abdul Sattar Abdullah**  
Executive Director Finance



**Mr. Imroz Iqbal**  
Chief Operating Officer



**Mr. Muhammad Imran Moten**  
Chief Financial Officer



**Mr. Salam Chottani**  
Director Local Sales



**Mr. Haji Muhammad Mundia**  
Chief Internal Auditor



**Mr. Salman Lakhani**  
Director Procurement



**Mr. Asif Rafique**  
Director IT



**Mr. Muhammad Umair**  
Company Secretary

## Gadoon Amazai Plant



**Mr. Waqar Ahmed Khan**  
Director Administration



**Mr. Iftikhar Ahmed**  
Director Technical



**Mr. Mohammad Nadeem Riaz**  
Director Technical



**Mr. Shafqat Mumtaz Ahmed**  
Director Technical



**Mr. Asad Ansari**  
Director Technical Power Plant

## Karachi Plant



**Mr. Tahir Saleem**  
Executive Director Technical



**Mr. Akhtar Kamdar**  
Resident Director

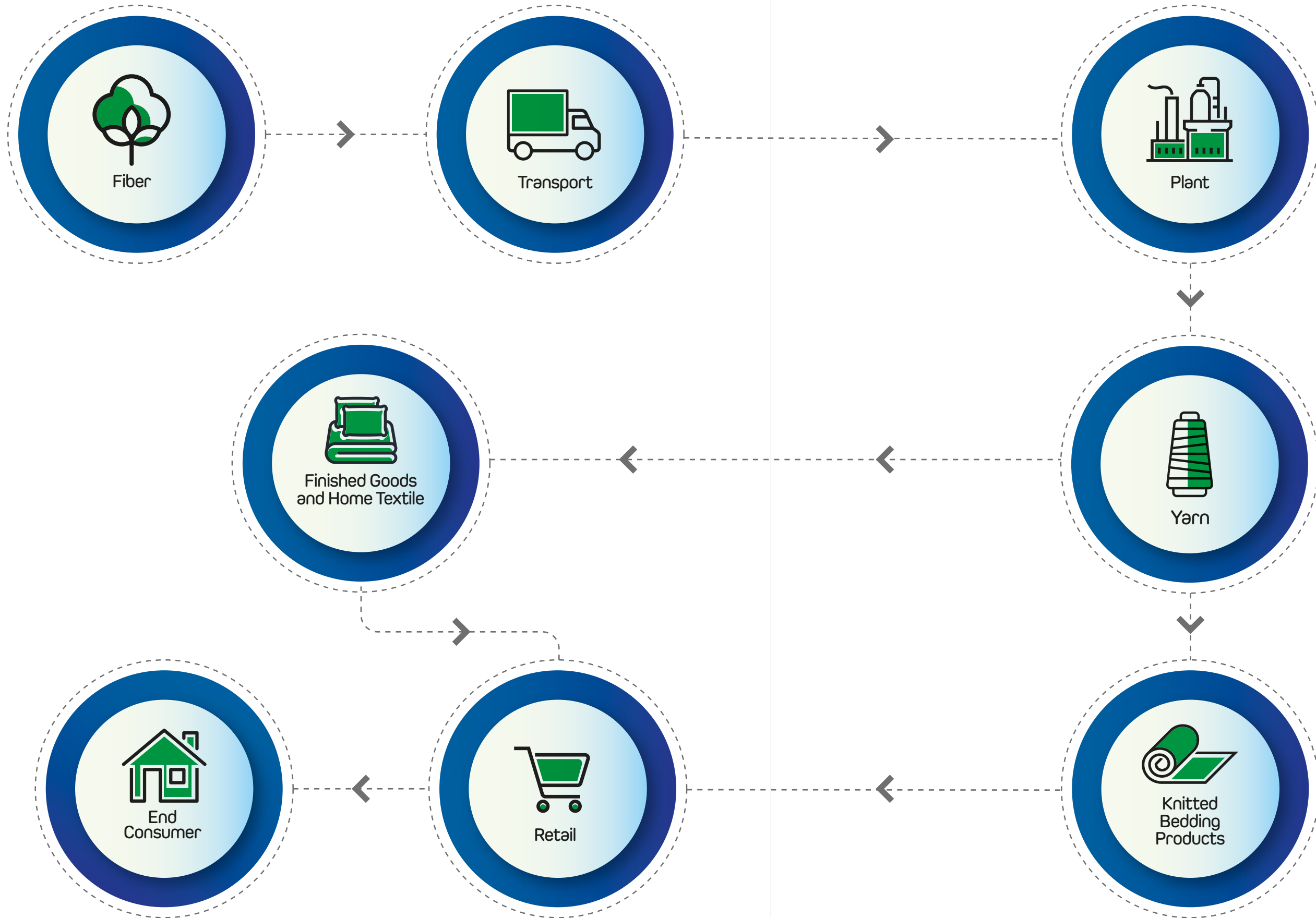


**Mr. Suleman Joya**  
Director Technical

### Key Quantitative Information

The number of persons employed as on the date of financial statements and the average number of employees during the year, along with factory employees, is disclosed in note 36 of the financial statements.

# Value Chain Positioning



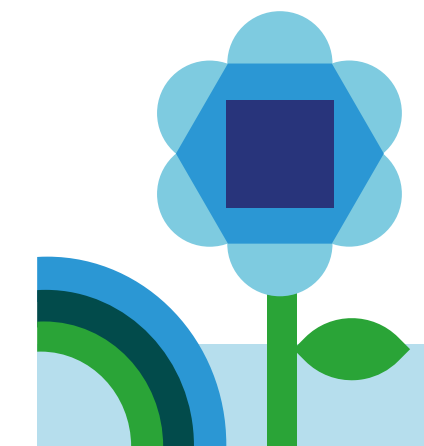
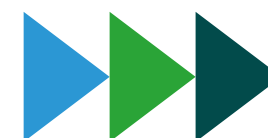


# Pestle Analysis

## Significant factors affecting the external environment and organization's response

Organizations are affected directly or indirectly by the external environment in which they operate. It is stated with certitude that it is not possible for companies to work in a vacuum or in isolation with their surroundings. The different elements of the external environment are discussed as under:

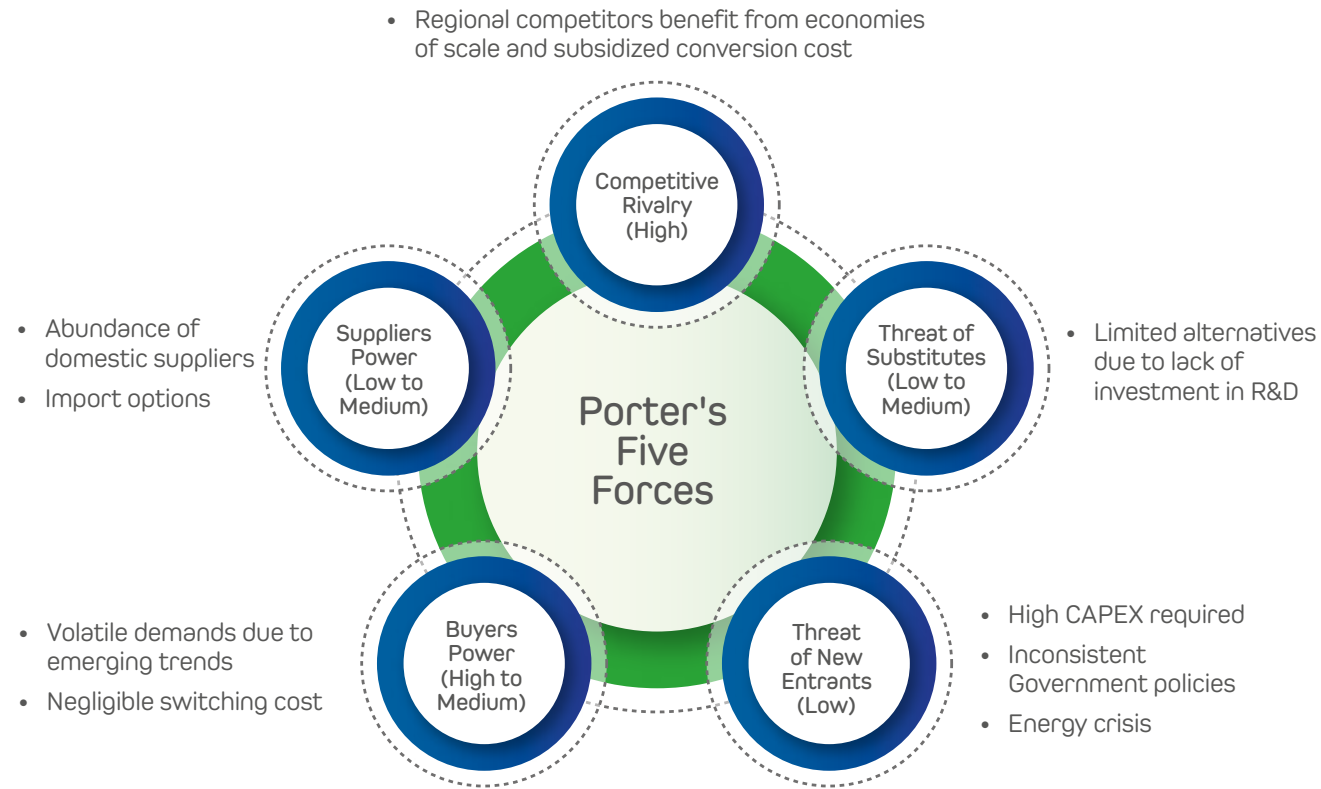
Nature of Factors	Possible Impacts
<b>Political</b>	Unstable political conditions impede the growth of any economy. Frequent changes in Government policies affects the confidence level of the investors, and accordingly, overall business operations are suffered.
<b>Economic</b>	Economic conditions have a direct impact on the Company's performance. An adverse movement in the exchange rate, interest rates, inflation rate, etc. might negatively impact the business of the Company.
<b>Social</b>	Being socially responsible is another significant factor of critical importance that adds to the Company's performance levels. Organization that does not play an active role for the welfare and betterment of society affects their customers, employees or other stakeholders.
<b>Technological</b>	Technological developments and innovation determine the progression of an organization. Without technological developments and innovations, growth of the organization may be slowed down.
<b>Legal</b>	Compliance with legal / regulatory requirements are necessary for the Company's smooth operations. <ul style="list-style-type: none"> <li>The Company is liable to monitor the latest laws and regulations to stay ahead without facing any sort of legal complications in the future.</li> <li>Certain penalties and legal action by regulators may raise the chance of any unfavorable conditions that harm the prestigious reputation of the Company.</li> </ul>
<b>Environmental</b>	Company activities have an impact on the environment in which they operate. Not giving due importance to the environmental laws may lead to reputational loss and legal repercussion. <ul style="list-style-type: none"> <li>Current climate conditions such as air pollution, water pollution and adverse global warming create a climacteric impact on the sustainable manufacturing of goods.</li> </ul>



Organization's Response
<ul style="list-style-type: none"> <li>Consistent market analysis by the senior management and proactive planning to mitigate any unfavorable outcome on the Company's business.</li> <li>Arranging sessions with investors / stakeholders to boost their confidence.</li> </ul>
<p>The Company actively monitors the economic factors and takes steps to minimize its negative impact. Some of the steps taken during the past couple of years are:</p> <ul style="list-style-type: none"> <li>Conversion from foreign currency-denominated borrowings to local borrowings, and vice versa, owing to possible devaluation of the currency or increase in interest rates</li> <li>Efficient cotton procurement</li> <li>Investment in diversified avenues.</li> <li>Cost reduction initiatives to control production and non-production related fixed costs</li> </ul>
<ul style="list-style-type: none"> <li>The Company not only participates diligently in the CSR activities but also encourages its employees to devote their time to the betterment and well-being of the society. In this respect, different activities are planned each year.</li> <li>The Company significantly focuses on training and employment opportunities for the welfare of society and to ensure that the employees are equipped with recent developments and skills.</li> <li>Several donations have been made to support local NGOs under the vision of better education, health and empowerment.</li> <li>The Company possesses a reliable reputation among the stakeholders in terms of CSR initiatives</li> </ul>
<ul style="list-style-type: none"> <li>In order to gain a competitive advantage, the Company regularly invests significant amounts on new technologically advanced machinery. This year CAPEX of Rs. 11.5 billion also contain a significant portion spent on technology advancement of machineries.</li> <li>The Company also ensures participation of its senior management in various national / international exhibition / training session, to acquaint them with the latest technology.</li> <li>The Company's technical management is committed to adopt latest trends of the industry for optimization of its operations in an effective manner.</li> </ul>
<p>In addition to its professional team, the Company also hires lawyer / tax expert services, on a need basis, to ensure compliance with all legal / regulatory requirements.</p> <p>Further, the Company's operations are transparent and doesn't have any history of violating laws or being penalized.</p>
<p>In addition to ensuring compliance with applicable environmental laws and regulations, the Company also takes additional steps regularly, few instances are:</p> <ul style="list-style-type: none"> <li>Successfully installed Waste Heat Recovery Steam Generator (WHRS) plant. This plant operates by transforming the engine's heat and smoke into power that is used for further processes.</li> <li>Installation of RO water plant within the premises of factory in order to provide the clean water and sanitation for the entire workforce.</li> <li>Proper implementation of dry waste management plan to ensure the purpose of sustainable consumption and production.</li> </ul>

## Competitive Landscape and Market Positioning

Porter's Five Forces model has been used to analyze the industry structure and the corporate strategy of GTML for further measuring the competition intensity, attractiveness, and profitability of the textile industry.



## Seasonality of Business

The Company's primary business is derived from the manufacturing and sale of yarn. During the year the demand of the yarn witness a downward trend as compared to previous year, mainly on account of global recession, on-going trade wars, and political instability.

The Company risk assessment team strategizes seasonality through proper inventory, procurement and production planning; whereas the marketing team performs regular trend analysis to pursue demand well before regional and international festivals such as Eid, Christmas, Easter etc.

## Legitimate and Regulatory Environment

GTML in addition to the fulfilling the requirement as laid under the various Corporate and taxation laws, is also required to comply with listed Company's requirements under PSX regulations and other relevant laws. Although Spinning industry is not a regulated industry, however, the Company has obtained various certifications, to adhere to the requirements as laid under various certifications. Further, the Company also has obtained respective certifications for its value-added segment. Moreover, the Company has its own power generation and is accordingly required to comply with rules and regulations of regulatory bodies including of NEPRA.

## Significant Changes from Prior Years

There were no significant changes within the organization regarding the information disclosed in this section.

# Awards and Achievements

- Awarded with Best Corporate Report Award.
- Best Consumer Award.
- Business Excellence Award.
- Businessman of the Year Gold Medal Award.
- ICAP's Outside Practice Scheme's Enrollment.
- Secured First Place in National Finance Olympiad (NFO) 2016 organized by ICAP.
- Top 25 Companies for the Year Award.
- Top Exporter (Foreign Exchange Earner) of the Province.
- Top Line Exporters Award.
- Top Importer of the Province.
- Top Income Tax Payer of the Province (KPK).

## Awards Received During the FY 2022-2023

### Best Corporate Report Award

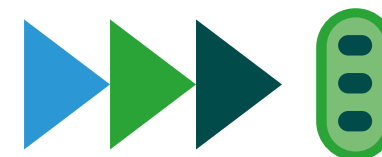
The Company believes in providing the stakeholders with a well-integrated corporate annual report and ensures the quality and transparency of information provided to them. Keeping in view, the Company's best corporate reporting practices, the Company's Annual Report for the year 2021 secured the third position in the Textile sector in the Best Corporate Report Award recognition ceremony jointly held by the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP).



### Top 25 Companies Award

The PSX has adopted a practice to acknowledge the performance of the top 25 companies every year based on comprehensive criteria which include; capital efficiency, profitability, free-float of shares, transparency, corporate governance & investor's relation, and compliance with the listing of companies & securities regulations.

GTML once again bagged the Top 25 Companies Award for the year 2021 for its remarkable performance in the areas highlighted in the criteria.



# SWOT Analysis

## Strengths

S

- Market dominance.
- In-house power generation.
- Strong group structure.
- Economies of scale / financial position.
- Brand positioning / customer loyalty.
- Availability of a wide range of products.
- State-of-the-art plant and production facilities.
- Global reach to internationally acclaimed clients.
- Experienced and professional workforce.

## Weaknesses

W

- Mature market with a number of product substitutes.
- Labor-intensive operations.
- Being primarily a commodity-based business, the margins get distorted on account of significant reduction in market price of commodities, thus impacting the sales price of yarn.
- Dependence on a particular region for sales.
- Major reliance on the spinning segment.

## Opportunities

O

- Overall exposure of untapped export market.
- Availability of expansion in segmented market with bare minimum capital expenditure.
- Diversification of product range. Target the niche market due to a wide range of product manufactured.
- Technological advancement.
- Horizontal and vertical integration.

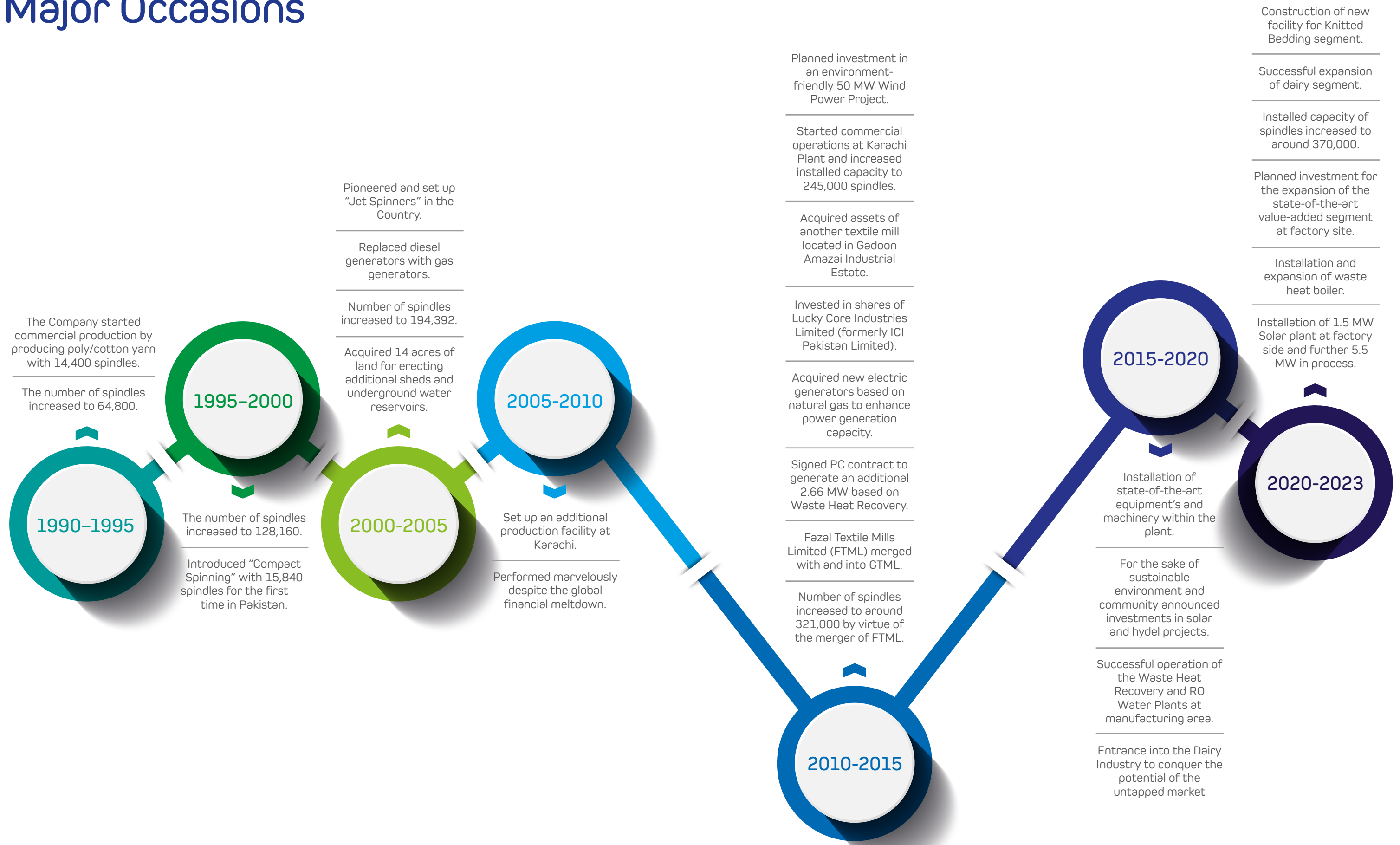
## Threats

T

- Continuous increase in operational cost.
- Political instability.
- Poor economy and inflation fluctuation.
- Imposition of innovative taxes and uncertain Government policies.
- Shortage of raw material due to natural disasters.
- Abrupt fluctuation in interest and exchange rates.
- Availability of subsidized yarn by regional competitors.
- Global shipping supply constraints.



# History of Major Occasions



# Calendar of Notable Events

## Notable Events for the Financial Year - Employees Engagement Activities

<b>Friday, August 12, 2022</b> Independence Day Celebration	<b>Saturday, August 23, 2022</b> Training sessions on Diversity & Inclusion	<b>Thursday, September 15, 2022</b> Session on Sustainability Development Goals (SDG)	<b>Thursday, September 22, 2022</b> Session on Code of Conduct Compliance for Senior Management
<b>Thursday, September 29, 2022</b> Session on World Heart Day	<b>Friday, September 30, 2022</b> Session on Personal Hygiene for Supporting Staff	<b>Saturday, October 08, 2022</b> Training sessions on Stress Management for Mid Management	<b>Friday, October 21, 2022</b> Breast Cancer Awareness Day
<b>Saturday, November 19, 2022</b> Cricket Gala	<b>Wednesday, December 07, 2022</b> YBG Cricket League	<b>Monday, December 12, 2022</b> World Human Rights Day	<b>Thursday, December 20, 2022</b> Session on Cyber Security Awareness
<b>Friday, December 30, 2022</b> Training on Workplace Ethics & Time Management	<b>Tuesday, January 10, 2023</b> Heimtextil – 2023	<b>Monday, February 27, 2023</b> Training on Leadership Level-03	<b>Wednesday, March 08, 2023</b> Women's Day Celebration
<b>Wednesday, March 15, 2023</b> Training Session of WIBCON	<b>Wednesday, May 31, 2023</b> World No Tobacco Day Session	<b>Wednesday, June 21, 2023</b> Session on Workplace Harassment for Female Employees	

## Notable Events for the Financial Year

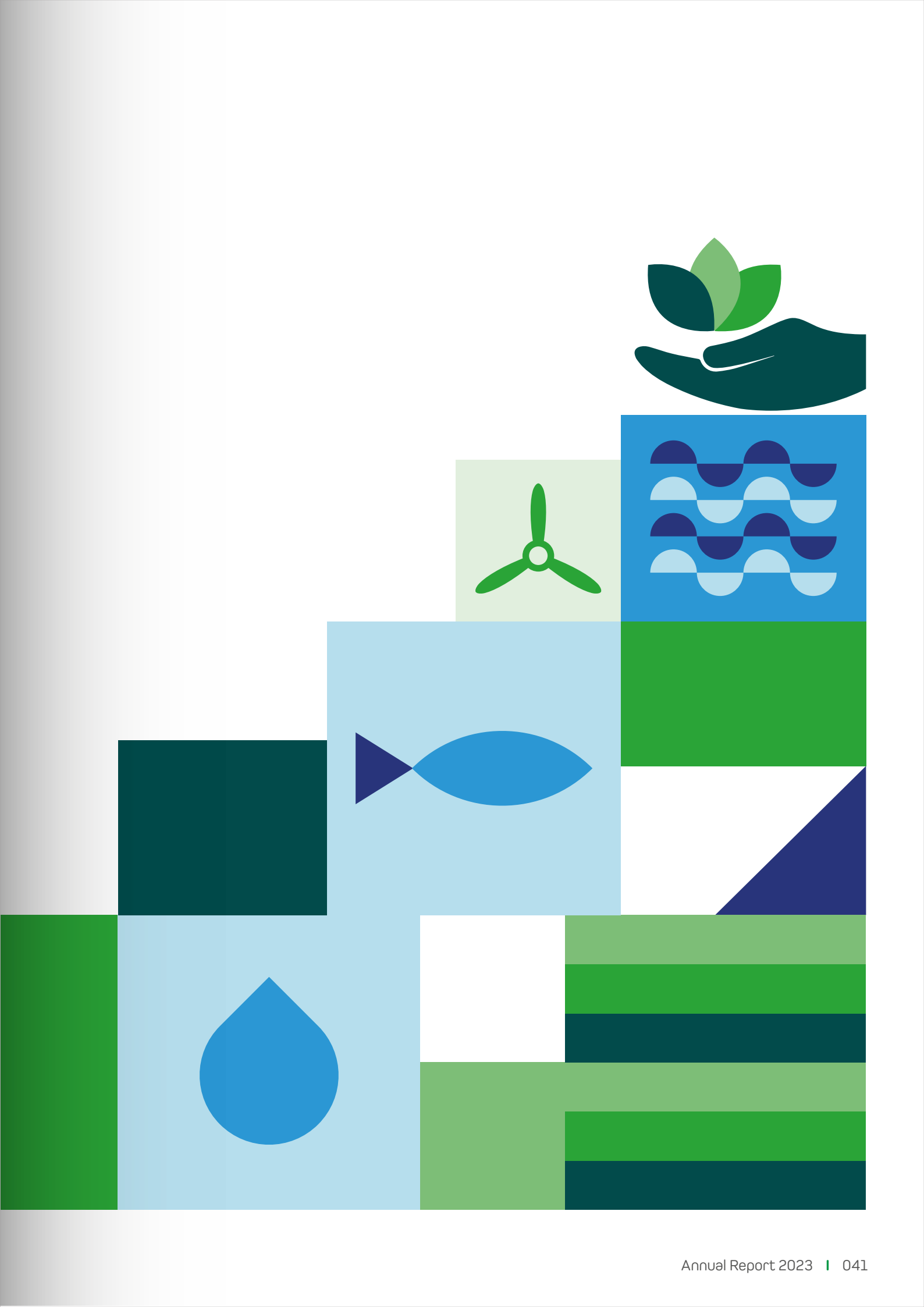
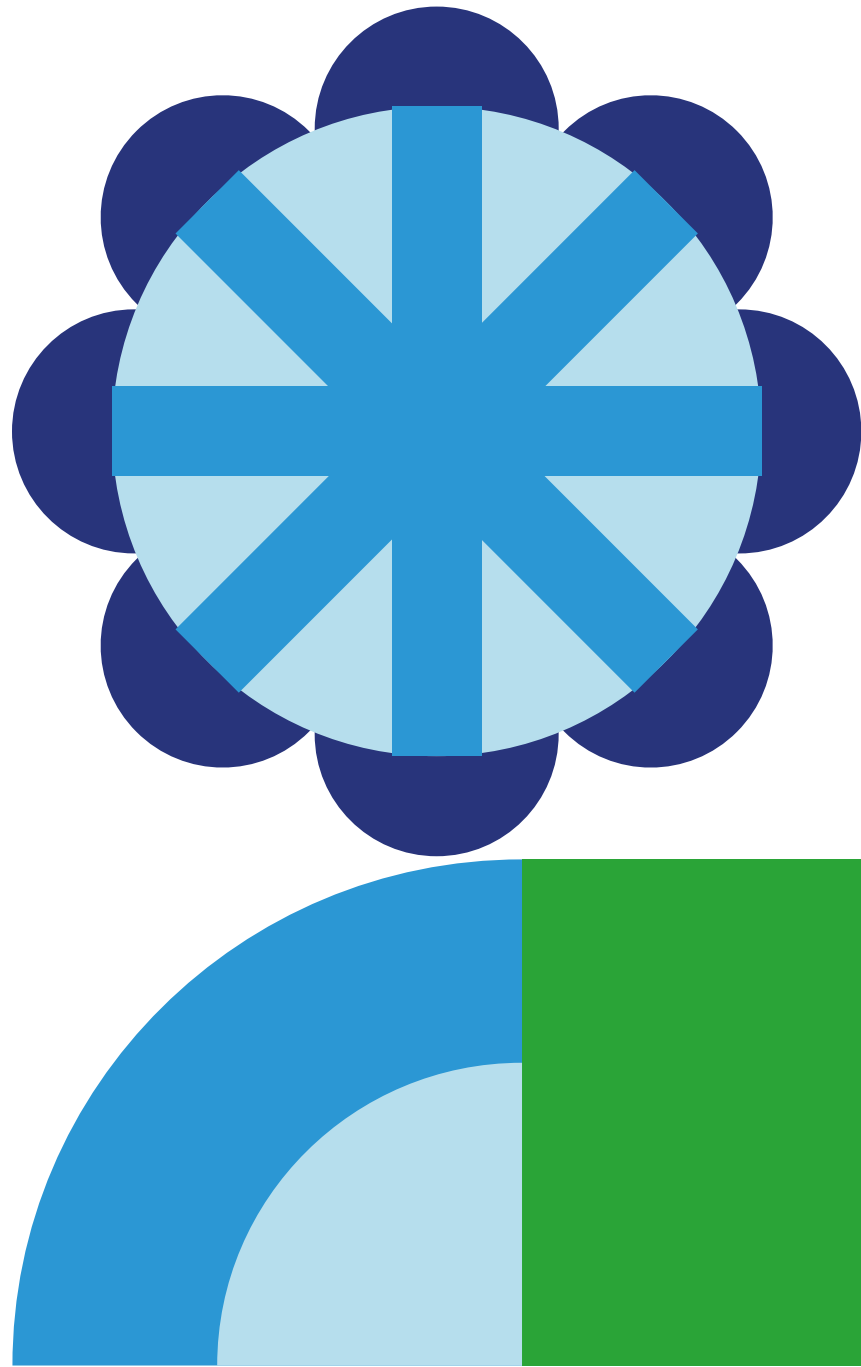
<b>Tuesday, August 02, 2022</b> BOD Meeting for Yearly Accounts - 2022	<b>Tuesday, September 27, 2022</b> 35th Annual General Meeting – 2022	<b>Monday, October 24, 2022</b> BOD Meeting for the First Quarter ended September 30, 2022	<b>Thursday, January 26, 2023</b> BOD Meeting for the Half Year ended December 31, 2022
<b>Thursday, April 27, 2023</b> BOD Meeting for the Third Quarter ended March 31, 2023	<b>Thursday, June 22, 2023</b> Emergent BOD Meeting		

## Tentative Dates for Next Financial Year

<b>Saturday, August 05, 2023</b> BOD Meeting for the Yearly Accounts - 2023	<b>Tuesday, September 26, 2023</b> Annual General Meeting – 2023	<b>Tuesday, October 24, 2023</b> BOD Meeting for the First Quarter ending September 30, 2023	<b>Friday, January 26, 2024</b> BOD Meeting for the Half Year ending December 31, 2023
<b>Friday, April 26, 2024</b> BOD Meeting for Third Quarter ending March 31, 2024	<b>Thursday, June 20, 2024</b> BOD Budget Meeting 2024-2025	<b>Friday, August 02, 2024</b> BOD Meeting for the Yearly Accounts – 2024	



# Sustainability that strategizes



# Strategy and Resource Allocation

The foundation of an organization's planning lies upon the identifiable goals towards which all organizational activities are directed. Objectives serve the basis of managerial functions and organizational existence of any organization. The Company devises challenging objectives for attaining profitable results and gaining a competitive advantage in the market. The strategic objectives are an integral part of a business that plays a pivotal role in the organization's success. The Company's strategic objectives and plan are mentioned below.

## Strategic Objectives and Plans

Objectives	Sales maximization and global footprint	Attaining business synergy through operational efficiency	Diversification of risk and businesses to maximize shareholders' return
Priority	High	High	High
Timeline	Short term	Short term	Medium-term
Current Status	Ongoing process	Ongoing process – Targets for the year achieved.	Ongoing process – Targets for the year achieved.
Strategy	Maximize sales by exploring and entering new and untapped markets, hence increasing the global footprint of the Company.	To monitor the business processes regularly and exploring new ways to make the overall process lean and efficient.	To expand within the spinning and other value-added sectors by continuously exploring new opportunities.
Resource Allocated	Financial Capital, Social and Relationship Capital and Manufactured Capital	Human Capital.	Financial Capital and Human Capital
Resource Allocation Plan	In addition to the budget allocated for sales and marketing to boost export sales (financial capital) and to explore new untapped markets, the management is making further efforts to build a global image of the Company (social and relationship capital). For these reasons, various activities are also being planned for the forthcoming year. The Company, being a member of various forums / associations, also attends investment conferences and seminars on both local and global levels, thus promoting its corporate image (social capital). In addition, to ensure presence at various events / seminars, our Corporate and Branding team continuously monitors upcoming potential seminars and avenues to participate actively.	The Company significantly focuses on investments in the training and development of its staff and executives at various local and international levels.  This helps them to improve their management and technical skills and equips them with the latest production techniques and developments to enhance their overall efficiency and effectiveness (human capital).	The Company has a strong financial standing and being a part of one of the largest conglomerate groups, YBG, has viable access to financial capital from various sources.  To manage the investment in diversified portfolios, Company has an experienced strategic management team. The roles and responsibilities have also been appropriately assigned to a dedicated team of professionals (human capital) who are responsible for managing investments and identifying new prospects, and their level of competency has been ensured.
KPIs	<ol style="list-style-type: none"> <li>Market share.</li> <li>New tapped geographical locations.</li> <li>Brand image positioning.</li> </ol>	<ol style="list-style-type: none"> <li>Cost management.</li> <li>Outcome and effectiveness of training sessions.</li> <li>Fostering &amp; monitoring ethical culture.</li> </ol>	<ol style="list-style-type: none"> <li>Profitability ratios.</li> <li>Return on capital employed.</li> <li>Gearing ratios.</li> </ol>



Sustain industry leadership	Maintaining high ethical, professional and environmental standards	Contribution towards the sustainability of the society
High	High	High
Long term	Medium term	Medium term
Ongoing process – Targets for the year achieved.	Ongoing process – Targets for the year achieved.	Ongoing process – the Company has conducted several CSR activities and R&D throughout the year in order to serve the society.
Planning and regularly upgrading production facilities; timely deployment of the latest state-of-the-art machinery to maximize overall efficiencies and production of a customer-centric product.	To continuously monitor and incorporate the best industry practices within the Company that contributes to the stakeholders' well-being.	Continuing a chain of sustainability through elimination of carbon and by investing in environmentally friendly energy projects. Further contribution towards social initiatives related to employment, health and education.
Manufactured Capital, Human Capital and Intellectual Capital	Social and Relationship Capital and Human Capital	Financial Capital, Manufactured Capital and Natural Capital
To sustain industry leadership, the Company has timely invested in technologically advanced machinery (manufactured capital) and continuously upgrading its system and business intelligence tools (intellectual capital). It anticipates that in the coming years, the Company will be able to further rationalize its workforce (human capital), which will bring in further value addition to the Company.	The management of the Company places strong emphasis to ensure that all regulatory requirements and best industry standards are complied with (social and relationship capital). Achievement of this objective would help to maintain healthy relations with employees (human capital) and other stakeholders.	In order to contribute to society, the management of the Company has taken a keen interest in different kind of CSR activities and have been allocating funds for the same (financial capital).  Further, to promote sustainability, regular research is being carried out to eliminate carbon footprints and installation of technologically advanced and environmentally friendly plant (manufactured capital). To emphasize the minimal wastage of natural resources used in the manufacturing process, techniques are adopted for the effective use of natural resources (natural capital).
<ol style="list-style-type: none"> <li>Profitability ratios.</li> <li>Market share.</li> </ol>	<ol style="list-style-type: none"> <li>Employee retention ratio.</li> <li>Long-term relations with stakeholders.</li> </ol>	<ol style="list-style-type: none"> <li>Effective CSR fund allocation.</li> <li>Percentage of SDG's compliance.</li> <li>Units of energy saved.</li> <li>Social Impact Assessment</li> </ol>

The KPIs stated will continue to be relevant in the future.



## Key Resources and Capabilities, Providing Sustainable Competitive Advantage

As one of the leading textile employer, the Company continuously strives for a business culture of improvement, sustainable competitiveness, and top performance in an ethical manner. The Company is committed to particular values of monitoring brand reputation, and ensuring customers' satisfaction over time for sustaining a competitive advantage through:

- Being part of one of the largest conglomerates, YBG.
- Self-power generation plants at factory sites, to reduce the pressure on national grid for energy requirements.
- Presence in two distinct locations for better customer's reach and effective implementation of

brand positioning strategy.

- Obtaining certifications to maintain the sustainable product portfolio and value creation within the targeted market.
- Continuous investments in state-of-the-art sustainable and efficient machineries.
- Seasoned and experienced management to cater new challenges and achieve operational efficiencies.
- Collective feedback from stakeholders (employees, customers, communities) to gauge their perception of ethical, professional, and environmental practices and identify areas for improvement.

## Factors Affecting the Strategic Approach and Resource Allocation

The Company's management is confident in its strategic approach and resource allocation plan for progressive success within the industry. However, there are still several MACRO factors that might affect the plan either directly or indirectly. Following are some factors and their possible effect on the strategic approach and resource allocation plan.

Factors	Effect on Strategic Approach	Effect on Resource Allocation Plan
Technological changes	<p>The change in technology and innovation opens the door to progress. However, this may result in a change in consumer behavior and their pattern of product / services usage.</p> <p>The strategic approach needs to be reviewed continuously with any possible change in technology to cope with the latest industry trends.</p>	<ul style="list-style-type: none"> <li>• Lack of trained staff and risk of mishandling of the equipment or malfunctioning of new machinery might adversely impact the resource allocation plan.</li> <li>• Integrating new technologies with existing systems and infrastructure can be complex on practical grounds.</li> </ul>
Environmental challenges	<p>Environmental challenges such as climatic changes, shortage of resources and the loss of ecosystem is inevitable, however, through implementation of a potential sustainable strategy we can ensure the safety of the environment and alternative renewable use of natural resources.</p>	<p>Environmental change alters consumer behavior; this can be detrimental to business activity. However, by ensuring strict compliance with the regulations, and taking voluntary steps to adopting environment-friendly practices, we can manage to achieve the strategic goal of the Company to strive and thrive.</p>
Societal Issues	<p>Societal issues such as health, poverty, and the educational system affects the pattern of consumer behavior and their spending thereby having an impact on businesses globally. However, the Company has put in place a strategy to cater to the change in consumer patterns over time by continuous research and development to produce environmentally sustainable products.</p>	<p>Any change in the societal issues may require the Company to lay further emphasis on corporate social responsibility, change workplace culture, possible allocation of resources towards green or ecological products, and more positive attitude towards the use of renewable energy, etc.</p>

## Sustainable Strategy

The Company's sustainable strategy refers to a long-term approach that integrates environmental, social, and economic considerations into overall business operations. It aims to create value addition for the Company while minimizing negative impacts on the planet and society. Here are some measurable objectives of a sustainable strategy on which Company look forward:

### 1. Aspiring Excellence Work Environment

Enhance employee motivation by instilling a sense of purpose, work-life balance, gender equality, and increase overall productivity of workforce.

### 2. Green Investment & Asset Optimization

Investment returns by allocating capital to more promising and more sustainable opportunities (for example, renewables, waste reduction, and greener systems).

### 3. Making Living Sustainable

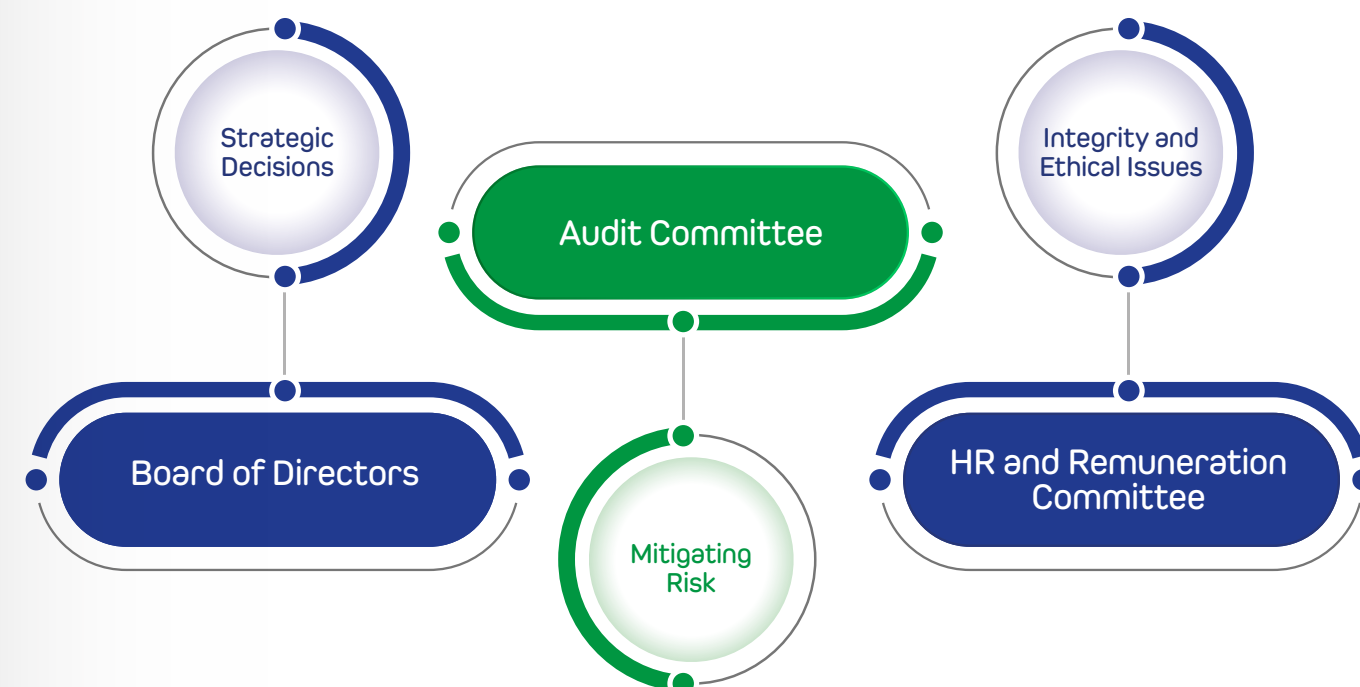
Evaluate our socioeconomically targets and ambitions towards community welfare through building capacity, collaborations and performance metrics.

### 4. Sustaining Eco-friendly Practices

Implementing the best practices of reusing and recycling materials to minimize environmental footprint and to protect the planet.

## Strategic Decision-Making Process

The committees of Board members have been formed to make strategic decisions and to establish and monitor the culture of the organization, including its attitude to risk and mechanisms for addressing integrity and ethical issues. Such matters are discussed and updated on monthly basis and reviewed by members of the committees on a quarterly basis. They also ensure that stakeholder interests are considered and incorporated into the decision-making process.



### Significant Plans and Decisions

From time to time, the Company has diversified its business operations through expansion, restructuring, including the merger. However, there are no plans for any significant restructuring, expansion of business operations, or discontinuance of any operation except for the expansion of value-added segment.

### Changes in Objectives and Strategies

The business objectives and strategies of the Company are developed through extensive research, planning, and benchmark practices. The objectives and strategies have been designed in alignment with the vision and mission statement of the Company. To measure the Company's performance against the stated objectives, key performance indicators have been set, which are measured and monitored by the management regularly.

There has been no material deviation from the targets set to achieve the strategic objective during the current year.

### Liquidity Strategy

#### Current Liquidity Position

The liquidity position of the Company is on a solid foundation, and it has an adequate capital structure mainly supported by equity.

	2023	2022
	----- (Rupees in '000) -----	
Equity	20,691,202	18,003,149
Long Term Finance	10,333,801	5,014,436

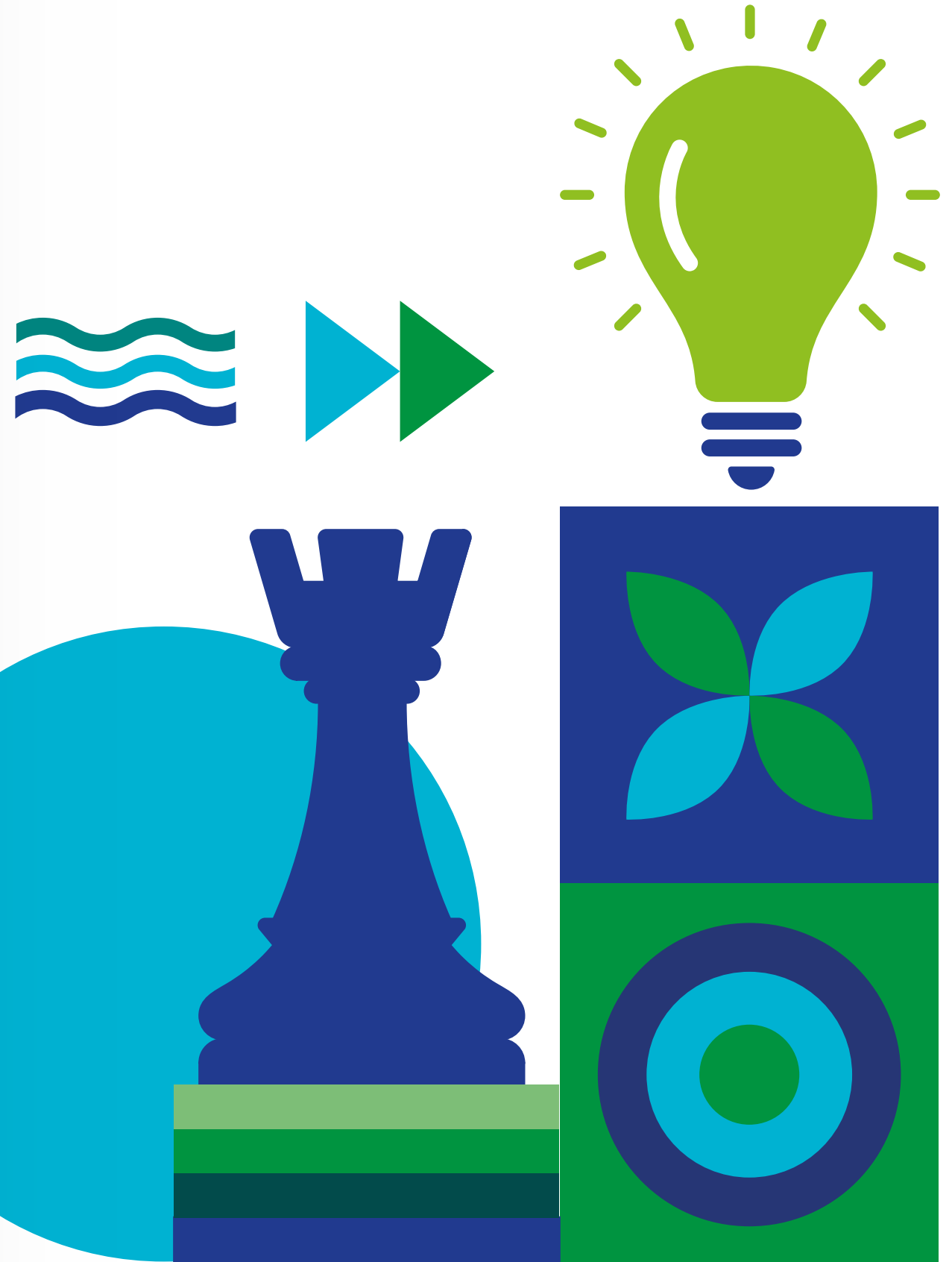


The Company stands on a strong repayment legacy as the Company has never defaulted any payment against financial institutions, vendors, Government agencies, etc. and the management is confident that the Company would not face any liquidity issues in the future. The increase in Long Term Finance is mainly on account of significant CAPEX carried out during the year. The Company has sufficient liquid resources in hand to meet its working capital requirement. The Company has managed its current ratio over the years, which is evident from a current ratio of 1.19 in 2023 as against 0.96 in 2018. This depicts the performance of the management in achieving the targets set by the Board. The management ensures all necessary measures to manage the ratio at an optimum level.

The principal repayment of Rs. 2.75 billion out of Rs. 10.33 billion appearing as long-term finance as at June 30, 2023, will be due after five years.

### Financing Arrangements

The Company has cordial business relations with all the reputed banks and financial institutions of the Country. Adequate unutilized financing facilities are available at the Company's disposal. The Company has a stabilized position and sustainable growth. Moreover, the gearing of the Company has also been monitored and controlled in line with business objectives. The Company regularly monitors the debt-equity ratio to keep the Company from any excessive debt pressure.



# Sustainability that explores

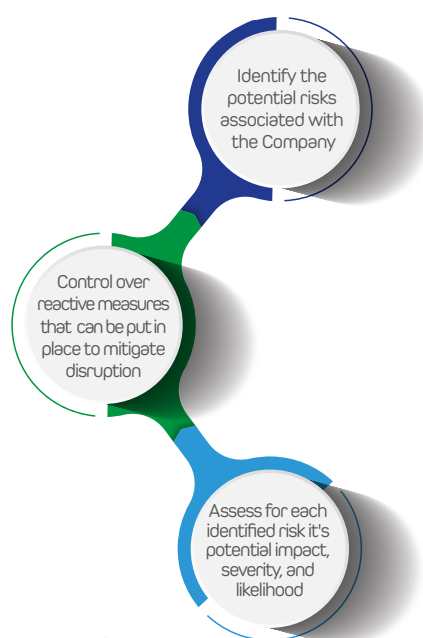




# Risk Management

## Methodology

Risk Management Methodology is the key component of the Risk Management Framework, which is mainly distributed into three segments. The management is committed to following the international standard of risk management methodology to mitigate or minimize the risks at an acceptable level.



## Framework

Effective risk management plays an essential role in the operational phenomenon of the Company. Whereas, the implementation of an affirmed risk management framework that embeds best practices into the Company's risk culture can be the cornerstone for the future. On the behalf of the Risk Management Framework (RMF) following are the major aspects which are in practice to assure the mitigation of risk at all levels.

- **Identification of Risk**  
(Identify and document potential risks that could affect the achievement of organizational objectives).
- **Measurement of Risk**  
(Evaluate the identified risks based on their likelihood, potential impact, and severity).
- **Mitigation of Risk**  
(Gain a deeper understanding of their causes, potential consequences, and interdependencies).
- **Reporting and Monitoring of Risk**  
(Continuously monitor and review the effectiveness of risk mitigation measures and the overall risk landscape).
- **Governance of Risk**  
(Integrate risk management into the organization's decision-making processes).

Based on the above, the management has developed the Risk Management Policy.

## Principal Risks and Uncertainty

Businesses face numerous risks and uncertainties, which, if not properly addressed, might cause serious financial and non-financial loss to the Company. The Board of Directors of the Company has carried out a vigilant and thorough assessment of both internal and external risks that the Company might face. Followings are some of the risks that the Company is currently facing:

- Technological advancement making it more challenging for the Company to compete on the national / international level.
- Declining export sales due to geopolitical tensions (between US / China, Russia / Ukraine war) and decreased global demand due to global recessionary conditions.
- Increased competition at global as well as regional levels to be cost effective.
- Currency volatility, abrupt rupee devaluation, resulting in an increased cost of imported raw material.
- Implementation of Custom Duties / Regulatory Duties on import of Cotton / Man-made fibers making raw material more costly.
- Rising trend of conversion, power cost on account of increasing fuel / gas prices, natural gas curtailment and other inflationary impacts.
- Increasing policy rates i.e., KIBOR resulting in increased financing costs.
- Uncertain taxation measures including the imposition of super tax. Further delay in processing sales tax and income tax refunds, increasing the liquidity crunch.
- Soaring inflation impacting the purchasing power of common man thereby reducing the demand for the Company's product.

## Policy

The purpose of the Risk Management Policy (RMP) is to identify the risk, which may create hindrances for management to achieve the Company's objective and introduce appropriate and effective controls to mitigate the identified risk. The Board of Directors (BOD), Chief Executive Officer (CEO), and concerned Head of Department (HOD) are responsible for the Risk Management Policy.

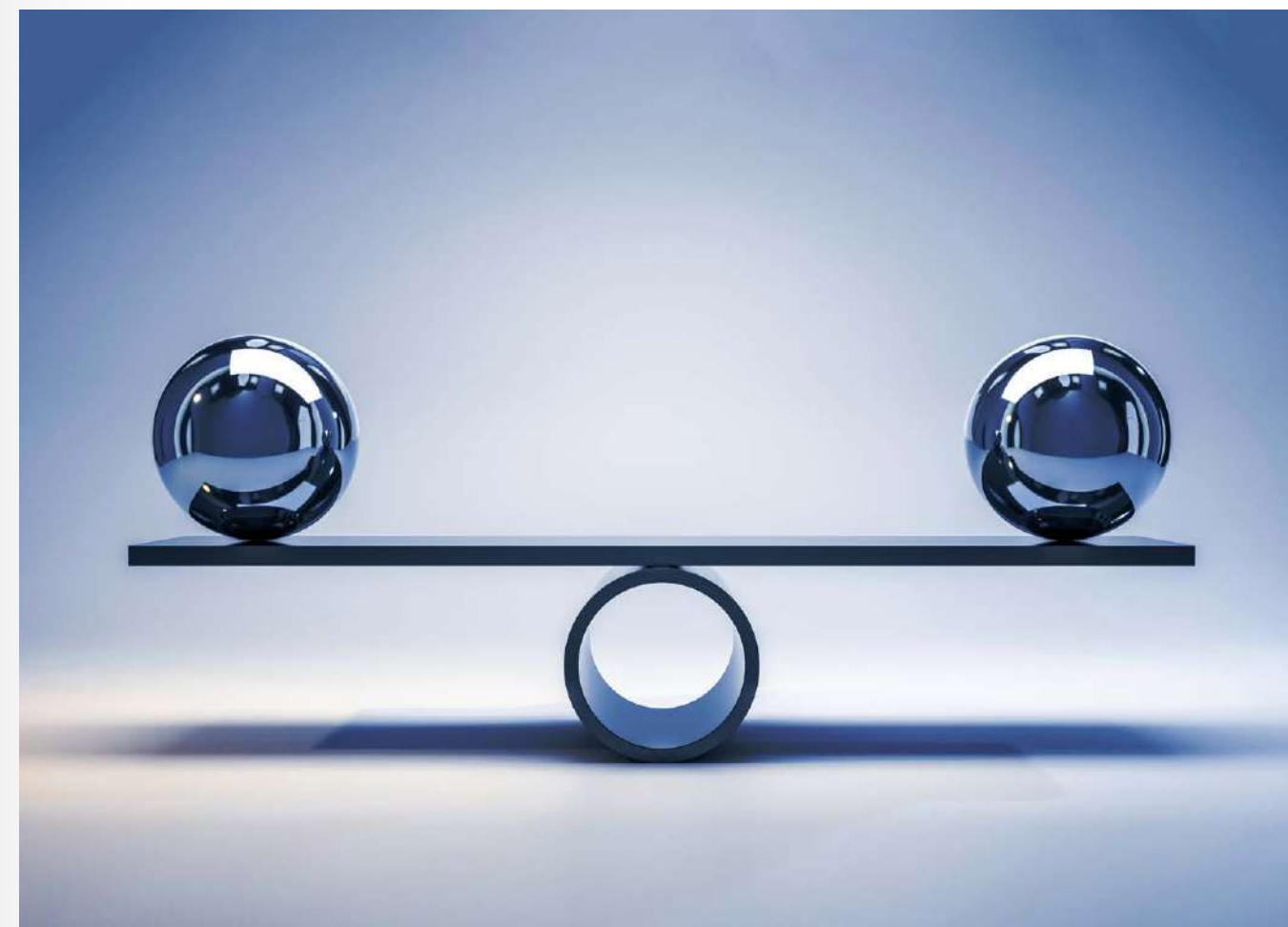
## Following are the salient features of the Risk Management Policy:

- Management must ensure that every HOD must identify the risk of his / her department and describe the measures to mitigate the identified risk. Every department must be updated about relevant regulatory requirements, laws, and codes of conduct pertaining to the activity of his / her department, and it should be observed and implemented at various execution levels.
- Each risk should be categorized in 4 levels, namely low, medium, high, and crucial.
- HOD should set and change the levels of risk with the consultation of the Chief Internal Auditor (CIA). HOD will also be empowered to modify the measures to cope up with already identified risk.
- The monitoring and reporting level of each risk will be defined by the CEO with the consultation of CIA and HOD.

- Every HOD will prepare a document of the identified risk of his / her department along with the control measure to mitigate the risk. The HOD will keep the record of change in the level of risk and will keep track of reporting to higher authority and measures taken by the concerned department to control the situation. Every change in the level of risk shall be reported to the CIA for assessment and updating in the Risk Register.

## Risk Register & Annual Presentation to Board

The Internal Audit department shall prepare and update the Risk Register. The Internal Audit department shall evaluate the effectiveness of control and should also check the reporting of the risk to the CEO / BOD when it is being required to be reported. CIA will present the report to the Board annually about the newly identified risk of every department and control measure taken by the HOD along with the Risk Register of already identified risk.



# Risk and Opportunity Report

The management of the Company follows a rigorous approach to risk management, which is essential to running a successful and sustainable business. The Board of Directors of the Company is closely connected to effective risk management. Risk assessment, reporting, and control help enhance governance and control policies and keep the Company aligned with its objectives. By taking these actions, Company's management establishes a robust risk analysis that helps safeguard the organization, protect its assets, optimize decision-making, and enhance overall performance and resilience.

## Potential Risks

Our Board members have diversified skills, knowledge, and experience, which enable them to identify and manage the key risks that are likely to arise. They also steer the culture of an organization, which promotes an appropriate balance between risk and opportunities.

Category of Risk	Risk	Form of Capital	Source	Assessment
Strategic Risk	Economic and Political instability of the Country	Social and Relationship Capital / Financial Capital	External	Likelihood: Medium Magnitude: High
	New Laws and Regulations	Social and Relationship Capital	External	Likelihood: Medium Magnitude: Medium
Commercial Risk	Increased competition between local and international suppliers of the product	Social and Relationship Capital / Financial Capital	External	Likelihood: Medium Magnitude: High
	Disposal of waste in an inappropriate manner	Manufactured Capital / Social and Relationship Capital	Internal	Likelihood: Low Magnitude: Medium
Operational Risk	Safety and security of assets	Manufactured Capital	Internal	Likelihood: Low Magnitude: Medium
	Employee turnover	Human Capital	Internal	Likelihood: Low Magnitude: Medium
Financial Risk	Adverse changes in interest rates	Financial Capital	External	Likelihood: High Magnitude: High
	Defaults in payments by debtors	Financial Capital	External	Likelihood: Low Magnitude: Medium



Effect on Strategic Objectives	Plans and Strategies to Mitigate Risk
Unstable economic and political conditions cause difficulties for the management to take strategic decisions in order to maximize returns. Further, it can impact the Company's reputation making it difficult to expand its global footprint.	The Company believes in an open and transparent relationship with the government, regulator, and other political stakeholders. As part of the larger industry, the Company, through its representatives, provides valuable suggestions and input to regulators and their committees / sub-committees. We regularly monitor the economic and legal impacts of government policies and political actions on the Company as well as the textile industry as a whole.
Non-compliance with the laws and regulations can have an adverse impact on the Company's position and reputation.	The Legal and Corporate department proactively monitors and ensures that all relevant laws and regulations are complied with.
Intense competition can impede in sustaining industry leadership.	The Company believes that its years of experience, quality, research and development, brand image, and customer loyalty and their retention are the success factors to sustain even in this challenging global economic scenario.
Failure to comply with the appropriate mannerisms can sabotage the Company's reputation in the market.	Management proactively monitors the arrangement of disposal and treatment of waste material in place through proper waste management plan and ensures that all environment-related laws, specifically as mentioned in Global Reporting Initiatives (GRI) guidelines and Sustainable Development Goals (SDG) are complied with.
Damage to the assets can cause financial loss and affect the profitability of the Company.	The Company has formulated and implemented a safety and security mechanism throughout its manufacturing and administrative facilities to ensure efficient operational practices. Whereas, for the intangible data, management has an appropriate Disaster Recovery Plan in place.
High employee turnover would prevent the Company from achieving overall business synergies and its KPIs.	The Company provides a healthy working environment and optimal growth opportunities to its onboard employees in order to keep them motivated and to give them a sense of belonging without any sort of gender discrimination & inequality.
Fluctuation in interest rates can complicate the decision-making process for various investment and growth opportunities which accordingly will have an impact on shareholder's return.	The Company mainly meets its working capital requirements through short term financing facilities. To mitigate the risk of rising interest rates, management strives to reap maximum benefits of lower benchmark rates of borrowing along-with minimum spreads and maintains an efficient portfolio of sources of funds.
Defaults in payments may impact the Company's cash flows, which in turn may impact the profitability and its working capital requirements.	The Company regularly monitors the credit period and balance of major parties. Reconciliation and confirmations are also obtained from parties periodically.



## Potential Opportunities

Pakistan is one of those countries where the upper-middle class and middle-class population forms the majority. This factor opens up the opportunity to sell knitted wear and garments to the Country's local mainstream population. Although the competitive local and international market has made it difficult for companies to sustain, however this also provides our Company with the opportunity to acquire smaller players of the market and increase its market share and economic efficiencies.

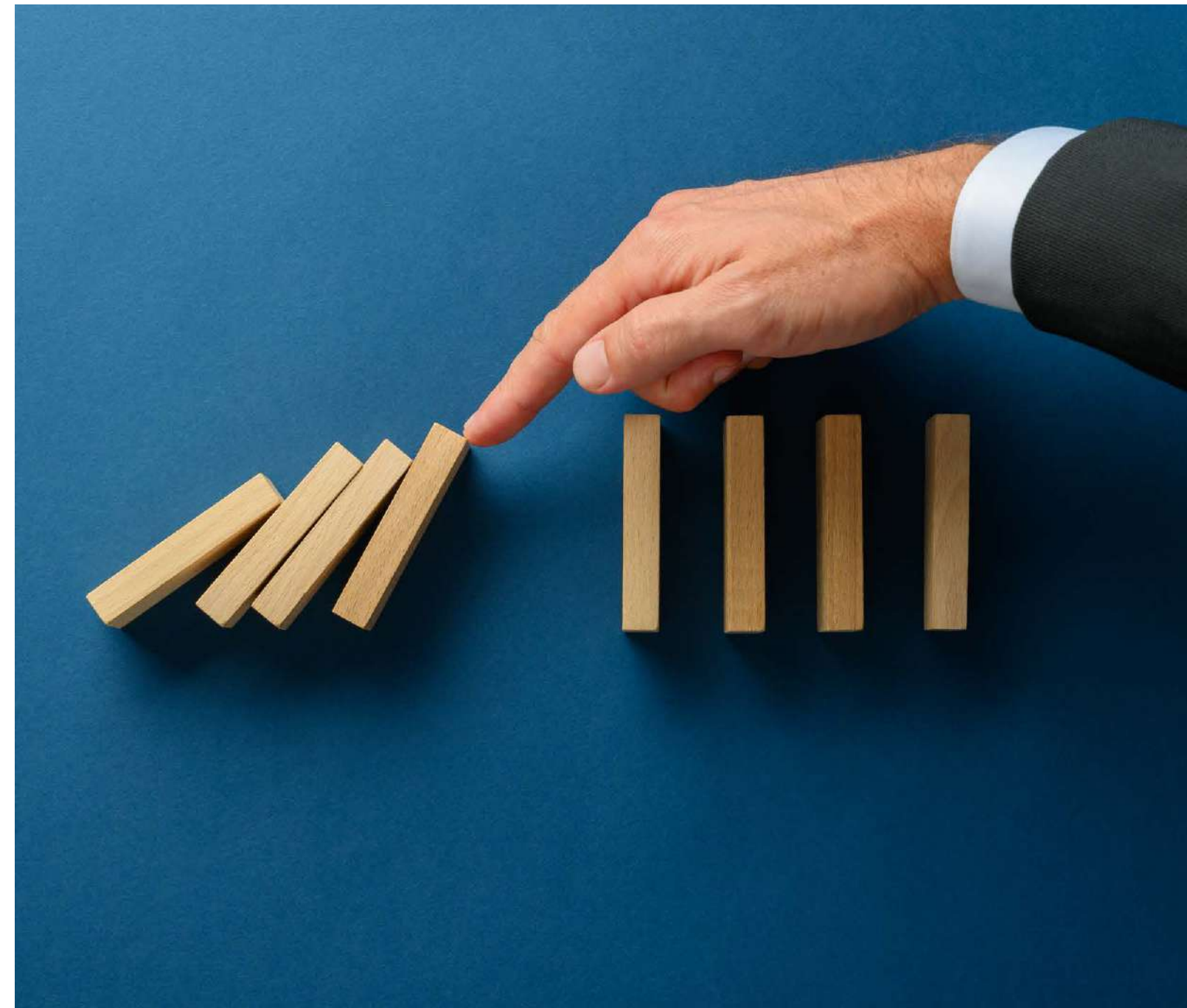
Key Opportunities	Form of Capital	Source	Effect on Strategic Objectives	Strategy to Materialize
Increasing profits and sustain the level of employment	Social and Relationship Capital / Financial Capital	External	Enable the Company to maximize sales and returns, facilitating the sustainability of industry leadership.	The Company continuously strives to increase its productivity and profitability and efficiently manages business operations to cope with the growing demand.
Maintaining healthy external relationships to strengthen the Company's portfolio	Social and Relationship Capital	External	Aids in expansion and sales maximization, which in turn would maximize shareholder return.	The Company works on managing external relations, promoting the brand by enhancing its social media presence, and branding activities to cultivate its brand image.
Hiring of quintessential employees. Skilled resources would assist in continually changing the business climate	Human Capital	Internal	Help the Company achieve overall business synergies and KPIs set by the Board.	The Company participates in Talent Hunt Programs in reputed universities, regularly updates its job application process, and develops talent assessment tests to hire right-fit candidates and strongly believes in equal employer opportunity. The Company actively conducts learning and development programs for improving the interpersonal and updating the technical skills of the employees so that innovation and change can be brought about.
Technology advancement to improve business agility	Manufactured Capital / Intellectual Capital	External	Use of latest technology would help the Company stay ahead of its competitors and sustain industry leadership.	The Company continuously invests considerable amounts in technologically advanced machinery in order to remain competitive and cost-efficient. The core strategy behind this ideation is to uplift the level of innovation within the industry and to maintain customers' satisfaction.
Diversification of product range by retaining operational efficiency	Social and Relationship Capital / Manufactured Capital	External	Enhancing the overall productivity of the Company, diversifying the risk and maximizing sales.	The Company keeps itself updated regarding new trends, customer choices, thus; the Company is able to cope up with the new ideas accordingly.

## Robust Assessment of Risk

As disclosed in the Directors' report, the Board of Directors has carried out a robust assessment of the principal risks which the Company is facing and are confident that the Company has adequate plans / resources to outweigh the possible negative impact of these risks.

## Capital Structure and Payment of Debts

As discussed in the Strategy and Resource Allocation section, the Company has an adequate capital structure, mainly supported by equity. Further, the Company has a practice of settling obligations on a timely basis, and there is no history of any default with respect to payment of the debt at all.

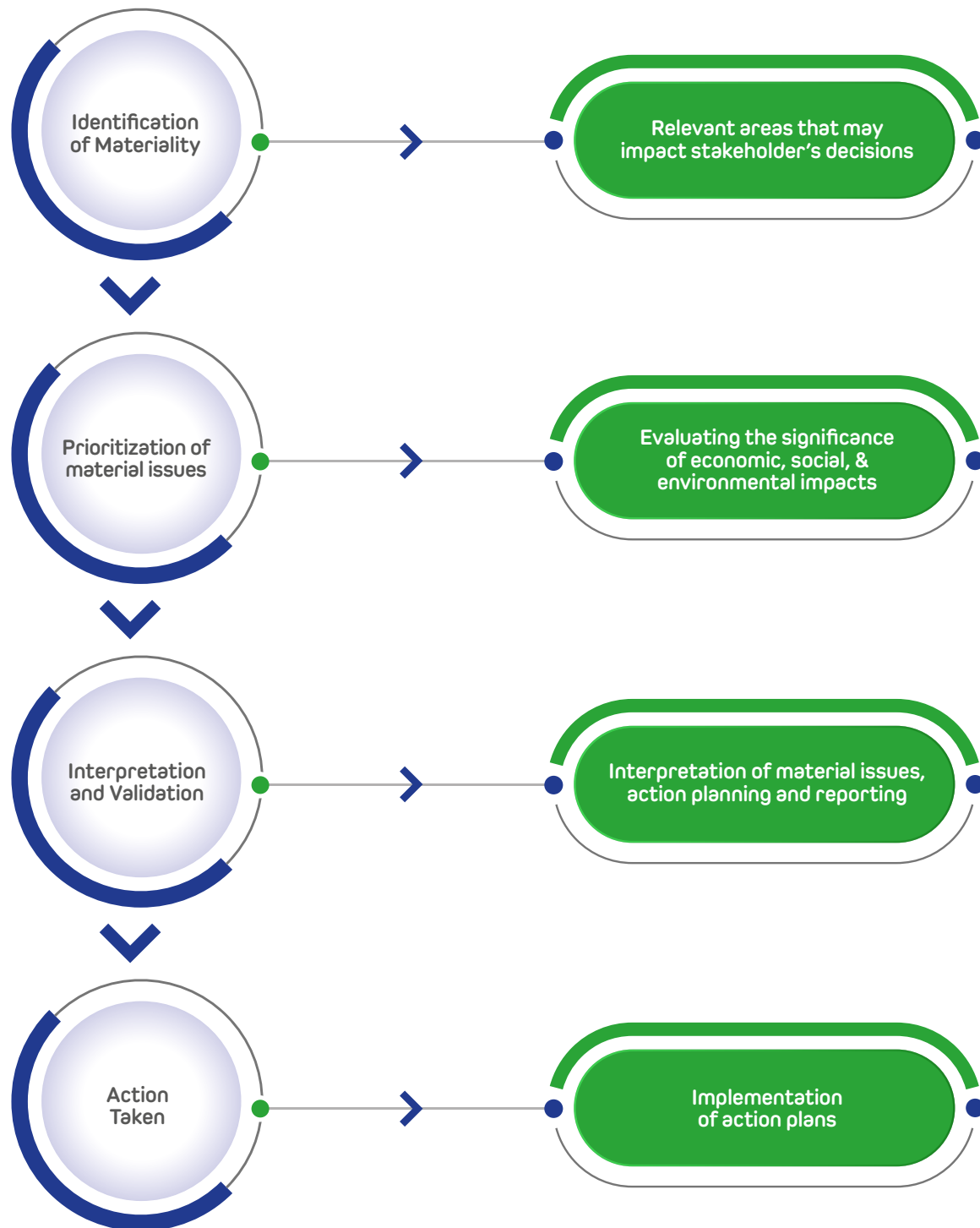




# Materiality Determination

## Materiality Analysis

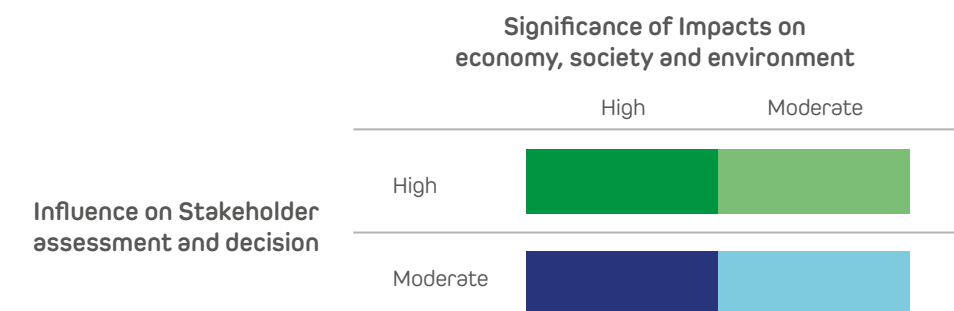
Materiality determination of the Company is the value-creation strategy that prioritizes the most impactful areas of society, environment and economy. The issues highlighted to influence the decision-making process of the stakeholders and the responses, needs to be timely identified, evaluated, and formulated.



## Materiality Matrix

The identified material issues have been presented in the table below. The matters have been marked on the basis of their effect on stakeholder's assessment and decisions, and significance of their impact on the economy, society and environment. The materiality analysis not only helps in identifying issues to the stakeholder but also assists us in deciding the area of focus of our internal resources.

Sustainability Area	Material Topic	Marking	Boundary
Social	Business Ethics	High	GTML / Supplier / Customer
	Human Rights	High	GTML
	Health and Safety	High	GTML
	Training and Education	Moderate	GTML
	Compliance	Moderate	GTML / Regulator
	Marketing Communications	Moderate	GTML
	Data Privacy and Cyber Security	Moderate	GTML
	Stakeholder and Community Involvement	Moderate	GTML / Community
	Environment	Energy and Water	High
	Carbon Emissions	High	GTML / Community
	Material Consumption	Moderate	GTML / Supplier
Economic	Economic Performance	High	GTML
	Economic Returns	Moderate	GTML
	Market Presence	Moderate	GTML



## Supply Chain Disruption Strategy

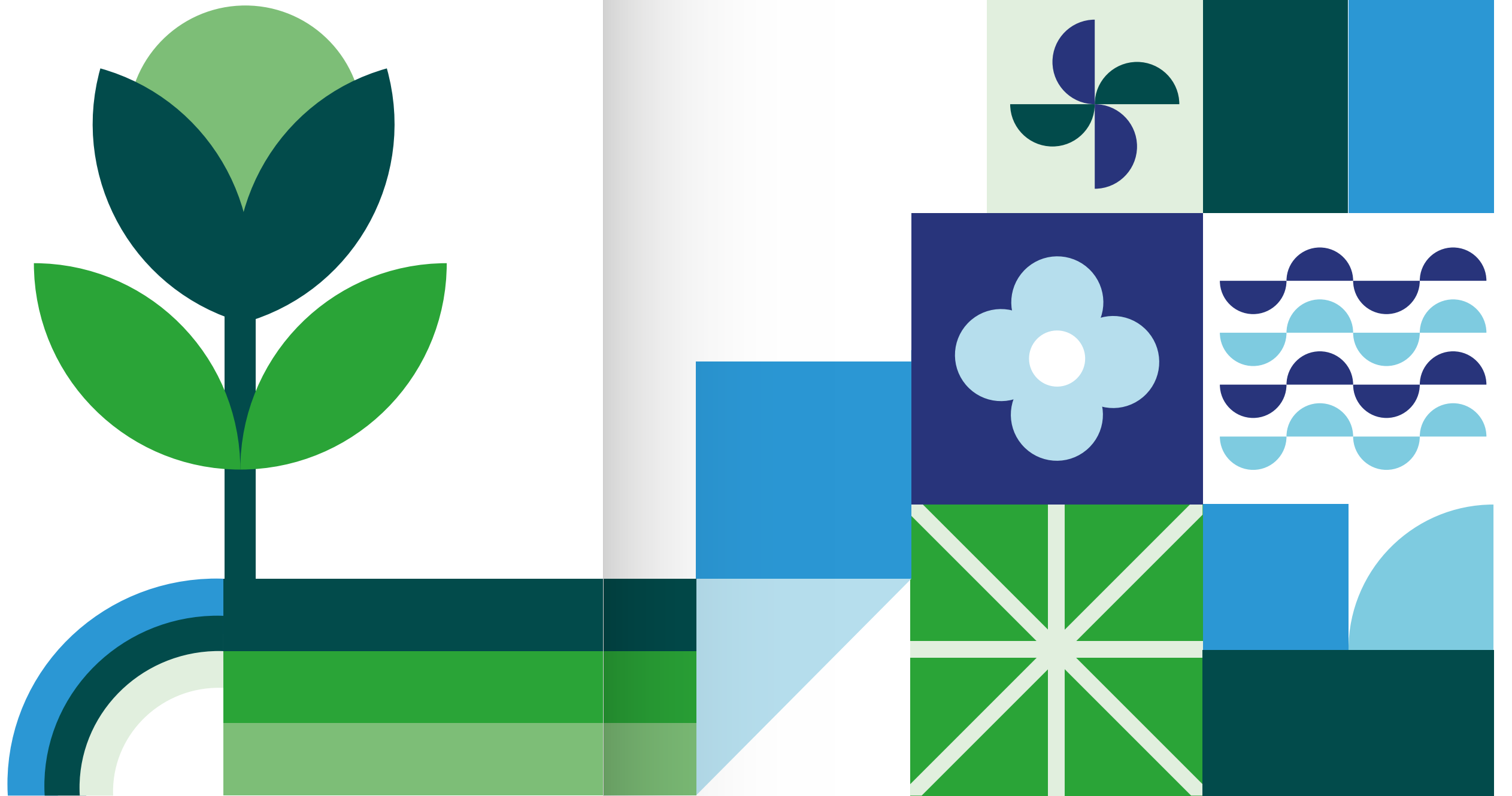
ESG factors encompass a wide range of issues, and their impact on supply chains can be significant. Therefore, a comprehensive view of the entire process is essential for proactive approach. During the year, no supply chain disruption incidents were noted, however, the Company's risk management team is cordially concerned to manage and mitigate supply chain disruptions for the future instance.

Here's a comprehensive strategy to deal with risk of supply chain disruptions cause by ESG incidents, to enhance the supply chain efficiency, resilience, and overall effectiveness.

- **Identification of Risk**  
Identifying risks involves recognizing potential events or circumstances that could disrupt the flow of goods, services, information, or finances within the supply chain.
- **Supplier Contribution**  
Providing basic awareness to the supplier / customer regarding the ESG incidents for ensuring a smooth flow of materials and services throughout the supply chain.
- **Adaptability**  
Supply chain processes need to be adaptable to changes in market conditions, technology advancements, environmental regulations, and governance practices. e.g. (alternative transportation routes)
- **Monitoring & Reporting**  
Transparent monitoring & strategic reporting is required to mitigate the risk & reduce the overall impact on supply chain operations.



# Sustainability that socializes





## Boards Statement for Adoption of Best CSR Practices

The Board believes that businesses have a crucial role to play in creating a sustainable future. The Board ensures that CSR is integrated into the Company's overall business strategy rather than being treated as a separate initiative.

“Our dedication to CSR aligns with our core values of integrity, transparency, and accountability. These principles will guide our decision-making processes and shape the way we conduct our business. By adopting the best practices for CSR, the Company aims to create long-term value for its business, society, and the planet. The Company's management understand that our success is intertwined with the well-being of all our stakeholders, and we are committed to continuous improvement in our CSR efforts for a sustainable & equitable society”

## Board Statement for Strategic Objective on ESG

The Company's prospect is transparent to establish a robust and proactive ESG reporting strategy that goes beyond compliance and reporting, driving meaningful and measurable positive impact on the business sustainability performance. The vision behind this strategic objective is to integrate and prioritize sustainability principles across the Company's operations and decision-making processes for long term value creation.

“By embracing operational practices, adopting renewable energy policies, and green initiatives, the Company aims to contribute for a sustainable future. Within our diverse workforce and the communities, we stand as advocates for equality, diversity, and inclusivity. The Company's strategic team is also committed to uphold the highest standards of corporate governance, adhering to corporate laws and regulations to avoid any conflicts of interest.”

Furthermore, the management set specific and measurable ESG targets that align with the respective KPI's of the Company's strategic objective to achieve greater sustainable resilience, and positive social impact.

## Chairman's Overview on Sustainable Practices Affecting Financial Performance

In today's competitive business world, sustainable practices are becoming increasingly vital to long-term profitability. As Chairman, I stress the importance of understanding the lasting impact of sustainability on our financial health. Recently, we channeled significant capital into cutting-edge, eco-friendly technologies to embody the principles of responsible consumption and production.

While such sustainable initiatives might challenge our short-term profits or margins, I firmly believe that in the long run, they will enhance our business value through customer acquisition and retention. As the global supply chain shifts towards sustainable practices, companies that embrace this change will enjoy a competitive edge in the long term.



# Expressions of Sustainability

Organizations accomplish sustainable development by implementing numerous business strategies that protect, sustain, and enhance human and natural resources.

In terms of Health, Safety, and Environment (HSE), the Company sets an exemplary contribution toward the welfare of society. Leading to its primary focus, the Company is implementing the latest techniques and adopting various measures of sustainability to uplift the overall potential of operations to comply with environmental protection, occupational health, and safety standards.

Following are the numerous features of sustainability on which the Company's performance, policies, initiatives, and plans are based for the year:

## Economic

The economic aspect of sustainability is the potential to amalgamate sustainable practices, technology, and money-making tools.

The Company aims to deliver value to its stakeholders along with consistent growth. The Company's presence in the market has a positive impact on the economic development of Pakistan by boosting employment and business opportunities simultaneously. However, for enhanced productivity and growth the Company uses advanced technology that sustainably contributes toward economic development.

## Environmental

Sustainability revolves around the environment, which have been integrated into corporate values. The Company duly complies with the environmental laws and is continuously working to improve the environmental management system and to voluntarily comply with new global reporting initiatives. The management of the Company encourages and is keen to explore the environment-friendly practices against the goal set for which they are responsible.

## Mitigating Adverse Risk of Industrial Effluents

As a reputed employer of the industry the Company actively aims to mitigate adverse risk and to minimize the overall harmful industrial effluents. The management of the Company also ensures that waste material and chemicals are disposed of in an environmentally friendly manner. Under this context, multiple training sessions had been organized to create awareness amongst the employees and staff and actions that needs to be taken to achieve the business objective.

## Energy Saving Measures

The Company has deployed a state-of-the-art Waste Heat Recovery Steam Gas (WHRSG) plant to conserve natural resources and reduce energy consumption.

WHRSG uses the excess heat or steam generated from the power plant as fuel and does not need any externally fed fuel to operate. The design of these plants hinges on the idea of encapsulating all the excess heat from the production system and using this heat to generate steam from boilers, which drive the turbine engines, thus producing electricity.

Furthermore, to save and conserve energy, the Company made a great effort by installing energy savers lights at factory premises. Similarly, the Company has also installed solar plant at factory area to adopt the green sustainable practices. Furthermore, the Company's management enforced certain small yet effective environment-friendly measures by turning off unnecessary lights, switches, or computers during office breaks alongside using energy-efficient office equipment.

## Paper-Waste Disposal

The Company being a socially responsible organization encourages employees to decrease the overall unnecessary utilization of paper with scanning tools and digital data storage. Over the last few years, the management has been donating tons of waste paper for recycling.

With the circular waste management systems, the Company also convert tons of paper waste into compost soil, which is utilized during tree plantation drives and gardening purposes, making the soil more fertile and rich in nutrients.

## Social

The goal of the Company in this respect is to give utmost priority to the health, wellness, and education of the people and encourages the employees to focus on work-life balance initiative. The Company's social responsibility is achieved through compliance with relevant legislation and codes of practice, effective management of social, economic and environmental impacts. The Company have a significant impact on livelihoods, professional development opportunities and growth prospects for the people who work towards shared goals.

## Industrial Relations / Employment

Developing an astound connection with all the employees is an integral part of GTML. The management of the Company ensures a strong connection and fair treatment between the line managers and employees in all matters. In case any issue emanates, the Company's management resolved the matter timely, and fairly.

The Company takes part in corporate social activities actively and also believes in spreading ethical values amongst society by giving employment opportunities. The Company started its operations in Swabi which provided employment opportunities to the local residents, who previously used to take part in the cultivation of opium and poppy on their lands as their only source of income

The Company's CSR team plays a critical role in planning, implementing, and monitoring the social and environmental initiatives. Their responsibilities extend beyond profit generation and focus on creating positive impacts on society and the planet.

Our management left no stone unturned when it comes to the social and emotional needs of its people, including accommodation provided to employees at factory locations. Moreover, amenities like subsidized food, medical services, and commute services are also provided to employees for their wellbeing. The Company also has retirement plans in place for its employees providing them with the financial security post their retirement.

## Communities

The management plays a pivotal role in embedding community based endeavors into the Company's culture and operations. By effectively managing and implementing social initiatives, the team contributes to the Company's reputation, long-term sustainability, and positive contributions to community.

Every year, GTML takes various initiatives and fulfilled its commitment to the well-being of communities and society. The Company's CSR vision is aligned with its core values, industry context, and the expectations of its stakeholders.

# Mark of Corporate Social Responsibility

The Company take pride for its active participation as a committed member of the corporate community. The Company is wholeheartedly dedicated to support various philanthropic endeavors, focusing on areas including health, education, and societal betterment. Upholding the necessary Standard Operating Procedures (SOPs), the Company has successfully undertaken initiatives that promote inclusivity, standing against discrimination, racism, and cultural disparities during the period.

## Gills Shelter Old Age House



GTML extended its support to this noble cause by providing essential household items to the residents of Gill's Shelter Old Age House. The Company's volunteers, along with summer interns, dedicated meaningful time with the elderly residents, empathizing with their challenges and sharing some moments of joy & happiness. This endeavor goes beyond mere giving; it centers on fostering happiness and bringing smiles.

## International Children's Day



International Children's Day is celebrated around the world with the aim of promoting global unity, raising children's awareness and improving children's

well-being. On this occasion, volunteers associated with GTML visited Roshni School, delivering school benches and additional furniture to enhance educational provisions. Correspondingly, employees also visited Street to School, contributing wooden cabinets and custom furniture to augment their infrastructure capacities.

## Flood Relief Drive



With the objective of supporting flood-affected communities, GTML collaborated with its sister company to provide immediate relief, and contribution to long-term rehabilitation. Through the collective support and engagement of volunteers, the Company was able to assist numerous individuals and families with essential supplies in the locality of Swat, and Amazai. This flood relief drive showcased the Company's commitment of making a positive impact during the hardships, and we extend our heartfelt gratitude to all those involved in this endeavor.

## Tree Plantation Drive



The Company has consistently displayed a generous commitment to tree planting efforts. Under this context, a tree plantation drive took place at Amazai (KPK), hosted by regularity bodies. GTML's staff actively



engaged in the event by planting saplings. The objective of this tree planting campaign was to promote sustainability, mitigate the impacts of climate change, improve environmental cleanliness, and combat pollution.

### SOS Children's Village



The Company also paid a visit to SOS Children Village to promote international togetherness and awareness of children's welfare and appreciating the importance of quality education. The excursion to SOS Village made a profound impression on our team, leaving an unforgettable impact. Observing the transformative influence of education, the Company is resolute in its commitment to cultivate a brighter tomorrow, ensuring continual support and partnership with the institution, guaranteeing that each child receives the opportunities they are entitled to.

### International Women's Day



GTML believes that women have contributed a lot to the world, and all they need is encouragement and appreciation to keep going. As a reputed employer & a supporter of gender equality, we are determined to provide a discrimination-free platform to all. On this particular occasion of International Women's Day, our

team has celebrated the event with Depilex Smileagain Foundation to inspire & embrace women's hood in a different way, with the victims of acid attacks being our core focus this year.

Important aspects of life were discussed and participants were encouraged to continue their efforts for physical recovery, psychological healing, economic empowerment, social integration and advocacy awareness of this issue.

### Iftar Drive



The Holy month of Ramadan is the month of giving and a time to show support for the cause of humanity by helping the less privileged and underserved within our communities. The objective of this activity during the blessed month of Ramadan was to reach out to the most underprivileged segment of our society and directly engage with them and show them our support towards the community. In line with the spirit of giving during the Holy Month of Ramadan-ul-Mubarak, the Company collaborated with Al-Khidmat Foundation for an enthusiastic Iftar Drive at Aghosh Home Karachi. The Company's executives & volunteers visited their premises to spend time with the foster children. The event was followed by Iftar Dinner & Eid Gifts for the children to make their day memorable.

### Beach Cleaning Activity



The Company believes that environmental cleanliness begins with an individual's desire to be clean, and to recognized the importance of nature conservation. Under the context of sustainable development goal of life on land & life below water, the HR & HSE team launched a beach cleanup activity to clean up trash on Karachi's coastline on World Earth Day. The purpose of beach cleaning was to raise awareness that each individual can contribute responsibly to a cleaner environment. The campaign was also helpful to convey the message of promoting a culture of cleanliness to all.

### Park Cleaning Activity:



On the occasion of World Environment Day, the Company's HSE & HR team organized a park cleaning activity to play a pivotal role in fostering environmental consciousness, promoting community well-being, and preserving the natural environment of public spaces. It was an effective sustainable initiative to create an environment free of plastic.





# Sustainable Development Goals (SDGs)

## Management Approach

The Company is highly committed to initiate and practice the maximum possible SDGs as a responsible employer of the industry and Country as a whole. Our management approach is to blend the SDGs into Corporate Strategy and Policies.

Being a reputed name in the spinning industry, GTML strictly adheres to its mission and commitment to the sustainability of society. The Parliament of Pakistan unanimously approved the SDGs as the national development agenda on February 16, 2016. The Company is committed to putting its mark by fulfilling the below-mentioned (SDG) with the best practices. Meanwhile, the Company's management is actively exploring and collaborating with the government and local bodies for future collaboration to make this planet a sustainable place.



**Good Health and Well-Being**

### (Aspiring Safe Working Environment)

The Company possesses absolute exaltation regarding high maintenance of health and safety standards at its factory locations. Ensuring round-the-clock medical facilities along with a well-equipped dispensary helps to significantly reduce the overall chances of serious injuries at work. Further, 60+ external, internal trainings, and drills have been conducted during the year at the workplaces to comply with the required international health and safety standards. The Company also dedicated 1300+ employee safety hours by educating employees on basic life support and emergency practices.




**Quality Education**

### (Equitable Education and Trainings)

The Company has collaborated with various prestigious institutes in Pakistan, providing professional education and training to the employees and allocated separate budget for it. To uplift the overall standard of training and development the Company has also dedicated over 2500+ training hours in the current year with an overall

effectiveness rating of 70%. The Company also aims to expand access to education in underprivileged communities by collaborating with several NGOs and NPOs.



**Gender Equality**

### (Saying No to Discrimination)

GTML is no doubt an equal opportunity employer within the industry. Thus, we always follow a transparent employment process without any sort of gender discrimination, biases, and racism to provide the same leveling ground for all candidates. Large numbers of female have been placed at different level and in different department at the head office. Meanwhile, our policies are in place to monitor, enforce and promote equality and protection of rights amongst all employees.



**Clean Water and Sanitation**

### (Purifying the Needs of Future)

The Company always prioritizes its contribution toward a healthy environment and water sanitation. GTML strives to control the wastage of water by pouring every single drop from the source to the tap. The Company has installed multiple RO plants within the manufacturing premises by implementing integrated water resources management at all levels. To balance the consumption of water resources 3 million gallons' water saved annually by the Company. The Company invested considerable resources to ensure 100% renovation and timely maintenance of RO plants to improve and maintain the quality of drinking water for all employees at work.



**Affordable and Clean Energy**

### (Conserving Energy, Achieving Synergy)

When it comes to conserving energy, GTML, as a reputed textile organization, always goes the extra mile to protect the community by meeting the goal of affordable and clean energy. To save energy and reduce the wastage of natural resources i.e. Gas, the

Company has installed the Waste Heat Recovery Steam Gas (WHRSG) plant at its Amazai factory, Swabi in addition to investing in efficient gas generators to reduce overall air pollution sustainably. Moreover, the Company has made an investment in 1.5 MW Solar Plant, with an additional 5.5 MW currently in the process.



**Decent Work and Economic Growth**

### (Sharing Same Platform)

GTML is passionate to explore new talents and acquiring future possibilities with the collaboration of youth. With this goal, the Company offers various internship opportunities and jobs regularly. Further, to meet the objective of promoting a congenial and decent work environment, GTML has always ensured that healthy work norms are maintained and growth and learning opportunities are provided to all of its employees. GTML has always ensured the compliance of national and provincial labor laws, legislations, and is committed to fulfilling labor rights.



**Industry, Innovation, and Infrastructure**

### (Adopting The Technology)


The Company has always placed due importance to technology and innovation to reduce the overall cost and to generate business synergies. The willingness to contribute towards innovation, is evident from the fact that the Company saved 15,000+ manual working hours. Further, the significant portion of Rs. 11.5 billion CAPEX incurred during the year, represent the amount spent on the installation of state-of-the-art equipment and machines within the manufacturing area.



**Responsible Consumption and Production**

### (Sustaining the Community)

GTML strongly believes in better community standards for the future environment. The Company's manufacturing and supply chain department has the practice of responsible consumption of natural resources in its production processes with an aim to reduce, reuse and recycle. The Company focused is to maximize the overall consumption of sustainable fibers including but not limited to BCI Cotton, GRS, etc.



**Climate Action**

### (Making Living Sustainable)

The Company looks for opportunities to avoid the use of hazardous materials, and implement the best practices of reusing and recycling materials to minimize our environmental footprint. Following activities were carried out during the year in this respect:

- The Company planted 2000+ samplings at Amazai & KP
- 0.89 million pages were saved annually through digitalization;
- Made cardboard paper by utilizing 90 MT animal waste through installed ETP (Effluent Treatment Plant) at dairy segment; and
- Saved 15 million units of electricity through the WHRSG plant and the unique infrastructure of the manufacturing area.



# Status of Adoption of CSR, Guidelines 2013 by SECP

CSR plays a pivotal role in a company's brand insight; attractiveness to customers, investors, and employees; talent retention and productivity; and an overall business success. An active and well-defined CSR practices can increase marketplace respect and loyalty for a Company, subsequently the Company involves the strategies, policies, and actions that fulfill its social, environmental, and ethical responsibilities.

Being a responsible employer, the Company implement multiple CSR efforts including environmental initiatives, ethical labor practices, charitable activities, and other volunteer projects. The Company has always given priority to sustainable practices and community welfare. For this purpose, GTML is continuously working to follow the regulatory guidelines to ensure the adaptability of CSR principles.

- The Board Members are updated on the quarterly basis regarding the CSR activities carried out;
- Company allocates a dedicated budget for CSR activities;
- Ensure that CSR goals, objectives, and targets are incorporated into business plans / strategy;
- Review and approve CSR-related communications to internal and external stakeholders;
- Periodic monitoring and evaluation of CSR activities;
- Disclosure and reporting of CSR achievements;
- Recognizing and documenting the shortfalls / failures; and
- Incorporating improvement in future CSR policy / plans.



# Certifications Acquired for Environmental Sustainability

“Our vision of sustainability is transparent to embrace the friendly welfare of society. We are committed to practice the moto of sustainability with the collaboration of our prosperity partners by contributing our share of responsibilities for the community”



# Corporate Affiliations




**Management Association of Pakistan**

Member of Management Association of Pakistan



Member of Karachi Chamber of Commerce and Industry




Tested for harmful substances according to Oeko-Tex® Standard 100

- Affiliated with OEKO-TEX 100 Standards



- Member of Sarhad Chamber of Commerce and Industry



Member and licensee of SUPIMA



Licensee of Cotton USA



Member of Better Cotton Initiative (BCI)



# HSE Roadshow

## Management Approach

Our goal is to ensure that every employee has a safe work environment and the knowledge to perform their duties safely. Here, the primary aim of measuring safety performance at the workplace is to mitigate unsafe behaviors and conditions that can lead to accidents. The Company prides itself on complying with all the requirements of environmental, health and safety laws and regulations resulting in an improved brand image and embed sustainability goals.

## Safety Management Systems

As a responsible & reputed employer, the Company has put in place comprehensive processes, controls, and guidelines to promote a safe and healthy environment under the proper compliance of the Safety Management System (SMS). This strategy helps Company to manage safety measures with the same level of priority through policy, risk management, and assurance in an efficient manner.

## Monitored HSE Efficiency

HSE team always focus on active monitoring for the betterment of an organization. In order to ensure the high standard of health and safety at work, following nature of trainings have been conducted during the period of 2022-2023 along with the participation of the workers.

- First Aid Training.
- Electrical Safety Training.
- Cotton Dust Pollution.
- Environmental Sustainability.
- Life Below Water.
- Forklift Safe Operation.
- World No Tobacco Day.
- Solid Waste Management.
- Female Fire Fighting Training.
- Fire Evacuation Drills.
- Kitchen Hygiene Training.
- Waste Disposal Handling.



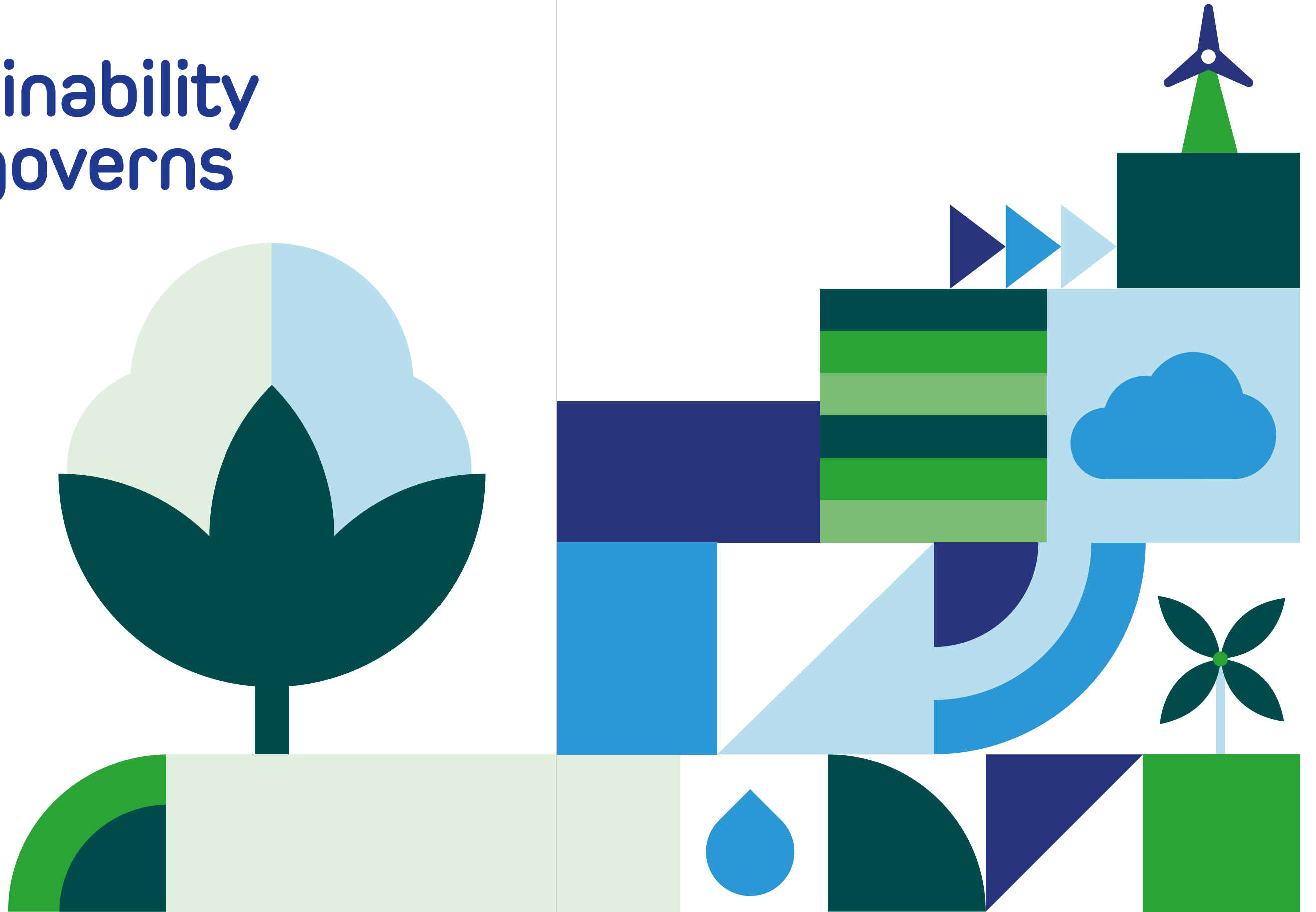
## Management Review Meeting

The Company's HSE team aims to achieve and sustain excellence in overall safety management system; therefore, to monitor the efficient working of annual HSE plan two management review meetings were conducted during the current fiscal year on October 30, 2022 and May 29, 2023.

In the last MRM meeting, the management decided to participate in 20th Annual Environmental Excellence Award. Further, the management also discussed the requirement of various audits to be carried out and the way forward to be adopted.



# Sustainability that governs



# Board of Directors

Under the direction of our profound and astute leaders, we have successfully marshaled our people's drive and passion toward the road to prosperity.

Our Board of Directors have played a pivotal role in transforming the Company throughout its operations; they have led Company from the front and, at the same time, have stayed by their workforce through thick and thin. Their determination to achieve excellence and ability to innovate and bring about change within the industry is what makes the Company one of the largest spinning companies in the Country.

Further, all the applicable legal and regulatory requirements have been complied, with regard to the composition of the Board of Directors of the Company.

# Directors' Profile



**Mr. Muhammad Ali Tabba**  
**Chairman**

Mr. Muhammad Ali Tabba is the Chief Executive Officer of Lucky Cement Limited, having taken over from his late father in 2005. He also serves as the Chairman of Yunus Textile Mills Limited, Lucky Motor Corporation Limited, and Lucky Electric Power Company Limited. He plays a key role in providing strategic leadership to Lucky Core Industries Limited (formerly ICI Pakistan Limited) as its Vice Chairman.

He began his career with YBG - a family conglomerate in 1991.

He also holds key positions in various industry and community organizations. He serves as the Chairman of All Pakistan Cement Manufacturing Association and has previously been the Chairman of Pakistan Textile Council and Pakistan Business Council. He is actively

engaged in many community welfare projects and sits on the Board of Governors of renowned universities, institutions, and foundations. He is the Vice Chairman of Aziz Tabba Foundation.

In recognition of his contributions to the social development sector of Pakistan, he was awarded the title of Young Global Leader by the World Economic Forum in 2010. He has also received the Karachi Chamber of Commerce and Industry "Businessman of the Year" Gold Medal Award for 2012-2013.

The Government of Pakistan has also awarded him the Sitara-E-Imtiaz in 2018.







**Mr. Muhammad Sohail Tabba**  
Chief Executive Officer

Mr. Muhammad Sohail Tabba, one of Pakistan's leading business leaders and a philanthropist, leads a conglomerate of businesses and export houses under the YBG brand name. His proficient leadership in diverse sectors – textiles, cement, energy, entertainment, real estate and philanthropy - spanning over three decades - has earned laurels and accolades for his group and the country.

As the Chief Executive Officer of Gadoon Textile Mills Limited, Lucky Knits (Private) Limited and Director of Yunus Textile Mills Limited, Lucky Textile Mills Limited, he has made YBG renowned both locally and globally. The flourishing industries and manufacturing houses have provided employment opportunities to over 15,000 people and are key drivers of the economy.

He has become the Chairman of Lucky Core Industries Limited (formerly ICI Pakistan Limited) in 2014 and was appointed as the Chairman on the Board of Lucky Cement Limited in 2023. Previously, he has also served as the Chairman on the Board of Nutrico Morinaga (Private) Limited.

His relentless energy, vision, and an uncanny ability to think outside the box, resulted in the creation of LuckyOne Mall, which attracts people from all walks of life. His vision was also to provide a world-class entertainment facility for children which materialised as Onederland at LuckyOne Mall.

Besides being the Chairman of Yunus Energy Limited, and CEO of Lucky Energy (Private) Limited, Lucky One

(Private) Limited; He is the Director of Lucky Motor Corporation Limited, and several other companies. His strong social presence in the business community has led him to become the founding member and first Vice President of the Italian Development Council. He is playing an instrumental role in contributing to the educational landscape of Pakistan by serving on the Board of Governors of the Textile Institute of Pakistan. He has also previously served on the board of Hamdard University.

Driven towards contributing to the community, he is also a Director at Aziz Tabba Foundation that runs the Tabba Heart and Kidney Institutes, in addition to other welfare projects. His determination to contribute to the community has transformed the pediatric emergency rooms of government hospitals across Pakistan. He became the Founding Trustee of ChildLife Foundation Pakistan in 2012. His contributions to the healthcare sector of all 4 provinces of Pakistan have manifested in the treatment of 6 million children in ChildLife Emergency Rooms and more than 1 million children in SINA-ChildLife Clinics. In the past decade, ChildLife Foundation has evolved extraordinarily and today, 12 contemporary emergency rooms are functioning efficiently in the under-resourced hospitals of Sindh, Balochistan, Punjab & Islamabad, whereas ChildLife is operating in 190+ telemedicine satellite centers of Sindh, Balochistan and Punjab, marking its presence in 200+ hospitals of Pakistan.



**Mr. Imran Yunus Tabba**  
Non-Executive Director

Mr. Imran Yunus Tabba is keenly involved in the formulation of vision, strategies & governance structures of various Group Companies and has contributed significantly in the performance of the Companies where he serves as a Director on the board.

Mr. Imran Yunus Tabba has a vast experience, particularly in the Textile Sector. He is ambitious and highly successful Executive from an Industrial Family Background with proven track record in leading and motivating board members and employees to accomplish short-and long-term organizational goals, Strategic and decisive thinker with extensive industry background and firm grasp of how to balance operational and personal management demands.

Mr. Imran Yunus Tabba is also involved in managing the Real Estate Project LuckyOne and is also keenly involved in the Aziz Tabba Foundation.



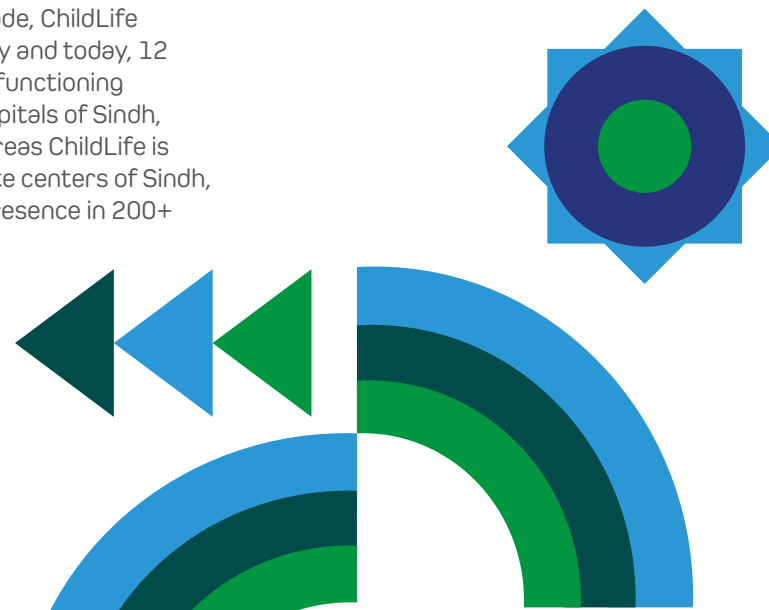
**Mr. Jawed Yunus Tabba**  
Non-Executive Director

Mr. Jawed Tabba has a rich experience in the textile industry and is currently the Chief Executive Officer and Director of Lucky Textile Mills Limited (LTML). His untiring efforts helped him acquire deep insight and expertise into export and manufacturing activities. Mr. Jawed Tabba has been instrumental in managing the textile concerns of the YBG and has transformed LTML into one of the premier Textile Companies in Pakistan. LTML is among the top five home textile exporters from Pakistan and it has been a story of rapid expansion and diversification in the textile industry under his leadership and guidance. He is also the Vice Chairman of YBG.

Mr. Jawed Tabba is on the Board & related sub-committees of Lucky Cement Limited, Lucky Core Industries Limited (formerly ICI Pakistan Limited), and Lucky Motor Corporation Limited. He is keenly involved in the formulation of vision, strategies & governance structures of these companies.

Mr. Jawed Tabba is also managing the Real Estate Project LuckyOne.

Socially Mr. Jawed Tabba is extensively engaged in community welfare projects which include the Aziz Tabba Foundation. He is also a Member of the Young President Organization (YPO).

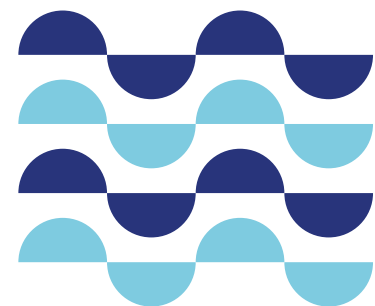




**Ms. Zulekha Tabba Maskatiya**  
**Non-Executive Director**

Having pursued a Bachelor's degree in Management Sciences from the University of Warwick and a Master's degree in Management, Organizations and Governance from the London School of Economics and Political Science, Ms. Zulekha Tabba Maskatiya has been an indispensable part of the business.

She not only holds a prestigious position within the YBG, but her educational background brings the values of business focus, corporate governance, and social responsibility to the organization.



**Mr. Muhammad Hassan Tabba**  
**Non-Executive Director**

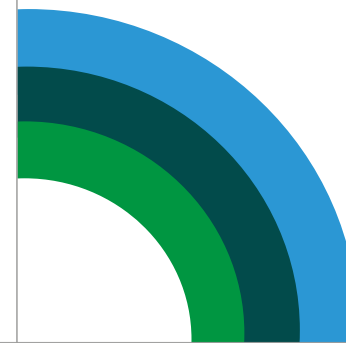
Mr. Muhammad Hassan Tabba is the Chief Executive Officer of Yunus Textile Mills Limited (YTML). He spearheads YTML while playing a pivotal role in providing a strategic vision to the organization. Following his graduation in 2019 from Bentley University in Business & Finance, he has been working on developing corporate strategy for YTML. He has not only developed the YTM's culture to promote transparency and collaboration throughout the organization, but has also worked on developing partnerships with company stakeholders, shareholders, industry regulators, and other relevant parties. He has actively participated in planning new projects and served in an excellent manner for the expansion.



**Syed Muhammad Shabbar Zaidi**  
**Independent Director**

A chartered accountant by profession, Syed Muhammad Shabbar Zaidi served as the 26th Chairman of the Federal Board of Revenue (FBR) from May 2019 till April 2020. Mr. Zaidi previously also served as a Provincial Minister for Finance, Board of Revenue and Excise & Taxation, in the Government of Sindh during the 2013 caretaker setup. He was also a member of the Federal Government Task Force for Reform of Tax Administration in 2002 and authored the report.

A retired senior partner at A. F. Ferguson & Co, he also serves as Chairman on the Securities & Exchange Commission Committee formed for Corporate Industrial Rehabilitation Reform and is a member of the Economic Advisory Council. Mr. Zaidi is a fellow member of the Institute of Chartered Accountants of Pakistan and has also served as President of the Institute from 2005-2006.



Mr. Zaidi has also served as member of Developing Nations Committee of International Federation of Accountants, President South Asian Federation of Accountants, Founder Director of Pakistan Institute of Corporate Governance, member Central Audit Committee of the State Bank of Pakistan and was the Director of the Karachi Stock Exchange Limited from 2012-2015.

Currently, Mr. Zaidi is serving on the board of Lucky Core Industries Limited (formerly ICI Pakistan Limited) as an independent director and as Chairman Audit Committee. Among his non-profit work, he is a trustee of the Sindh Institute of Urology & Transplantation (SIUT) and member of Board of Governors of Liaquat National Hospital and Karachi School of Business and Leadership (KSBL).

Mr. Zaidi has also authored books, including 'A Journey for Clarity' and 'Pakistan: Not a Failed State'.







**Mr. Moin M. Fudda**  
**Independent Director**

Mr. Moin M. Fudda has over 45 years of professional experience which encompasses working for the corporate sector and performing diplomatic duties. He holds B.S. in Insurance & Economics from the RCD College of Insurance, Tehran and MBA in Insurance & Risk Management from St. Jones University, New York where after post-graduation he joined the faculty as an Adjunct Assistant Professor and worked for the American International Group (AIG) in New York as a Manager (Reinsurance).

In his former role as Managing Director of Karachi Stock Exchange (now Pakistan Stock Exchange), he was elected as Chairman of the Corporate Governance Task Force of Federation of European and Asian Stock Exchanges (FEAS). He has helped in creation of Pakistan Institute of Corporate Governance (PICG) and has also served on its Board. He is a Certified Corporate Governance Trainer by International Finance Corporation and is a Member of PICG's Faculty. He has contributed significantly towards development of Governance Rules for Public Sector Enterprises and has published Corporate Governance Guide for Family-Owned Businesses as well as a number of articles on economic topics.

He is the Honorary Consul General of New Zealand for Pakistan and being its sole representative, his responsibilities include, bilateral relations, consular affairs, trade, education & support to Immigration NZ. He is also Country Representative of SCOR tier 1 Global Reinsurer. His other positions include:

**Chairman:** Board of Directors – Central Depository Company of Pakistan (CDC).

**Director:** Pak Suzuki Motor Company Limited; Al Meezan Investment Management Limited; and State Life Insurance Corporation.

**Member:** Faculty – Pakistan Institute of Corporate Governance; and Executive Committee – English Speaking Union of Pakistan.

Prior to joining KSE, he was Country Chief of New Zealand Insurance and Commercial Union (CU now AVIVA) and Founder MD of CU Life (now Jubilee Life). He has also held positions such as Country Director, Center for International Private Enterprise, an affiliate of US Chamber of Commerce, Executive Director Pakistan Reinsurance Company and Client Executive, Stewart Wrightson, Lloyds Insurance Brokers. His other professional affiliations were:

**Chairman:** Islamabad Stock Exchange; National Clearing Company of Pakistan; and Alternate Dispute Resolution Committees – Federal Board of Revenue (FBR).

**President:** Overseas Investors Chamber of Commerce & Industry; Management Association of Pakistan; and Karachi Boat Club.

**Director:** Pakistan Stock Exchange; Pakistan Mercantile Exchange Limited; Wyeth Pakistan Limited; Merit Packaging Limited; and State Life Insurance Corporation.

**Member:** Boards of Investment & Privatization Commission Government of Pakistan; Pakistan Institute of Management; Pakistan Britain Business Advisory Group; National Center for Dispute Resolution; Indus Valley School of Arts & Architecture; National Policy Platform for Competitiveness & Economic Growth; Managing Committee of the FPCC&I; Insurance Association of Pakistan; Panel of Judges - ACCA-WWF Pakistan Environmental Reporting Awards; Task Forces on Code of Corporate Governance & Public Sector Enterprises; Anti-Money Laundering and Transfer Pricing Committee by FBR & SECP; Technical Committees of RCD; Federation of Afro Asian Reinsurers Pools (FAIR); Insurance Reform Committees of the Ministry of Commerce & Policy Board of the SECP; and Board of Governors Karachi Council of Foreign Relations.

In 1989, he was presented with the Best Managers Award by Institute of Business Administration (IBA). In 1990, NZ Commemoration Medal was conferred on him by the Queen of New Zealand and in 2002, he was recognized as the Honorary Officer of the New Zealand Order of Merit (ONZM). In 2006, he was conferred the coveted Sitara-e-Imtiaz by the President of Pakistan. He and his wife have traveled to 130 countries in seven continents.





# Directors' Report

## Dear Members

The Directors of your Company takes pleasure in presenting before you the financial results of your Company for the financial year ended June 30, 2023.

## Sad Demise of Our Board Member

On behalf of the Company, its employees and workers, the Board of Directors express their deep sorrow on the passing of Mr. Muhammad Yunus Tabba (Ex-Chairman of the Board of Director) on January 02, 2023.

Mr. Muhammad Yunus Tabba was one of the founding members of Yunus Brothers Group (YBG) and had seen it progress through manufacturing, sales, marketing management, and general management. With his expertise and diversified experience, he had taken YBG to a level that is appreciated by both local and international business communities.

He had been conferred with "Sitara-e-Imtiaz", one of the highest awards the Government of Pakistan bestows upon a civilian. Further, he had also been awarded "Businessman of the Year" by the Chambers of Commerce several times during his awe-inspiring entrepreneurial career. While we grieve on this great loss, we remain committed to follow in his footsteps and continue his legacy in order to achieve all that he, along with his Late brother Mr. Abdul Razzak Tabba, had envisioned when setting out on this journey some fifty years ago.

## Overview

The principal business activity of your Company is the manufacturing and sale of yarn, knitted bedding products and production and sale of milk. To facilitate and expand its customers base and to minimize the cost effect, the Company has strategically set its manufacturing facilities in two regions, i.e., North and South.

The year under review kicked off with state of uncertainty in the global economy due to cumulative impacts of adverse events such as the COVID-19 pandemic and Russia's invasion on Ukraine. The unfolding effects of such events left catastrophic repercussions on the global trade, severely disrupting the supply chain, causing shortage of commodities and increased energy prices. Inflation soared to multidecade high owing to dwindling demand, supply chain disruptions and spikes in commodity prices in many economies, including Pakistan.

The financial year under review has presented severe economic challenges for Pakistan reflecting

long-standing structural weaknesses and political uncertainty. Despite a decrease in overall sales volumes, your Company has successfully recorded its highest ever revenue at Rs. 57.99 billion, showing an increase of 5.78% compared to the Same Period Last Year (SPLY). This was mainly on account of increased sales prices of yarn and the rupee devaluation.

Nevertheless, the increase in sales values were dampened by inflationary pressures affecting both raw material and conversion costs, coupled with a significant surge in finance costs. Furthermore, increase in share of profits from associates by 53.10% to Rs. 1.68 billion, primarily due to gain arising from step-disposal by Lucky Core Industries Limited of its subsidiary, helped the Company post a net profit of Rs. 3.29 billion, compared to the Rs. 5.71 billion recorded in SPLY.

## Economic Prospects

Pakistan's economy has paved its way through severe challenges such as low foreign reserves, depreciating currency and mounting inflation, tightening monetary policy, surging commodity prices and domestic political uncertainty. These challenges still persist; however, the Country's fragile economy has finally took a sigh of relief after a positive nod from the International Monetary Fund (IMF) on the recent USD 3 billion Stand-By Arrangement for Pakistan.

During the year, the import bills decreased by 29% to USD 60 billion in contrast to USD 84.49 billion SPLY, mainly on the back of tightening of monetary policy, and sizeable import containment by the State Bank of Pakistan (SBP) to cope with the macroeconomic imbalances and financing challenges. Although, such measures by the SBP resulted in the current account surplus in the last quarter of the FY and overall current account deficit reduced by USD 14.9 billion (85%) as compared to previous year, however, the consequences of such import compression policy had a detrimental effect on the Country's exports which witnessed a decline of 11.07% to USD 35.21 billion. Similarly, the remittances also plunged by 22% to USD 27 billion as compared to SPLY as global economic growth remained low by historical standards and financial risks have risen with stubbornly high inflation.

During the year, Pakistan has posted its highest ever inflation of 37.97% from a year earlier and is expected to remain high in the near term. Therefore, in order to keep a rein on exacerbating inflation and to achieve the objective of price stability, the SBP in its recent emergent meeting has decided to increase the policy rate to 22%.

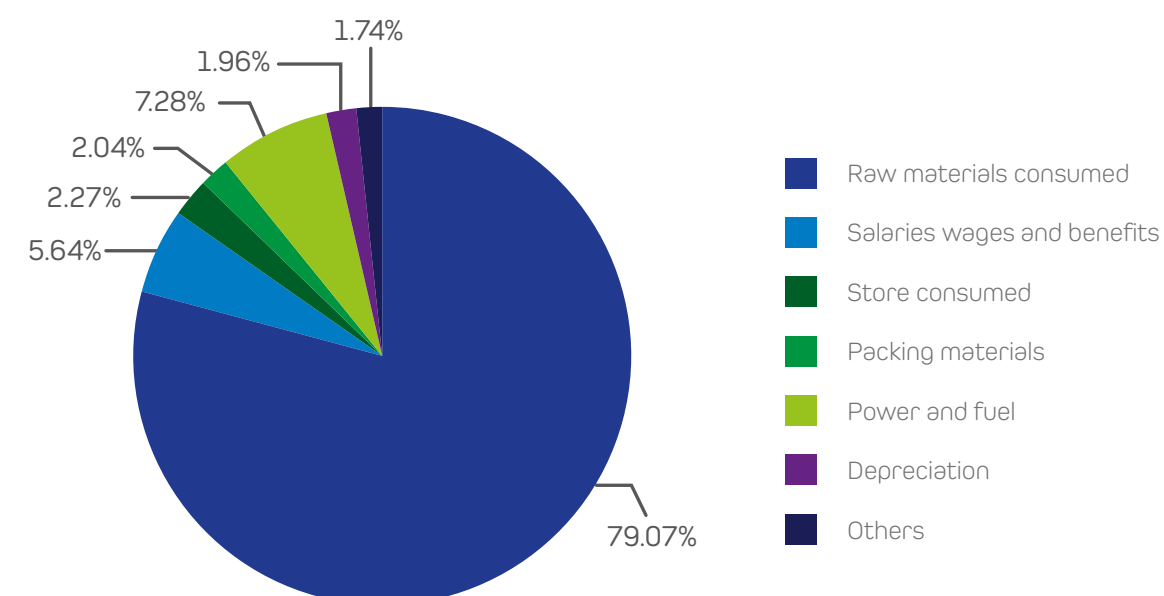
## Financial Results

A comparison of the key financial results of the Company for the year ended June 30, 2023, are as under:

Profit or loss summary	June 30, 2023	June 30, 2022	Favorable / (Unfavorable)
	(Rupees in '000)		Percentage
Direct Export	8,836,080	12,795,923	(30.95)
Indirect Export	21,048,994	23,769,165	(11.44)
Local	28,112,166	18,263,059	53.93
Sales (net)	57,997,240	54,828,147	5.78
Gross Profit	6,167,845	8,340,757	(26.05)
Distribution Cost	846,043	1,486,957	43.10
Administrative Expenses	478,197	361,496	(32.28)
Other Operating Expenses	288,902	426,280	32.23
Finance Cost	2,148,630	546,221	(293.36)
Other Income	2,376,210	1,398,263	69.94
Profit Before Taxation	4,782,283	6,918,066	(30.87)
Profit After Taxation	3,291,867	5,713,572	(42.39)
Earnings Per Share (Rs.)	117.44	203.84	

Although the sales revenue has increased during the year, the overall sales volume of both yarn and knitted sheets has declined in this period as compared to SPLY mainly on account of global economic slowdown.

Below is the breakup of manufacturing cost:



The significant portion of the cost of goods manufactured consists of Raw material, which is 79.07%, and power cost is 7.28%, which has always been the concern for the management to control.

The gross margins have declined mainly on account of increased raw material prices, power cost (on account of increase in gas tariff and electricity rates) and other conversion costs as compared to previous year.

In an effort to rationalize average production cost, management did procure wisely with a mix of local and imported raw material, however the depreciating rupee value was one of the major reason this year for the increased raw material prices. The management in order to decrease its dependency on cotton, this year further increase its usage of the manmade fiber as compared to previous years.

With regards to the power, the Company has placed efforts to generate maximum electricity using a cheaper source of inputs, i.e., Natural Gas over the Furnace oil and through maximum utilization of efficient generators. However, the increase in gas rates from Rs. 852 per MMBTU to Rs. 1,100 per MMBTU, w.e.f. January 2023, coupled with abrupt and uninformed curtailment of natural gas during the year impacted the overall power cost significantly.

The distribution costs decreased by 43.10% largely on account of decrease in the overall export sales, reduction in shipping freight costs and decrease in global oil prices as compared to SPLY. Further, the inflationary pressure on the economy during the period, has resulted in an increase in the administrative expenses as compared to SPLY.

The finance cost during the period has been increased significantly by 293.36%, totaling Rs. 2,148.63 million. This surge can be attributed to various factors, including higher policy rates of 15% - 22% as compared to 7% - 14% during the SPLY, higher working capital requirements owing to inflationary impact / rupee devaluation / change in sales mix and the non-availability of cheaper source of financing alternatives for investments in new machinery, generators and expansion in the value-added sector, for which significant CAPEX has been incurred during the year.

The Company's strategic investment in various avenues yield returns of Rs. 1.68 billion, compared to Rs. 1.10 billion in the SPLY, resulting in a significant increase of 53.10% over SPLY. The rise in profits from the associate is primarily due to a one-time gain recorded by Lucky Core Industries Limited in the current period, amounting to Rs. 9.64 billion, of which the Company's share is Rs. 0.69 billion, arising from the partial disposal and remeasurement of remaining stake in NutriCo Morinaga (Pvt) Limited from 51% to 24.5%.

Resultantly, the net profits of the Company decrease by Rs. 2.42 billion in this FY compared to SPLY.

## Segmental Review of Business Performance

The operations of your Company are primarily divided into three operating segments:

- Spinning segment: manufacturing and sale of yarn
- Manufacturing and Sale of knitted bedding products
- Unallocated segments includes production and sale of milk

The segment wise results of the reportable segment of the Company are as follows:

	Spinning	Knitted Bedding Products	Spinning	Knitted Bedding Products
	2023		2022	
	(Rupees in '000)			
Revenue	51,611,486	5,846,764	49,019,295	5,396,826
Profit before tax	1,296,607	1,573,377	4,891,007	833,672

During the current period, the Company was able to increase its overall sales value, however, the overall sales volume declined due to change in sales mix. The net profit margins for the knitting division have seen a significant improvement as the Company was able to secure higher sales prices. However, the spinning division has experienced a decline in net profit due to the above-mentioned reasons.

## Status of Strategic Investments

As part of strategic investments, the Company has further invested Rs. 9.763 million as advance against share in Tricom Solar Power (Private) Limited in the current year.

Previously, the Company had obtained the approval for investment in Tricom Solar Power (Private) Limited and Yunus Wind Power Limited on April 13, 2018 from the shareholders. Upon expiry of initial 12 months' period from previous approval, the Company obtained extension from the shareholders in EOGM dated March 20, 2019 for a period of four years or till the Project achieves commercial operations, whichever is later.

## Filling of Casual Vacancies

- On October 13, 2022, Mr. Muhammad Sohail Tabba tendered his resignation as an elected director of the Company, continuing his role as the CEO of the Company. The casual vacancy was filled by the Board through the appointment of Mr. Muhammad Hassan Tabba as Non-Executive Director w.e.f., October 14, 2022 till the remainder of the term.

- The Casual vacancy arising on the Board of Directors after the sad demise of Mr. Muhammad Yunus Tabba was filled by the Board through the appointment of Mr. Imran Yunus as Non-Executive Director w.e.f., January 26, 2023 for the remainder of the term. Additionally, the Board appointed Mr. Muhammad Ali Tabba as Chairman of the Board of Directors for the remainder of the term.

## Composition of the Board

In line with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Company ensures representation of Independent and Non-Executive Directors, as well as gender diversity, on its Board.

The total number of Directors as at June 30, 2023 are eight including the Chief Executive as a deemed Director as per the following:

### Total number of directors

a) Male	07
b) Female	01

The composition of Board is as follows for the remainder term:

Particulars	No.	Name of Directors
a) Independent Directors	02	Syed Muhammad Shabbar Zaidi Mr. Moin M. Fudda
b) Executive Director	01	Mr. Muhammad Sohail Tabba
c) Other Non-Executive Directors	04	Mr. Muhammad Ali Tabba Mr. Imran Yunus Tabba Mr. Jawed Yunus Tabba Mr. Muhammad Hassan Tabba
d) Female Non-Executive Director	01	Ms. Zulekha Tabba Maskatiya

## Committees of the Board

Following are the details of the members of the Board Audit, Human Resource, and Budget Committees:

Audit Committee		
1	Syed Muhammad Shabbar Zaidi	Chairman
2	Mr. Moin M. Fudda	Member
3	Mr. Muhammad Ali Tabba	Member
4	Mr. Jawed Yunus Tabba	Member

Human Resource & Remuneration Committee		
1	Mr. Moin M. Fudda	Chairman
2	Mr. Jawed Yunus Tabba	Member
3	Ms. Zulekha Tabba Maskatiya	Member

Budget Committee		
1	Mr. Muhammad Ali Tabba	Chairman
2	Mr. Muhammad Sohail Tabba	Member
3	Mr. Jawed Yunus Tabba	Member
4	Syed Muhammad Shabbar Zaidi	Member

## Remuneration Policy of Non-Executive Directors

Through the Articles of the Company, the Board of Directors is authorized to fix the remuneration of the Directors. In this regard, the Board of Directors has developed a comprehensive Remuneration policy for Non-Executive, and Independent Directors of the Company. As per the policy:

- The remuneration of the Board of Directors shall be market-based in accordance with their experience and competencies.
- The Company will not pay any remuneration to its Non-Executive directors by way of salary except as meeting fees for attending the Board and its Committee meetings.
- The remuneration of a Director for attending meetings of the Board of Directors or its Committees shall be determined from time to time and approved by the Board of Directors.
- The Human Resource & Remuneration Committee ("HR&RC") will determine and recommend the remuneration of a Director for attending meetings of the Board of Directors or its Committees subject to approval by the Board, from time to time. The Remuneration of the Non-Executive Directors shall be linked to their actual attendance of Board/Board Committee meetings.
- A Director shall be provided or reimbursed for all traveling, hotel, and other expenses incurred by him for attending meetings of the Board or its Committees or General Meetings of the Company.
- Any Director who performs services which, in the opinion of the Board, are outside the scope of the statutory duties of a director, may be paid such extra remuneration.

## Detail of Directors Remuneration

The details of remuneration paid to the Chief Executive Officer (deemed director) of the Company during the year are as follow:

	2023	2022
	----- Rupees in '000 -----	
Remuneration	20,167	13,200
House rent	5,500	3,600
Utilities	1,833	1,200
Bonus	1,943	3,000
Other benefits	1,500	1,500
	<u>30,943</u>	<u>22,500</u>

No remuneration has been paid to other Non-Executive Directors of the Company except for a meeting fee of Rs.2.84 million (2022: Rs. 1.41 million).

## Principal Risks & Uncertainty

Businesses face numerous risks and uncertainties, which, if not properly addressed, might cause serious loss to the Company. The Board of Directors of the Company has carried out a vigilant and thorough assessment of both internal and external risks that the Company might face. Following are some of the risks which the Company is facing:

- Technological advancement making it more challenging for the Company to compete on the national / international level.
- Declining export sales due to geopolitical tensions (between US / China, Russia / Ukraine war) and decreased global demand due to global recessionary conditions.
- Increased competition at global as well as regional levels to be cost effective.
- Currency volatility, abrupt Rupee devaluation, resulting in an increased cost of imported raw material.
- Implementation of Custom Duties / Regulatory Duties on import of Cotton / Man-made fibers making raw material more costly.
- Rising trend of conversion, power cost on account of increasing fuel / gas prices, natural gas curtailment and other inflationary impacts.

- Increasing policy rates i.e., KIBOR resulting in increased financing costs.
- Uncertain taxation measures including the imposition of super tax. Further delay in processing sales tax and income tax refunds, increasing the liquidity crunch.
- Soaring inflation impacting the purchasing power of common man thereby reducing the demand for the Company's product.

## Change in the Nature of Business

No significant changes have occurred during the FY concerning the nature of the business of the Company.

## Pattern of Shareholding

The pattern of shareholding and additional information as at June 30, 2023, is part of the Annual Report of your Company. Associated companies and public sector companies own 69.57%, Banks / Insurance Companies / Mutual Funds own 10.00%, Director's own 0.07%, and individuals own 20.36% of the entire shareholding.

## Repayments of Debts / Loans

Your Company has an effective cash flow strategy in place whereby inflows and outflows are projected and monitored on a regular basis. This comprehensive strategy has always empowered your Company in smooth settlement of its financial commitments and hopes to cater to any and every challenge that will come in its way. In compliance with the above, the management has put constant endeavors to rationalize borrowing cost, which is done by managing a balanced portfolio of sources of funds and efficient financing arrangements.

The Company has a practice of settling obligations on a timely basis, and accordingly, there is no history of any default with respect to payment of debts, including this year.

## Adequacy of Internal Financial Control

The effective system of internal financial control has been established by the Board of Directors of the Company. The controls have been put in place to ensure the efficient and smooth running of the business, prevention,



and detection of fraud and errors, safeguarding the Company's assets, compliance with laws and regulations, accuracy, and completeness of books of accounts, and timely preparation of reliable financial information. Internal Financial Controls are periodically reviewed to ensure these remain effective and are updated with amendments in any laws and regulations.

## Health, Safety, & Environment

Being part of the most reputed group in the Country, we feel responsible for the health and safety of not only our employees but also the people near our factory premises. Further, a dedicated clinic / dispensary is managed by a qualified team where genuine medicine is provided.

We also ensure the compliance of our production facility with all the environmental standards. Waste heat recovery plant, water treatment RO plant, waste management plant and investment in green energy projects are one of the examples. Our production facility does not discharge any harmful material. Moreover, we have strict compliance with wastage and disposal.

## Corporate Social Responsibility (CSR)

Company's CSR initiatives create a sense of purpose and pride among employees, they experience positive impacts that extend beyond financial gains. However, the management believes that CSR plays a vital role to promote transparency and accountability, as it enables stakeholders to assess the Company's commitment to social and environmental endeavors.

It also helps to promoting sustainability, and demonstrating Company's vision for being a responsible corporate employer within the industry. During the current year, following CSR activities were undertaken by the Company likewise:

- The Company planted 2000+ samplings at Amazai & KP.
- A visit was made to Gills Shelter and Old Age home to provide basic necessities to the NGO for elderly people; where volunteers also spent time with the elderly people and heard about their experiences.
- The Company was also a frontrunner in helping and supporting the flood affected people and collaborated with its group Companies in organizing a flood relief drive whereby providing all the logistics and man-power support to the flood-affected areas near KPK.

- To support the aim of basic education, the Company collaborated with Roshni Public School and provided the donation of wooden benches for the classroom in favor of education welfare.
- A visit was made to "Street to School" (Karachi) to celebrate World Children's Day with an aim of helping street children with their holistic development. Apart from a fun-filled day with students, the Company also donated school supplies and required necessities to the school management for the betterment of community development and education welfare.
- The Company also paid a visit to SOS Children Village to promote international togetherness and awareness of children's welfare and appreciating the importance of quality education.
- In celebration of the International Women's Day, our team came together to honor the occasion with a special event for survivors of acid attacks at The Smile Again Foundation, aiming to inspire and empower women in a unique way, making them feel valued and included as equals in society.
- In order to promote the advancement of a sustainable future, the Company coordinated a Beach Cleanup event in collaboration with its employees, with the aim of raising awareness about the significance of marine life and biodiversity.
- The Company collaborated with an NGO, for an enthusiastic Iftar Drive-23 at Aghosh Home Karachi. The Company visited along with its executives & volunteers to spend time with the orphans. The event was followed by Iftar Dinner & Eid Gifts for the children to make their day memorable.
- On the account of World Environment Day, our CSR team aligned a sustainable initiative to clean the local parks of Karachi & start to create an environment free of plastic.

Further as part of green initiative, the Company during the period has installed 1.5 MW Solar Power Plant at its Factory premises and further 5.5 MW is under process. The Company's management is concerned to reduce the overall cost impact as well as to minimize the carbon emission in an efficient and sustainable manner for the planet.

## Director's Training

The Directors of the Company are adequately trained to perform their duties and are aware of their powers and responsibilities under the Companies Act, 2017 and the Regulations of PSX Rule book.

## Auditors

The present External Auditors, M/s. Yousuf Adil, Chartered Accountants have completed the annual audit for the year ended June 30, 2023, and issued a clean audit report. The auditors will retire on the conclusion of the Annual General Meeting of the Company and, being eligible, have offered themselves for reappointment. As proposed by the Audit Committee, the Board recommends their appointment as auditors of the Company for the year ending June 30, 2024.

## Future Outlook

The economic outlook, both local and global, is inherently uncertain. The economic distress on account of policy tightening, flood impacts, import curtailment, coupled with political uncertainty has hampered the wheel of the Pakistan economy. As the general elections scheduled for October 2023 draws closer, the economic and political landscape is expected to undergo changes. Accordingly, to overcome this economic crunch, we expect that the new government will focus on structural reforms, addressing the fundamental flaws that leads to recurring economic crises and to supply the required utilities and services in a consistent and economical manners at the regional comparable levels, in order to ensure the long-term growth of the industry all well as the overall economy.

The recent Standby Agreement (SBA) with the IMF for USD 3 billion has provided breathing space to the deteriorating economy, restoring market confidence to some extent and leading to a resurgence of economic activities within the Country. The SBA together with the release of funding from other multilateral, bilateral sources and financial allies will not only reduce near-term uncertainty on meeting foreign obligations but will have a positive impact on the Country's reserves. Following the SBA with IMF, the rating agency Fitch has improved the credit rating from "CCC-" to "CCC", citing improved external liquidity and funding conditions.

A significant development for the Country's Textile Industry is the early cotton arrivals this year with better quality. According to Pakistan Cotton Ginners Association (PCGA), by July 15, 2023, seed cotton equal to 0.858

million bales had reached ginning factories across the Country against the ambitious production target for the current season at 12.7 million bales. If the weather conditions in the Country remain favorable and target production is achieved, it will not only help stabilize the cotton prices and support local textile industry to flourish but will help the Country to earn significant foreign exchange.

The Country's textile exports have experienced a significant decline, dropping from USD 19.33 billion in the previous FY to USD 16.50 billion in this year, marking a decrease of 14.6%. To achieve sustainable growth, it is crucial for any Country to manage the trade deficit effectively. In an effort to boost exports and foreign exchange, and to enable the exporters to compete internationally, the government has to prioritize export-oriented sectors, including the textile industry. This involves facilitating the import of raw materials, parts, and accessories and rationalizing power tariff. The current interest rate is too exorbitant for any business to sustain which is expected to rise further in near future. However, a strong direction and efforts is required from the government to manage it at a reasonable level in order to keep the industry moving.

The global economy is predicted to pick up some momentum as inflationary pressures, supply chain constraints and shipping costs are gradually easing. However, due to the geopolitical tensions, and monetary tightening, global trade is expected to grow at a modest pace. The Country may benefit from global and in particular China's recovery and devise policies to promote exports, for much needed foreign exchange for the Country.

During the FY, the Federal Board of Revenue (FBR) collected its highest ever revenue of Rs. 7,170 billion, however, fell short of the revise revenue target of Rs. 7,200. This shortfall was caused by factors such as significant import compression, economic slowdown, zero rating on petroleum, and the impact of floods. To achieve the next year target of Rs. 9,200 billion, the government may need to implement measures including relaxing import restrictions to stimulate the economy, increasing tax base by imposing tax on undocumented / non-taxed sector.

With regards to the Company's operations, by making strong efforts to sustain its cost through maximum capacity utilization, cost rationalization, effective procurement strategy, etc., the Company is focused to follow its footprint to ensure that maximum wealth can be generated for the well-being of the Company's shareholders. In addition, the sales mix will be altered based on a demand / supply basis to cater market demand.

Further, to increase the overall performance of the value-added segment, the Company in addition to increasing its international customer base is also expanding value-added segment which will help the Company to build synergies. However, the overall margins of the Company will remain under distress on account of high finance and energy cost.

### Dividend Policy

The Rupee Devaluation and the exorbitant interest rates has not only impacted the net margins of the Company through increased finance costs but has also impacted the working capital cycle on account of increased raw material prices and reduction in overall demand. Therefore, the Board of Directors of the Company has decided not to declare dividends this year, as this will help the Company to reduce its borrowing, which has otherwise increased owing to an increase in working capital requirement.

Your Company remains committed to consistently provide sustainable returns to the shareholders and it strongly believes that the Company will be able to provide sufficient returns to shareholders in the upcoming years.

### Subsequent Events

There are no material changes and commitments affecting the financial position of the Company between the end of the FY and the date of this report.

### Acknowledgments

The Directors record their appreciation of the performance of the Company's workers, staff, and executives.

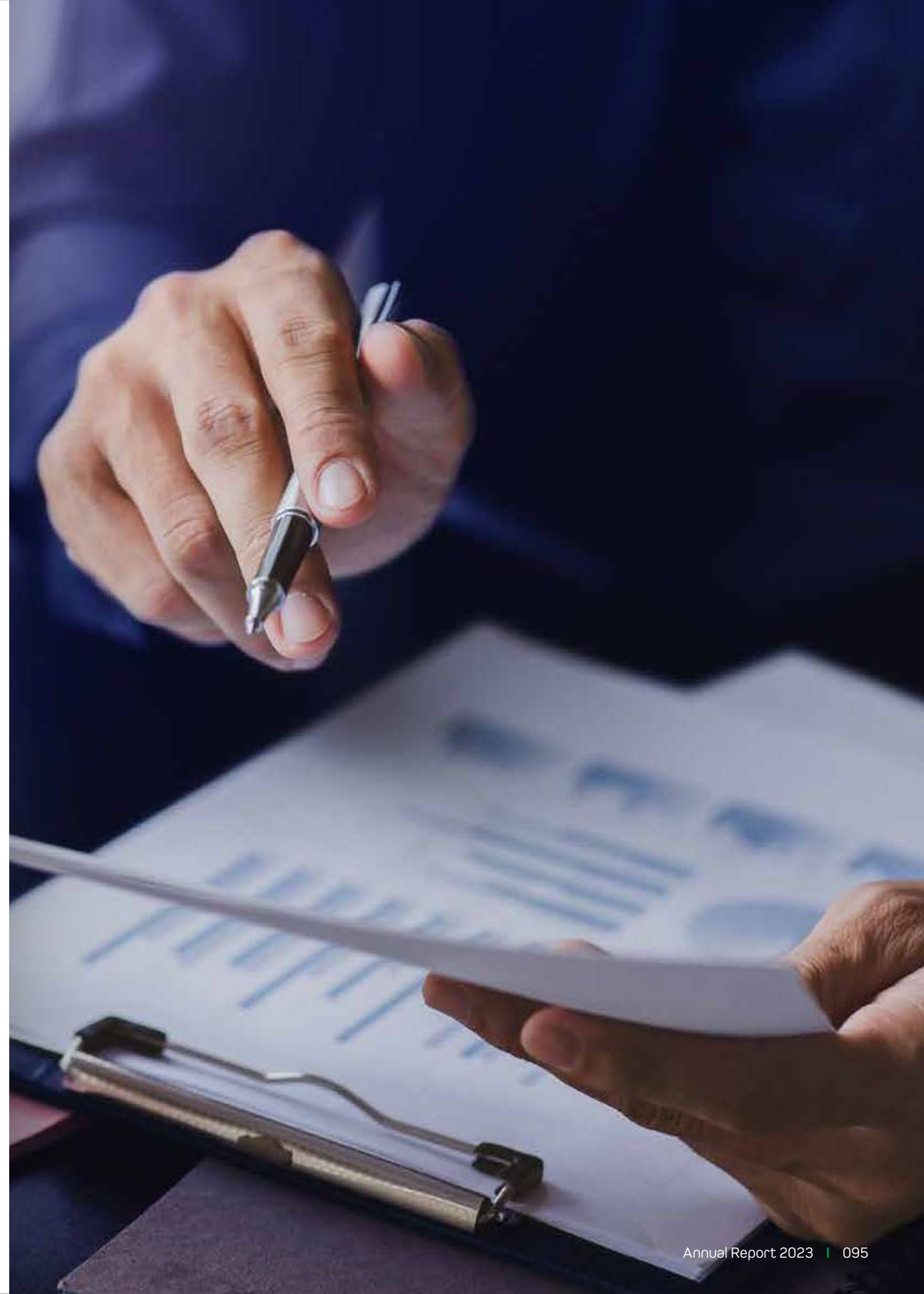
For and on behalf of the Board



**Mr. Jawed Yunus Tabba**  
Non-Executive Director



**Muhammad Sohail Tabba**  
Chief Executive Officer





# CEO's Message

Our main goal is to enrich our business through technological innovations and advancements that also promise safety and make a positive impact on society. We aim to implement recent technologies and services that lower emissions, enhance automation, improve safety and contribute towards the sustainability of our planet.

Alhamdulillah, the Company marks the thirty-fifth year of continuous growth and success within the industry. In the current year, the Company, despite severe economic and political challenges, is par excellence and is able to post the highest ever revenue; however, the margins get affected on account of inflationary pressures affecting both raw material and conversion costs, augmented with a significant surge in finance costs.

Our commitment to act conscientiously was integral to overcome the challenges we faced this year. The initiative to take the timely key actions to address those issues enabled to maintain the prosperity of the Company. As committed and responsible employers we always ensured the decisions taken were right for our employees, customers, shareholders and communities.

While the Company managed to enhance its total sales value, there was a reduction in the overall sales volume due to the global economic slowdown. However, the Company ensured to manage its sales mix on an optimum basis over the year by catering to the market demand and Alhamdulillah to serve its customers round the year without any disruptions.

Being a socially responsible corporate entity, the Company, in order to curtail the negative environmental impact and improve social footprint, invested in various CSR activities throughout the year.

This year, the Company has received accolades for being in "PSX Top 25 Companies Award" for the year 2021 along with securing the Best Corporate Report Award with 3rd position in the textile category at "Best Corporate and Sustainability Report Awards 2021" held by the Joint Committee of the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP).

Going forward, the policies of new government will decide the fate of the overall economy and we are hopeful that the new government will manage to ease pressures on

the business sector through consistent provision of basic utilities and services, and by managing the policy rate. Furthermore, the recent SBA with IMF will also ease some pressures on reserves, while the trade deficit will be managed with strong emphasis to boost exports.

As far as the business operations are concerned the management will continue its legacy to minimize costs to increase profitability by procuring right mix of raw material and will further alter its product mix to cater to the market demand. Moreover, the synergies from expansion of value-added sector will also add positive impact on the Company's bottom line.

Even though currently the global business is being affected, the Company believes that its long-term business relations with its customers spreading over 35 years will help the Company to reap the turnover and profits at reasonably manageable level for the upcoming year. Our journey to this point has been marked by perseverance, collaboration, and a shared broad vision. It's a reflection of our collective efforts and the unwavering support of our customers, partners, and stakeholders. We will strive with our strategic approach, to adapt to the latest market trends and capitalize on emerging opportunities.

Lastly, I express my gratitude to all the stakeholders who stood by our side during these challenging times. I would also like to applaud the strategic approach and continuous efforts of our management team. Their ability to adapt, innovate, and support one another is what defines us as a team. The Company will continue to work with an aim to flourish in the textile industry to strengthen and grow the bond we share.



**Muhammad Sohail Tabba**  
Chief Executive Officer





# Role of Chairman and CEO

The Company's Chairman is in charge of the Board's leadership and guarantees that the Board plays a compelling role in satisfying every one of its duties. In contrast, the Chief Executive Officer is an Executive Director and responsible for acting as the Head of the Company.

## The Roles & Responsibilities of the Chairman include

- Setting agendas for the Board's consideration.
- Leading the Board and discussing all proposals put forward by the executive team.
- Liaising and coordinating with subcommittee chairs.
- Identifying and participating in the selection of the Board members and overseeing a formal succession plan for the Board, CEO, CFO, and key senior management.
- Maintaining an effective team by managing conflicts of interest within the Company.
- Ensuring that interrelationships are maintained with the Company's strategic stakeholders.
- To ensure that stakeholders' trust and confidence is maintained in the Company.

## The Roles and Responsibilities of the CEO include

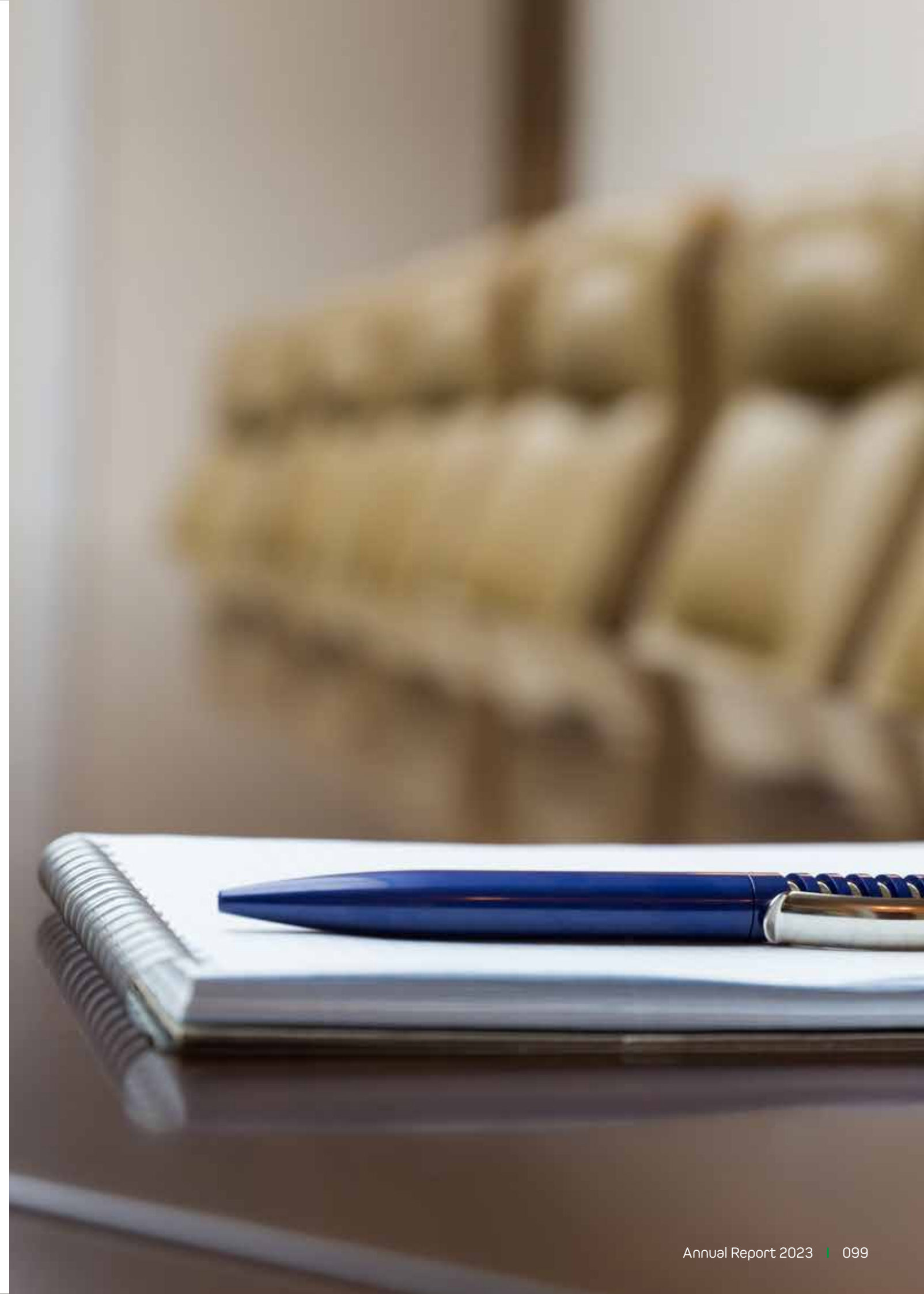
- Serving as Chief Representative of the Company.
- Overseeing the business operations and implementing the policies and strategies recommended and approved by the Board.
- Closely monitor the operating and financial results of the Company against plans and budgets on a consistent basis.
- Ensuring that effective reporting mechanisms exist within the organization to provide feedback at all levels of management.
- Ensuring that the Company complies with all relevant laws and corporate governance principles and that these principles are recommended and adopted by the Board to mitigate key risks.
- Setting the tone in providing ethical leadership and creating an ethical environment.

## Decision Taken by the Board and Delegated to Management

The Board meetings of the Company are usually held quarterly to decide the matters requiring the Directors' approval. Further, if a decision on any matter is required on an urgent basis and is not practicable to arrange a meeting, such matters are decided based on a circular resolution, duly signed by each Director, then presented in the next Board meeting for ratification.

The Board members ensure that they fulfill all responsibilities assigned to them as required under applicable laws and regulations. Moreover, the Board places more attention on strategic investments, business expansion, internal control & risk management, governance, review, and approval of policies.

The Board also delegates its tasks to subcommittees and the management and keeps follow up in Board meetings. The day-to-day operational matters and the task assigned by the Board or its subcommittees are dealt with by the management in consultation with the CEO.



# Chairman's Review

As we conclude another financial year, I am honored to share a review, in line with section 192 of the Companies Act, 2017, reflecting on the performance of our Board for the year ending June 30, 2023. We remain dedicated to continuing the path of excellence set by our former Chairman, Mr. Muhammad Yunus Tabba.

We understand the significance of robust corporate governance to ensure accountability and remain committed to upholding the highest governance standards for stakeholder value. The Board's governance adheres to applicable laws and regulations, with its roles and duties defined therein. In the fiscal year 2022-2023, the Board diligently held five meetings, including those of the audit committee, ensuring consistent monitoring of our performance and that of our sub-committees.

The Board's annual self-evaluation for 2023 reflected satisfactory results, meeting the criteria set for the year. This self-assessment helps in gauging our performance against our set objectives, allowing us to address areas needing improvement.

During the year, the Board's key decisions included:

- Capital expenditures (CAPEX);
- Review and approval of quarterly and annual financial statements;
- Review of internal audit and audit committee findings;
- Selection of external auditors;
- Oversight of related party transactions.

Furthermore, the Board maintained its watch over the Company's steady growth, product quality, working environment, and resource skill sets, through regular updates from management and auditors.

Looking forward, while the business world will constantly evolve, we are committed to our core values and strategic goals. We will stay adaptive, facing both challenges and opportunities head-on.

In conclusion, my sincere thanks go out to our shareholders, customers, partners, and dedicated staff. Your continued trust and support have been pivotal in our success. Together, we look forward to a promising future.

Warm regards,



**Muhammad Ali Tabba**  
Chairman

Karachi: August 05, 2023





## Annual Appraisal of the Board's Performance

As per the criteria of Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board of Directors are required to carry out an annual evaluation of their performance, members of the Board, and its committees.

This year, the evaluation was carried out by the Board of Directors of the Company, and the results were found to be satisfactory. The following major criteria are used to measure the Board's own performance and its committees, including the CEO and the Chairman:

- The Board demonstrates integrity, credibility, trustworthiness, and active participation in its affairs, and has the ability to handle conflict constructively.
- The Board provides guidance and direction, rather than management to the Company.
- The Board reviews management succession planning as needed.
- The level of communication between the Board and relevant parties (i.e., committees, auditors, management and business heads, etc.) is appropriate.
- The Board receives and reviews all compliance needs.
- The Board reviews the adequacy of internal controls and risk management procedures.
- The Board has developed a strategy for the organization that is central to its vision and mission statement.
- The Board receives signals of potential issues that may adversely affect the Company's key targets or financial performance.
- The Board ensures that professional standards and corporate values are put in place that promotes integrity for the Board, senior management, and employees in the form of the Company's Code of Conduct.

## Orientation Courses & Directors' Training Program (DTP)

One of the director of the Company has attended the Directors Training Program in the current year. However, rest of the Directors have either completed the Director's Certification from authorized institutions in past or have the prescribed qualification and experience pursuant to Regulation 19 of the CCG.

## The Credibility of Internal Controls & Systems

Enhancing the credibility of internal controls & systems is a value-adding function rather than just a cost center in the business. Control over the internal departments that encompasses the overall operation function of an organization contributes to anticipating and responding effectively to changes in business risk profiles.

We believe in continuous growth & striking innovation therefore, our code of practice is mainly involved to enhance & control internal systems within the Company. Throughout the year a number of professional training programs have been held under the roof of reputed institutions in Pakistan, to improve the overall efficiency & credibility of concerned departments.

## Related Party Policy

The objective of this policy is to set out the framework for the transactions between the Company and its related parties based on the applicable laws and regulations. As per the policy, the management must ensure that all the necessary details concerning related party transactions must be sent to the Audit Committee and Board of Directors at least seven days prior to the Board meeting and ensure that the following steps must be complied with in order to finalize the review and approval of related party transactions:

- The details of all related party transactions shall be placed before the Audit Committee of the Company, and upon recommendations of the Audit Committee, the same shall be placed before the Board for review and approval.
- The related party transactions which are not executed at arm's length price also be placed separately at each Board meeting along with necessary justification for consideration and approval of the Board on the recommendation of the Audit Committee of the Company.
- The Board of Directors of the Company shall approve the pricing methods for related party transactions that were made on the terms equivalent to those that are prevalent for arm's length transactions, only if such terms can be substantiated. The preferable pricing method for the transaction with a related party shall be the Comparable price method.
- Any Board member who has a potential interest in any Related Party Transaction will abstain from voting on the approval or ratification of the said Related

Party Transaction but may participate in all or a portion of the Board's discussions of the Related Party Transaction not related to the said Board member if requested by the Chairman of the Board.

- In case the majority of the Directors either directly or indirectly becomes interested in related party transactions due to Group's structure; accordingly, additional approval from shareholders in respect of transactions with a related party shall be obtained at the beginning of each year in the Annual General Meeting so that the Company can carry its business smoothly.
- The records in respect of transactions with a related party shall be kept minimum for the period of 15 years or such longer time as required by relevant laws and regulations.

The detailed disclosure regarding transactions with related parties has been disclosed in note 37 of the financial statements.

## Conflict of Interest Policy

The Company believes in handling actual or perceived conflicts of interest constructively. Conflict of interest is a situation that has the potential to undermine the impartiality of a person because of the possibility of a clash between the person's self-interest, professional & public interest.

All employees are directed to avoid situations where there is a possibility of conflict. An inability to conform to these ethical policies may render an individual at risk of disciplinary action, even subsequent dismissal in an instance where a severe breach occurs.

### Management of Conflict of Interest

The conflict of interests is managed and monitored in the following ways:

- Instructing employees about managing and avoiding conflict of interest.
- Staying away from any kind of actual and perceived conflict.
- Imparting the conflict to the stakeholders.
- Enforcement of strategies to handle conflict of interest.

Further, the Directors are also reminded periodically to avoid actual, potential, or perceived conflict of interests and to excuse themselves from any discussion on the matter that would give rise to a conflict of interests.

## Disclosure of Board's Policies

### Governance of Risk and Internal Controls

The Board oversees the governance of risk and determine the Company's risk appetite by establishing risk management policies to ensure that the management maintains a sound system of risk identification, risk management, and related systemic and internal controls to safeguard assets, resources, reputation, and interest of the company and shareholders.

The Company believes that an effective internal control system is essential to achieving an organization's overall business objectives and strategy in the critical areas of operations, reporting, and compliance. Keeping this in view, a system of sound internal controls is established and effectively implemented at all levels within the Company.

### Diversity

Diversity is one of the core values of the Company on which we put our strong belief along with the continuous collaboration & communication among the employees, while respecting the differences of the diverse workforce that includes but is not limited to people of varying gender, ethnicity, national origin, caste, creed, age, religion, cultural background, languages, educational background, abilities, and etc.

In the favor of this ethical practice, our Board lays particular emphasis on the fair treatment of employees irrespective of their background and restricts discrimination. Further, the management ensures that the talent hunt programs must reflect that we are an equal opportunity employer in all areas that strives to embrace a work environment constructed on the premise of gender and diversity equity.

The management of the Company has always remained committed to promoting diversity in the workplace and female representation in all departments and has taken several initiatives to progress.

### Director's Interest in Significant Contracts & Arrangements

The policy is covered under heading 'Related Party Policy' on page 102



## Detail of Director's Remuneration

The details of remuneration paid to the Chief Executive Officer (deemed director) of the Company during the year are as follows:

	2023	2022
	----- Rupees in '000 -----	
Remuneration	20,167	13,200
House rent	5,500	3,600
Utilities	1,833	1,200
Bonus	1,943	3,000
Other benefits	1,500	1,500
	<u>30,943</u>	<u>22,500</u>

No remuneration has been paid to other Non-Executive Directors of the Company except for a meeting fee of Rs.2.84 million (2022: Rs. 1.41 million).

## Security Clearance of Foreign Directors

The Board of the Directors of the Company did not include any foreign Directors during the year.

## Details of Board Meetings Outside Pakistan

During the year, no Board meeting was held outside Pakistan.

# Human Resource Excellence

In the dynamic realm of the textile industry, where innovation, quality, and efficiency take precedence, our Company stands tall as a beacon of Human Resource (HR) Excellence. The heartbeat of our organization, our dedicated team of skilled professionals exemplifies a synergy of talent, knowledge, and passion. Our HR department, guided by a strategic recruitment process, seeks out individuals who possess not only technical expertise but also hands on experience to excel and contribute towards the growth of the Company.

Through comprehensive training programs, continuous skill enhancement, and a culture of innovation, we empower our employees to push the boundaries of creativity and craftsmanship. Moreover, our strong emphasis on employee well-being, work-life balance, and a supportive work environment fosters a sense of loyalty, companionship, and shared success. As a result, our workforce thrives, fueling our Company's success and reputation in the textile industry. With Human Resource Excellence as our guiding principle, we are poised to conquer new horizons, delivering exceptional products and unrivaled customer satisfaction, now and into the future.

## Human Resource Management Policy

The objective of this policy is to lay down salient features of the Company's philosophy concerning its human resource management and its succession planning. As per the policy, the Human Resource department of the Company shall ensure the implementation of the following practices:

- Attract and retain top talent at all levels.
- Performance-based / Market-based compensation & benefit to be provided to all employees.
- Performance evaluation of all employees shall be carried out periodically.
- Performance should be reviewed against the stated goals / KPIs that have developed over time.
- Succession Plans for all critical positions to be documented and required action has been implemented with highlighted improvement areas.
- To develop the strong skill set and provide development opportunities through cross-functional exposure.
- On job Training & development to be provided to all employees.

- Responsibility matrix should be clearly defined.
- High achievers shall be awarded and recognized.
- Code of Conduct should be disseminated to all employees, and their adherence must be ensured.
- Ensuring Gender Diversity / Non-Discriminatory work environment.
- Providing a safe, secure, and healthy working environment.
- Encouraging effective & open communication.

## Succession Planning

Succession planning is an ongoing process aimed at identifying, evaluating and developing potential employees for future leadership positions within an organization. Its purpose is to attract talented and capable employees who can replace potential bosses in management positions. In this regard, the Human Resources Department appropriately plans recruitment, on-the-job trainings /meetings, and leadership development programs to ensure that individuals can easily fill the required roles.

## Digitalization Initiatives

Digitalization has revolutionized various aspects of HR management, enhancing efficiency, accuracy, and employee experience. HR department has initiated digitalization of some functions thus highlighting the impact of same:

**ATS:** Applicant Tracking System is now completely on digital platform. The recruitment cycle starting from position acquisition till final selection is on-boarded.

**Employee self-service:** Digital HR portals has enabled the employees to view their attendance online and apply for leaves and all other adjustments through online portal. The HR section comprises of policies, insurance panel list, travel forms and other relevant data required by employees. This reduces administrative burdens on HR staff while providing employees with convenient self-service options.

**IT Help Desk:** The Help desk portal comprises of all IT software and hardware related issues and queries. The system enables the users to generate requests and at the same time displays them step-by-step progress of the same. All forms which were paper-based before are online now.



Overall, digitalization in HR has transformed traditional HR processes, optimizing efficiency, enhancing employee experience, and enabling data-driven decision-making. By embracing digital tools and strategies, HR departments can become more agile, proactive, and effective in supporting Company's goals towards a positive work environment.

## Employee Engagement Activities

The Company always encourages in uplifting the relationship between the organization and its employees. In order to empower employee bonding and teamwork, different activities were planned during the year, some of which are detailed below:

### Cricket Gala



Organizing a cricket gala can serve as an excellent team-building activity for employees. Playing together and strategizing on the field can translate into better collaboration and communication in the workplace. To support this cause, the Company participated in **YBG Cricket League-2022**, where the group companies battled for the trophy on a single pitch. "**Gadoon Gladiators**" were prepared for the most boisterous cricket league in history, with a lot of excitement and enthusiasm among employees.

Similarly, another inclusive event was organized by the HR & Branding team i.e. "**Cricket Gala-2022**" where 06 teams battled with each other comprising of employees from different departments and knitting division. This type of events helps to strengthen the Company's internal network and improve communication.

### Independence Day 2022

To keep the spirit of independence alive, GTML celebrated August 14th with the same enthusiasm and energy. As per previous practice, management decided to celebrate

Independence Day physically instead of online to promote healthy relationships among employees.



Participants sang the national anthem and perform various other activities, followed by quiz competition and closing remarks by the management. To promote the awareness on environment, saplings were distributed among the employees to be planted at home or any other suitable area.

### Recreational Events



Recreational events / activities in a company are important for several reasons. It promotes team building by allowing employees to socialize and form stronger relationships. Picnics also provide a break from work-related stress, helping employees to relax and recharge. In line with these views, two picnics were organized for KP and knitting division in order to show commitment towards employee well-being and engagement, which in turn improves productivity.

### Student Facilitation Program

The Company is playing a significant role in supporting students through Student Facilitation Program, which offers a range of services to assist students in their academic and personal development. This program includes mentorship opportunities, internship and job placement assistance, academic support, personal development resources, and collaborations with

educational institutions. Through these initiatives, the Company aims to create a supportive environment for students, helping them succeed academically and prepare for their future careers. Some on-going features of our student facilitation program are as under;



- Industrial visits
- Summer Internship Program
- Research Projects (capstone / research & survey analysis / qualitative projects)
- Management Trainee Programs

### Talent Acquisition and Management



The Company's approach to acquiring and managing talent is characterized by strategic and proactive methods. Leveraging talent analytics enables data-driven decision-making and continuous improvement. By continually evaluating and adapting the strategy, organizations can optimize their talent acquisition efforts and secure the best talent for their long-term success. Following on from the last practice, the company's talent acquisition team again this year visited various universities at various job fairs to recruit potential candidates and strengthen the company's internal database. This gives candidates an equal chance to be hired with a competitive compensation package. As part of our student promotion program, interns and management trainees from various backgrounds and universities had the opportunity to tour

our factory grounds and experience state-of-the-art production processes. The company also provided career counseling and future growth opportunities. In addition, students collaborated with various departments to design university projects, giving them hands-on experience in companies and strengthening their professional networks.

## Training and Awareness Sessions

Training is a key to improving employee performance and achieving the level of knowledge and skills required for the job. To help them acquire these skills, the Company organizes internal and external training activities throughout the year for employees and keep them abreast of the latest developments, planning to create added value for the organization in the long run. During the year following professional trainings has been conducted;

### Awareness Session on Cyber Security



IT department organized an awareness session on cybersecurity which was designed to educate individuals about the importance of protecting themselves and the organizations from various cyber threats. The session aimed to raise awareness about common cybersecurity risks, best practices for safeguarding personal and sensitive information, and the potential consequences of cyber-attacks.

### Session on World Heart Day

World Heart Day is observed on September 29th every year, and it aims to raise awareness about cardiovascular health and promote preventive measures against heart diseases. The Company also arranged an informative session by collaborating with Tabba Heart Institute. It was a great session as it provided a platform to educate individuals about heart health, assess their risk





Awareness sessions on hygiene plays a vital role in educating individuals about the importance of maintaining cleanliness and adopting hygienic behaviors in their daily lives. For this purpose, the Company arranged an awareness session for supportive staff, conducted by an external trainer to cover different topics including hand hygiene, proper sanitation practices, food safety, oral hygiene, and environmental cleanliness.

#### World No Tobacco Day



The tobacco industry's relentless marketing tactics have targeted vulnerable population, including young people, in an attempt to hook them onto these deadly products. In order to discourage tobacco users at workplace, a session was conducted by HSE Team who highlighted various health hazards, ways to reduce tobacco use and habits to enhance health.

#### World Human Rights Day



A session on Human Rights Day holds significant importance as it provides an opportunity to raise awareness about the importance of human rights and promote a culture of respect, equality, and dignity for all individuals. For creating awareness among the employees, the Company organized a session on Human Rights Day which served as a platform to address current human rights challenges, such as discrimination, inequality, gender-based violence, and workplace

factors, and promote preventive measures. It also raised awareness about the importance of a healthy lifestyle, early detection of heart diseases, and interventions.

#### Session on Breast Cancer



Awareness sessions on breast cancer are crucial in spreading knowledge and promoting early detection and prevention of this disease. Keeping this in view, the Company organized an interactive awareness session for all the female staff aiming towards empowering individuals to take control of their health, encourage them to seek medical advice promptly, and dispel misconceptions surrounding breast cancer. By raising awareness, these sessions contribute to saving lives through early detection, promoting timely interventions, and fostering a supportive community for those impacted by this disease.

#### Session on Personal Hygiene



harassment. It helped in fostering dialogue, empathy, and understanding among individuals from diverse backgrounds, nurturing a more inclusive society.

#### Diversity and Inclusion



Diversity and inclusion foster innovation, enhance employee engagement and productivity, attract top talent, improve decision-making, and contribute to a positive corporate culture.

For probable growth and development of mindset, the Company has organized a two-day program on the subject by Pakistan Society of Training and Development (PSTD) for mid to senior management.

The training focused on fostering diversity and inclusion, experiences, and skills, leading to innovative problem-solving and a competitive edge. It also promoted employee satisfaction, loyalty, and a sense of belonging, which, in turn, boosts productivity and reduces turnover. Furthermore, activities and assessments gave a practical exposure of how a diverse and inclusive workforce helps attract and retain top talent, as individuals seek out companies that prioritize fairness, equality, and opportunities for growth.

#### SMILE by Amwaj



The Company in collaboration with Amwaj organized "SMILE". A day-long wellness experience for the employees to pause, reflect and understand the importance of self-management and social management in one's life. The management aims to enable & empower employees to nurture personal growth in alignment with the work-life balance for collective organizational growth.

#### Leadership Training



The leadership training, based on growth & excellence model was delivered by an external trainer at head office. It was a framework that focused on developing leaders through training, providing a caring and supportive environment, and promoting personal growth.

It emphasized the acquisition of skills and knowledge through leadership training programs, creating an inclusive environment for leaders through support and resources, and fostering personal growth through self-reflection and continuous learning. This holistic approach aims to cultivate effective leaders who can inspire and empower their teams to achieve success.

#### Women Empowerment - WIBCON



WIBCON is a PSTD initiative aims to identify, recognize and empower women to make a difference. This year the Company provided its female staff a distinguishing chance to attend this conference and get vast scale



exposure, opportunity for networking and a chance of learning new market trends, innovational ideas and best workplace practices.

#### HeimTextil-2023



Providing professional training to employees offer numerous benefits to both individuals and the organization as a whole. Similarly, the Company's vision for training reflects its commitment to investing in its employees' professional development and growth. Under the context of this vision, latest market exposure was provided to the sales & marketing team via foreign textile exhibition. The management believes that these type of learning opportunities will equip sales teams with the skills, knowledge, and techniques needed to excel in their roles and drive business growth.

#### Participation in ITMA 2023



In today's rapidly evolving technological landscape, staying updated with the latest technical advancements is crucial. Technical learning helps employees acquire new skills and knowledge relevant to their job roles. This can also lead to increased proficiency, better job performance, and greater confidence in handling tasks. In order to align the Company's goals with industry innovation, the management has carefully selected a technical team to participate in the ITMA-2023 exhibition. This initiative aims to provide the team with firsthand experience and exposure to the latest cutting-edge machinery and technology.



# Social and Environmental Responsibility Policy

The purpose of this policy is to set guidelines for the Company's objective to achieve sustainable protection of the environment, people and planet through creating shared values for business and society.

The Company is committed to creating a more equitable and inclusive society by supporting processes that lead to sustainable transformation and social integration. Our primary focus of social responsibility is to craft business policies that are ethical, equitable, environmentally conscious and gender-sensitive. The Company shall strive to ensure the highest quality for its products and customer services together with maximum market outreach. The Company ensures that all social and environmental dimensions are considered when developing its strategies, policies, practices, and procedures.

## Protecting the Environment

In order to protect the environment, the Company shall:

- Meet or exceed the requirements of relevant legislative, regulatory, and environmental standards.
- Identify, reduce, and dispose of waste arising from our operations in a manner that minimizes harm to the environment and prevents pollution of land, air, and water.
- Reduce the consumption of energy and water and use renewable and / or recyclable resources wherever practicable.

## Supporting the Communities

Sustainability and community development shall form a part of the core values at Company.

- As a responsible social entity, the Company shall provide support to national and local charities or entities to promote the cultural and economic development of local communities.
- The Company shall ensure community development and uplift the standards of living of the masses through health, education, and environmental interventions.

- The Company shall support the development of quality human resources in the Country by sponsoring scholarship programs at leading universities/schools. Moreover, the Company shall support the provision of facilities/resources to such places of learning.
- The Company shall provide free medical facilities through welfare dispensaries located at plant sites.
- The Company also encourages its employees to share their time and skills in a socially constructive manner for the development of society.

## Our People

The Company recognizes that its human resources are its most valuable asset, and it is committed to providing careers and working environments in which its people can achieve their full potential.

- The Company is dedicated to protecting human rights through its "Code of Conduct" and the provision of equal opportunity to potential employees and exercises all fair labor practices.
- The Company shall ensure that its activities do not directly or indirectly violate human rights at any of Company's sites (e.g., forced labor, child labor, etc.). As a policy, the Company does not hire minors as a workforce.
- The Company shall employ differently-abled persons wherever business requirements allow.
- The Company shall make every reasonable and practicable effort to provide safe and healthy working conditions in all its plants, sites, and offices.



# Communication with Stakeholders

The Company values and honors the shareholders' inputs; records their concerns, prepositions, and suggestions in minutes and keeps them abreast of the progress and subsequent actions. The Company also developed best practices in mind for effective communication with stakeholders to ensure the improvement of channels between stakeholders, creates and maintains support for the objectives, reduce the potential for conflict, and enhances the overall reputation of the organization ultimately.

Similarly, steps taken to understand & enhance the overall communication with stakeholders are detailed in the stakeholders' engagement section of this report.

## Investors' Grievance Policy

A grievance is defined as any complaint, problem, or concern of the affected person. This policy's objective is to safeguard and protect investors / shareholders' interests by handling their grievances.

Under the context of investor's grievance policy, our management is committed to ensuring that the investors are handled and resolved efficiently without any discrimination, at an appropriate level within the shortest possible time. The Company's Grievance policy follows the following principles:

- Queries and complaints are treated efficiently, fairly, confidentiality in a courteous manner.
- The Company's employees work in good faith, and investors are informed of avenues to raise their queries and complaints within the organization and their rights if they are not satisfied with the resolution of their complaints.
- Appropriate remedial action is taken immediately to ensure avoidance in the future.

## Health and Safety

At the Company, we have a strong commitment to ensuring that our employees work in a healthy and safe environment. When and if the need arises, we have contingency action plans and the capacity to deal with such situations. The HSE department of the Company has been strengthened over the year by the hiring of thorough professionals, with the main aim to ensure that

the Company is compliant with all international standards. This will not only portray a positive image of the Company but will also help in minimizing the calamities. Further, a well-managed dispensary at both the locations is maintained by the Company for the welfare of the employees, to ensure proper health and safety.

Moreover, various security and surveillance cameras have been installed throughout our factory premises and offices, which are regularly monitored by security personnel to address the security concerns (if any). Safety drills are regularly carried out to train and educate employees for emergency situations.

## Whistle Blowing Policy

This policy sets out guidelines to encourage individuals if they believe or have discovered malpractice or impropriety in the activities of the Company.

The Company is committed to the highest standards of openness, honesty, and accountability. In line with its commitment, the Company encourages employees and / or third parties (suppliers, customers, dealers, etc.) with serious concerns about any aspect of the Company's work to come forward and blow the whistle. These concerns may include but not be limited to the following:

- Financial malpractice or impropriety or fraud.
- Failure to comply with a legal obligation.
- Disclosure of confidential information within or outside the Company.
- Deviation from full and fair reporting of the Company's financial position.
- Dangers to health and safety or the environment.
- Unlawful civil and criminal activity.
- Improper conduct or unethical behavior.

All reporting shall be handled in a confidential manner. It shall be ensured that the person raising the issue, if not anonymous, is not targeted or penalized for raising the matter in all circumstances. Confidentiality shall be maintained to the fullest extent possible. However, if the person raising the issue has acted with false/malicious intent, disciplinary action may be taken against the person.

## Records Safety Policy

The Company has implemented stringent controls to ensure that the records maintained are not only in compliance with the standard procedures but are also stored in a way that ensures their safety along with the timely retrieval of data when required.

In order to ensure the safety of records, the Company has adopted the following measures:

- Introduction of the 'paperless environment' initiative in the past under which all the records and relevant documents are being scanned so that they are available electronically, addressing the safety and time-bound concerns of records.
- Implementation of precautionary measures such as fire-extinguishers and fire-resistant measures ensures the security of the Company's sensitive documents.
- Efficient disposal of records and information when it is no longer required under the sustainable development goal of responsible consumption.

The Company has so far scanned more than 6 million documents that have reduced paper consumption, markedly, as the access to print these scanned documents are also controlled.

## Company's Approach to Policies

The Company's approach to managing and reporting policies related to procurement, waste, and emissions is aligned with our commitment to minimizing our environmental impact, promoting responsible resource management, and contributing positively to the communities in which we operate.

As a reputed employer we are cordially concerned to take relevant actions & adopt suitable practices to monitor & manage the following policies effectively;

### Procurement Policy:

Our procurement policy is based on sustainability, transparency, and ethical sourcing. The Company's management share a bond of mutual understanding with suppliers who share our values and are committed to uphold Company's HSE standards.

### Waste Management:

The Company has installed waste management plants to reduce waste generation, promote recycling, and minimize disposal to landfills. A comprehensive report is reviewed on a quarterly basis to track the record of overall performance.

### Emissions Reduction:

The Company is committed to reduce its carbon footprint through various initiatives as outlines under ESG & SDG frameworks. These reporting frameworks fosters accountability and demonstrates the Company's commitment to responsible business practices.

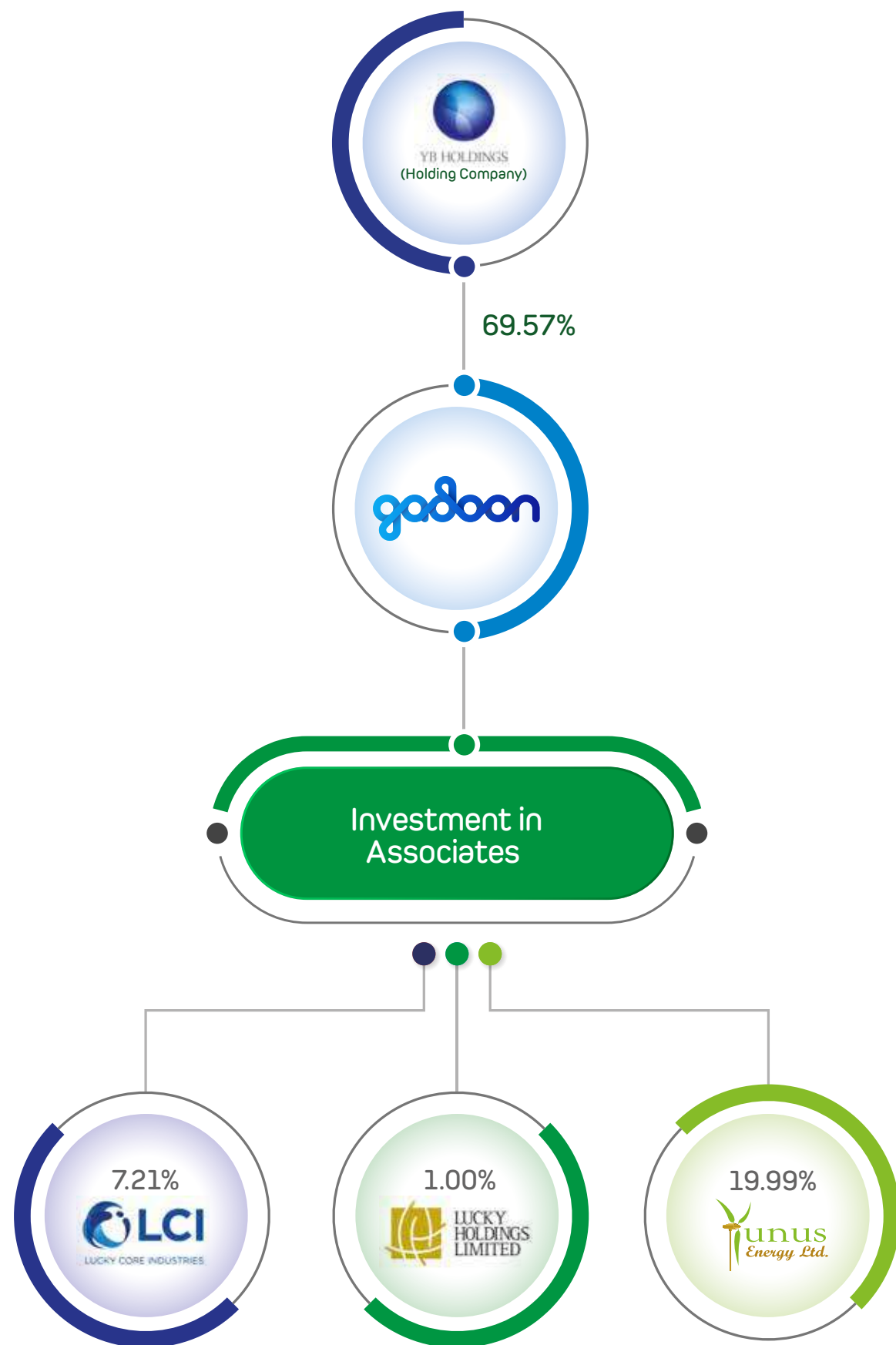
## Review by the Board of the Business Continuity or Disaster Recovery Plan

The Board of Directors periodically monitors the Business Continuity and Disaster Recovery of the Company for the smooth functioning of the systems and servers, and for the prevention of any unforeseen adversity. Detailed plan and strategy with regard to BCP / DRP has been presented to the Board. Further, the Board is also involved in continuous monitoring of the risk which the Company is exposed to and the relevant strategies in place to mitigate them.





# Beneficial Ownership / Group Shareholding



# Review Report on the Statement of Compliance

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

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF GADOON TEXTILE MILLS LIMITED

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Gadoon Textile Mills Limited (the Company) for the year ended June 30, 2023 in accordance with the requirements of Regulation 36 of the Regulations.

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

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

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

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

Chartered Accountants

Place: Karachi  
Date: August 23, 2023  
UDIN: CR202310099Er5A32q6x

# Statement of Compliance with CCG 2019

## Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019

**Name of Company:** Gadoon Textile Mills Limited (“the Company”)

**Year ended:** June 30, 2023

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (“the CCG Regulations”) in the following manner:

1. The total number of Directors are Eight including the Chief Executive as a deemed Director as per the following:
  - a. Male: 7
  - b. Female: 1

2. The composition of the Board is as follows:

Category	Names
a) Independent directors	Syed Muhammad Shabbar Zaidi Mr. Moin M. Fudda
b) Non-executive directors	Mr. Muhammad Ali Tabba (Chairman) Mr. Imran Yunus Tabba Mr. Jawed Yunus Tabba Mr. Muhammad Hassan Tabba
c) Executive director	Mr. Muhammad Sohail Tabba (CEO)
d) Female non-executive director	Ms. Zulekha Tabba Maskatiya

The independent director meets the criteria of independence under the Companies Act, 2017 (“the Act”).

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 is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The majority of Directors have either completed the Director’s Certification from authorized institutions or have the prescribed qualification and experience pursuant to Regulation 19 of the CCG;
10. There was no new appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year. However, all such appointments including their remuneration and terms and conditions of employment were duly approved by the Board and complied with relevant requirements of the Regulations;
11. Chief Executive Officer and Chief Financial Officer duly endorsed the financial statements before approval of the Board;

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

Committee	Name of members and Chairman
a) Audit Committee	Syed Muhammad Shabbar Zaidi (Chairman) Mr. Moin M. Fudda Mr. Muhammad Ali Tabba Mr. Jawed Yunus Tabba
b) HR and Remuneration Committee	Mr. Moin M. Fudda (Chairman) Mr. Jawed Yunus Tabba Ms. Zulekha Tabba Maskatiya

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

14. The frequency of meetings of the committees were as per following:

Committee	Frequency of meetings
a) Audit Committee	Quarterly
b) HR and Remuneration Committee	Annually

15. The Board has set up an effective internal audit function and its members are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (“ICAP”) and registered with Audit Oversight Board of Pakistan (“AOBP”), that they and all their partners are in compliance with International Federation of Accountants (“IFAC”) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 7, 8, 27, 32, 33 and 36 of the CCG Regulations have been complied with; and
19. Regulation 6 (1) of the CCG Regulations stipulates that it is mandatory for each listed company to have at least two or one-third members of the Board, whichever is higher, as independent directors. In a Board comprising 8 members, one-third works out to 2.66 persons. The fraction contained in such one-third is not rounded up as one as the Company has enough experienced and well reputed Independent Directors on the Board who perform and carry out their responsibilities diligently.



**Mr. Jawed Yunus Tabba**  
Non-Executive Director

Karachi: August 05, 2023



**Muhammad Sohail Tabba**  
Chief Executive Officer



## Shares held by Sponsors / Directors / Executives

The total number of shares held by Sponsors / Directors as of June 30, 2023, are 19,537,471 i.e., 69.71% of the total paid-up capital of the Company. No shares are held by any executives of the Company. The detailed breakup of shares has been mentioned in the section Pattern of Shareholding of this Annual Report



# Board Committees

## Audit Committee

- 1) Syed Muhammad Shabbar Zaidi (Chairman)
- 2) Mr. Moin M. Fudda
- 3) Mr. Muhammad Ali Tabba
- 4) Mr. Jawed Yunus Tabba

The Audit Committee comprises of four members including its Chairman. All members are Non-Executive Directors, while Chairman and one member of the Committee are independent Directors. The committee held five meetings during the year.

### I. Terms of Reference

- 1) Determination of appropriate measures to safeguard the Company's assets;
- 2) Review of annual and interim financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
  - a. Major judgmental areas;
  - b. Significant adjustments resulting from the audit;
  - c. Going concern assumption;
  - d. Any changes in accounting policies and practices;
  - e. Compliance with applicable accounting standards;
  - f. Compliance with these regulations and other statutory and regulatory requirements; and
  - g. All related party transactions;
- 3) Review of preliminary announcements of results prior to external communication and publication;
- 4) Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- 5) Review of management letter issued by external auditors and management's response thereto;
- 6) Ensuring coordination between the internal and external auditors of the Company;
- 7) Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- 8) Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- 9) Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- 10) Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- 11) Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive Officer and to consider remittance of any matter to the external auditors or to any other external body;
- 12) Determination of compliance with relevant statutory requirements;
- 13) Monitoring compliance with these regulations and identification of significant violations thereof;
- 14) Review of arrangement for staff and management to report to Board Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- 15) Recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the Company by the external auditors in addition to audit of its financial statements. Measures for redressal & rectification of non-compliances with the regulations. The Board of Directors shall give due consideration to the recommendations of the Board Audit Committee and where it acts otherwise it shall record the reasons thereof; and
- 16) Consideration of any other issue or matter as may be assigned by the Board of Directors.

# Human Resource & Remuneration Committee

## II. Review of Terms of Reference

The terms of reference of the Committee may be revised and modified from time to time with the approval of the Board; either when it is required by any change in law / Code of Corporate Governance or there is any need to do so.

## III. Members of the Committee

The Board Audit Committee shall be constituted of at least three Members comprising of non-executive directors of which at least one shall be an independent director. The Chairman of the Committee shall be an independent director, who shall not be the Chairman of the Board. The Board shall satisfy itself such that at least one Member of the Board Audit Committee qualifies as 'financially literate'.

## IV. Secretary

The Chief Internal Auditor shall be the Secretary of the Board Audit Committee.

## V. Quorum

The quorum for the transaction of any business of the Committee shall be of two Members.

## VI. Meetings

The Committee shall meet at least once every quarter of the financial year. These meetings shall be held prior to the approval of interim results of the Company by its Board of Directors and after completion of external audit.

A meeting of the Board Audit Committee shall also be held, if requested by the external auditors, the Chief Internal Auditor or to discuss any specific agenda as desired by the Members of the Committee.

## VII. Notice of Meetings

The notice of the meeting confirming the venue, time, date and agenda shall be sent to each Committee Member at preferably seven days prior to the date of the meeting but not later than three days before the meeting.

In case of urgency / emergency, notice period may be reduced or waived.

## VIII. Minutes

The secretary shall circulate minutes of meetings of the Board Audit Committee to all Members, Directors and the CFO prior to the next meeting of the Board and where this is not practicable, the Chairman of the Board Audit Committee shall communicate a synopsis of the proceedings to the Board and the minutes shall be circulated along with the minutes of the meeting of the Board.



- 1) Moin M. Fudda (Chairman)
- 2) Mr. Jawed Yunus Tabba
- 3) Ms. Zulekha Tabba Maskatiya

The Human Resource and Remuneration (HR&R) Committee comprises of three members including its Chairman. The Chairman of the Committee is an independent Director. The Committee held one meeting during the year.

## I. Terms of Reference

- 1) Provide strategic guidelines for the overall governance of Human Resource processes within the Company. Review, oversee and evaluate the Compensation strategy implemented within the Company, approve the head count, review the annual performance appraisal, training and development and succession planning processes implemented across the Company;
- 2) Approve any study / survey relevant to Human Resources to be undertaken in order to benchmark / obtain reliable data to assist the Board Human Resources Committee in discharging its duties;
- 3) To provide guidelines to the operational management of Human Recourses with respect to hiring of resources, including permanent, third party, management trainees and interns;
- 4) Recommended to the Board for consideration and approval a policy framework for determining remuneration of Directors and senior management preferably taking into consideration that such remuneration commensurate with the performance of the Company and evaluation of Board and management (as applicable). The definition of senior management will be determined by the Board which shall normally include the first layer of management below the chief executive officer level;
- 5) Undertaking annually a formal process of evaluation of performance of the Board as a whole and its Committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the Directors' report disclosing name, qualifications and major terms of appointment;

- 6) Recommending human resource management policies to the Board;
- 7) Recommending to the Board the selection, evaluation, development, compensation (including retirement benefits) of chief operating officer, chief financial officer, company secretary and head of internal audit;
- 8) Consideration and approval on recommendations of chief executive officer on such matters for key management positions who report directly to chief executive officer or chief operating officer;
- 9) Where human resource and remuneration consultants are appointed, they shall disclose to the Committee their credentials and as to whether they have any other connection with the Company; and
- 10) Reviewing the audit observations, if any, raised by the internal and external auditors of the Company relating to the HR function.

## II. Review of Terms of Reference

The terms of reference of the Committee may be revised and modified with the approval of the Board.

## III. Members of the Committee

The Human Resource and Remuneration Committee shall be constituted of at least three Members comprising a majority of non-executive Directors of which at least one shall be an independent Director. The Chairman of the Committee shall be an independent Director. The CEO may be included as a Member of the Committee but not as the Chairman of Committee. The CEO, if Member of the Committee shall not participate in the proceedings of the Committee on matters that directly relate to his performance and compensation.

## IV. Secretary

The Head of Human Resources shall be the Secretary of the Board Human Resources Committee.

# Budget Committee

## V. Quorum

The quorum for the transaction of any business shall be of two Members.

## VI. Meetings

The Committee shall meet at least once in a financial year and at such other times as the Chairman of the Committee may deem necessary.

## VII. Notice of Meetings

The notice of the meeting confirming the venue, time, date and agenda shall be sent to each Committee Member at preferably seven days prior to the date of the meeting but not later than three days before the meeting.

In case of urgency / emergency, notice period may be reduced or waived.

## VIII. Minutes

The Secretary shall minute the proceedings of the meeting and circulate to all the Members of the Committee within fourteen days from the date of meeting.

- 1) Mr. Muhammad Ali Tabba (Chairman)
- 2) Mr. Muhammad Sohail Tabba
- 3) Mr. Jawed Yunus Tabba
- 4) Syed Muhammad Shabbar Zaidi

## I. Terms of Reference

- 1) To review and analyze the operational plans and annual budgets for revenues, expenses and capital expenditures as prepared by the management, according to specified parameters, suggest any revisions and recommend before Board's consideration / approval;
- 2) To recommend budget for Board's approval;
- 3) To review budget variance on periodic basis; and
- 4) To recommend any matter of significance in relation to budget to the Board of Directors.

## II. Review of Terms of Reference

The terms of reference of the Committee may be revised and modified with the approval of the Board.

## III. Members of the Committee

The Budget Committee shall be constituted of at least three Members, majority of which shall be non-executive Directors. The Chairman of the Committee shall be a non-executive Director.

## IV. Secretary

The Company Secretary shall be the secretary of the Budget Committee.

## V. Quorum

The quorum for the transaction of any business shall be of two Members.

## VI. Meetings

The Committee shall meet at least once in a financial year and at such other times as the Chairman of the Committee may deem necessary.

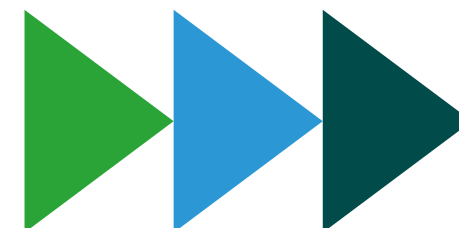
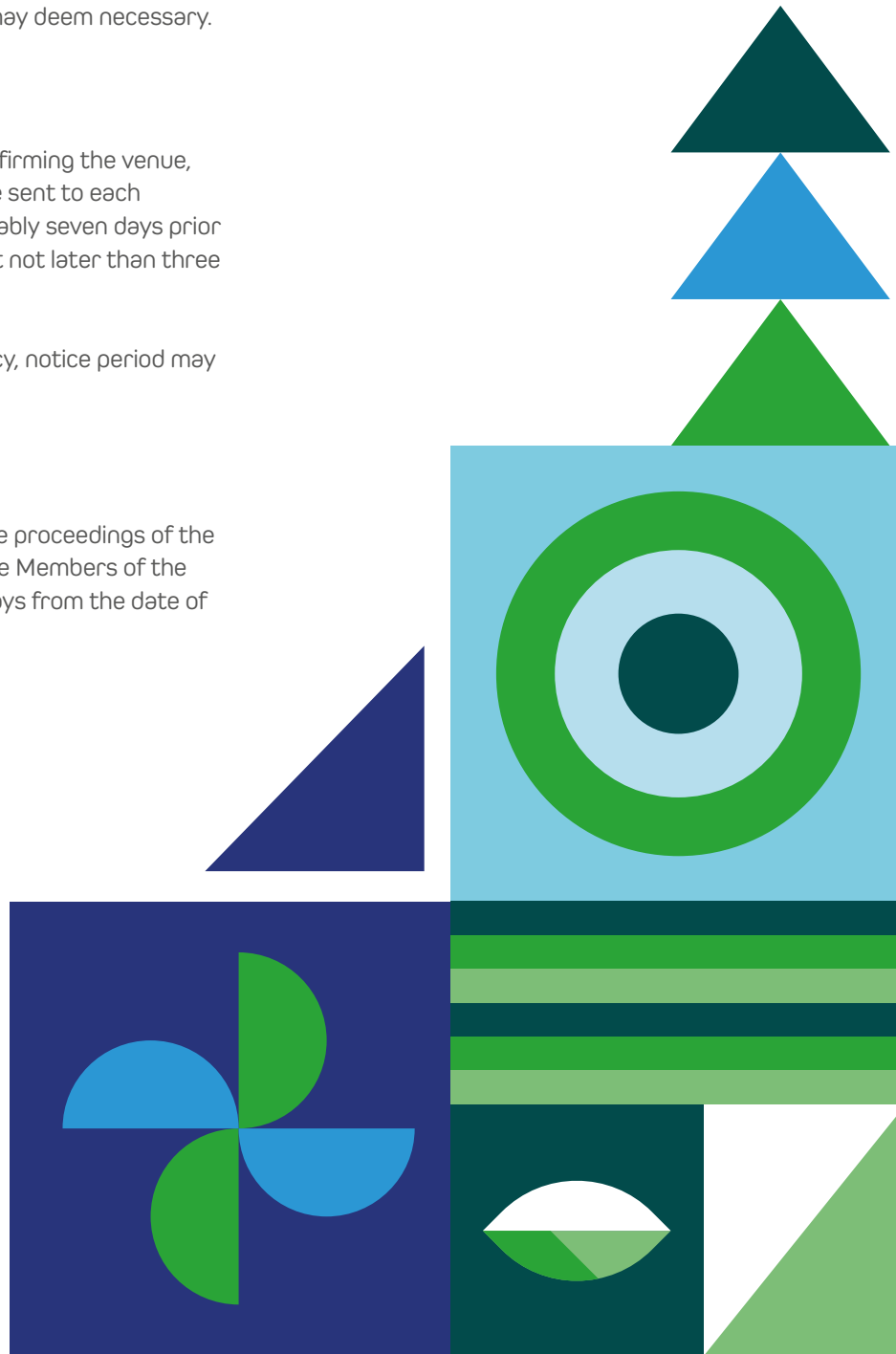
## VII. Notice of Meetings

The notice of the meeting confirming the venue, time, date and agenda shall be sent to each Committee Member at preferably seven days prior to the date of the meeting but not later than three days before the meeting.

In case of urgency / emergency, notice period may be reduced or waived.

## VIII. Minutes

The Secretary shall minute the proceedings of the meeting and circulate to all the Members of the Committee within fourteen days from the date of meeting.





# Report of Audit Committee

The Audit Committee of Gadoon Textile Mills Limited (the Company), composed of four members including the Chairman, consists entirely of Non-Executive Directors, with the Chairman and one member being Independent Directors. All Committee members possess significant economic, financial, and business expertise, and all Directors are financially literate.

The Audit Committee has concluded its annual review of the Company's conduct and operations for the financial year ended June 30, 2023, and hereby reports the following:

## Compliance with Regulations:

The Company has complied with the mandatory requirements specified under 'The Listed Companies (Code of Corporate Governance) Regulations, 2019' (Regulations) as well as other statutory and regulatory obligations.

## Statement of Compliance:

The Company has issued a Statement of Compliance with the Regulations, which has been reviewed and certified by the external auditors of the Company.

## Code of Conduct:

The Company's Code of Conduct has been effectively communicated across the organization.

## Accounting Policies and Disclosure:

The Company has consistently applied appropriate accounting policies, and any changes have been appropriately disclosed in the financial statements, which present a fair representation of the Company's financial position, results of operations, cash flows, and changes in equity for the year under review.

## Accounting Estimates and Records:

Accounting estimates have been made based on reasonable and prudent judgment. The Company has maintained proper and adequate accounting records in accordance with applicable laws, and its financial reporting is consistent with management processes and sufficient to meet the needs of shareholders.

## Financial Statements:

The financial statements for the year ended June 30, 2023, have been prepared on a going concern basis in

accordance with approved accounting standards applicable in Pakistan. The approved accounting standards comprise International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and notified under the Companies Act, 2017 (the Act), and the Act's provisions and directives. In case of any conflicts, the provisions of or directives under the Act take precedence.

## Review of Financial Statements:

The Audit Committee has reviewed the quarterly, half-yearly, and annual financial statements of the Company and recommended them for approval by the Board of Directors. Additionally, it has reviewed preliminary announcements of results prior to publication.

## Attendance of CEO and CFO:

The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) attended Audit Committee meetings by invitation.

## Endorsement of Financial Statements:

The CEO and CFO have duly endorsed the Company's financial statements, acknowledging their responsibility for a true and fair presentation in accordance with approved accounting standards applicable in Pakistan.

## Fair and Understandable Annual Report:

The Committee has reviewed the Annual Report and confirms that it provides a fair, balanced, and understandable representation of the Company. The Annual Report discloses information necessary for shareholders to assess the Company's position, performance, business model, and strategy.

## Related Party Transactions:

The Committee has reviewed all related party transactions conducted during the year, which were subsequently approved by the Board.

## Reporting Mechanism and Allegations:

The Committee regularly reviews the mechanism for employees and management to report concerns to the Audit Committee, ensuring that any allegations are taken seriously. No such incidents were reported to the Audit Committee during the year.

## Evaluation of Committees and Members:

The Board carries out an annual evaluation of its committees and their members. The results of the evaluation conducted were found to be satisfactory.

## INTERNAL AUDIT AND RISK MANAGEMENT

### Role of Internal Audit:

The Internal Audit function plays a vital role in enhancing the overall control environment of the Company.

### Independent Audits:

The Internal Audit Department conducted independent audits in accordance with an internal audit plan and reported functionally to the Audit Committee.

### Chief Internal Auditor (CIA):

The CIA attended Audit Committee meetings and also served as the Secretary to the Audit Committee.

### Access to Chairman and Staffing:

The CIA has direct access to the Chairman of the Audit Committee, and the Committee has ensured the presence of personnel with sufficient internal audit expertise.

### Review of Internal Audit Reports:

The Audit Committee reviewed the internal audit reports presented by the CIA, which encompass audit findings, opportunities for process improvement, control weaknesses, and recommendations. A risk rating system based on likelihood and impact was utilized, resulting in the assignment of high to low risk ratings.

### Internal Control and Risk Management Systems:

The Company's internal control systems, including financial and operational controls, accounting systems, and reporting structure, are designed to manage and mitigate the risk of not achieving business objectives. However, these systems can only provide reasonable assurance, not absolute certainty, against material misstatement or loss. The Committee has determined

that the risk management and internal control systems are adequate and effective.

## EXTERNAL AUDIT

### Access to External Auditors:

The Audit Committee granted direct access to the External Auditors.

### Key Audit Matters and Management Letter:

The Audit Committee reviewed and discussed Key Audit Matters and observations with the external auditors. The Management Letter, as required by the Regulations, will be submitted within 45 days of the date of the Auditors' Report on the financial statements and will be discussed in the next Audit Committee meeting.

### Retiring External Auditors:

The external auditors, M/s. Yousuf Adil Chartered Accountants have been engaged as the Company's external auditors since 2005. They have completed their audit assignment and review of the Statement of Compliance with the Regulations and will retire upon the conclusion of the 36th Annual General Meeting.

### Reappointment of Auditors:

Being eligible for reappointment as Auditors of the Company, the Audit Committee recommends the appointment of M/s. Yousuf Adil Chartered Accountants as the external auditors of the Company for the year ending June 30, 2024.

**Syed Muhammad Shabbar Zaidi**  
Chairman Board Audit Committee

Karachi: August 05, 2023



## Status of Whistle Blowing Mechanism

During the FY-2023, no whistle blowing incidents were reported to the Audit Committee due to strong governance and sound ethical practices.

## Attendance in Annual General Meeting

Syed Muhammad Shabbar Zaidi (the Chairman of the Audit Committee) attended the Annual General Meeting of the Company for the year 2022 held on Tuesday, September 27, 2022, to answer shareholders' concerns / questions / queries, if any, on the audit committee's scope, roles, and responsibilities. During the meeting, no significant issues were raised.

## Enterprise Resource Planning (ERP)

In our unwavering commitment to operational efficiency and financial progress, the Company is thrilled to announce the implementation of an in-house Enterprise Resource Planning (ERP) system. This revolutionary project is currently in the development phase, and holds the promise of reshaping our systems and transforming the way we manage resources, make decisions, and optimize processes.

Looking ahead to the next fiscal year, our IT management eagerly anticipate the completion and integration of latest ERP system. The journey thus far has involved meticulous planning, intensive development efforts, and the collaboration of dedicated cross-functional teams. They are confident that upon completion, this cutting-edge system will seamlessly interweave with our existing operations, setting the stage for a new era of financial and operational efficiency. Following are the core applications, operating successfully under the context of ERP:

### Revenue Enhancement:

The integration of sales, customer relationship management, and financial data within the ERP system holds the potential to analyze revenue cycle with more accuracy. A more holistic view of our operations will empower the Company to cater to customer preferences more effectively and seize new market opportunities.

### Enhanced Financial Planning:

With advanced forecasting and analytics capabilities, the ERP system will be providing a free hand to make financial decisions in an effective manner. Further, this

foresight will result in more accurate budgeting, improved resource allocation, and a greater ability to adapt to evolving market conditions.

### Streamlined Accounting:

Upon implementation, the ERP system will replace various manual processes with automated workflows. This will lead to faster and more accurate financial data recording, reducing the risk of errors and expediting financial reporting.

### Real-time Insights:

The ERP system's real-time data availability will equip our decision-makers with timely insights into financial performance. This swift availability of essential information will enable us to respond quickly to shifting market dynamics and guarantee our proactive stance in staying ahead of industry trends.

### Integrated Inventory and Supply Chain Management:

The ERP system's integrated approach to inventory and supply chain management will optimize the Company's overall operations. Through better demand forecasting and supply chain coordination, the management anticipate improved efficiency and reduced costs.

## Chairman's Significant Commitments and any changes thereto

The Chairman of the Company Mr. Muhammad Ali Tabba served as the CEO of Lucky Cement Limited and the Chairman of Yunus Textile Mills Limited, Lucky Motor Corporation Limited, and Lucky Electric Power Company Limited. He carries a team of thorough professionals who look after all the operational matter and he looks after all the strategic decisions. Being one of the senior most members of the YBG, he directs the companies with his immense experience and commitment.

## Impact of Government Policies on Business

The discussion on government policies and their impact on the Company's performance has been outline in the section "Overview", "Economic Prospect", "Principal Risks and Uncertainty", and "Future Outlook" of the Directors' Report.



# Sustainability that informs





# Analysis of Financial and Non-Financial Performance

## Financial Performance

### a) Financial Performance in comparison with prior year

During the year the Company has managed to post a hefty net revenue of Rs. 57.99 billion (highest ever achieved by the Company since start of its operations) as compared to Rs. 54.83 billion for the Same Period Last Year (SPLY) with an increase of 5.78%, mainly on account of acceleration in sales prices of yarn and the rupee devaluation. However, the gross profit margins reduced from 15.21% in SPLY to 10.63%, with the net profit of Rs. 3.29 billion in this year as compared to Rs. 5.71 billion in the SPLY, mainly on account of increased raw material prices, inflationary impact on the economy including the high finance costs.

The detailed analysis of the Company's performance in comparison to the previous year has been reported in the 'Financial Results' section of Directors' Report. Further details can also be viewed in the section Horizontal / Vertical Analysis of this Annual Report.

### b) Financial Performance in comparison with Budget

The management has a practice of making yearly budgets and monitoring the performance against the same. Deviation, if any, is bifurcated into controllable and non-controllable factors in order to assess the effectiveness of teams responsible for setting the budget. For controllable factors, timely corrective actions are taken. For non-controllable factors, risk management policies are considered, and strategies are designed to minimize its negative effect.

The Company's sales number were lower than budgeted number mainly on account of global economic slowdown. Further, the profitability gets distorted than budgeted mainly on account of higher than expected inflationary pressure on costs including the finance costs (due to high policy rates).



# Key Performance Indicators

## Key Performance Indicators

Key Performance Indicators (KPIs) are the measurable values that determine the effectiveness and efficiency of achievement of the key business objectives. The Company has used the KPIs to evaluate the success of the business on reaching the targets. The evaluation of GTML's business functions KPIs and to measure the achievements against its objectives has been detailed below:



## Non-Financial Indicators

Capital Form	Objectives	KPI Monitored
Manufactured Capital	Implementation of innovative technology and effective techniques.	Reduction in defect ratio by adopting latest and sustainable techniques to ensure total quality management.
	Sustain industry leadership.	Significant CAPEX made during the year in technologically advanced machines.
Human Capital	Provide a safe and healthy working environment for our employees.	Implementation of organizational safety programs, especially w.r.t. increased number of HSE training session and safety drills.
Natural Capital	Encouraging best customs to support environmental sustainability.	Participated in environmental sustainability activities, including tree plantation. Further also ensured efficient use of sustainable raw material for manufacturing yarn and efficient use of gas for power generation. Further also installed in Solar Plant of 1.5 MW and further 5.5 MW is in process.
Social and Relationship Capital	Contribute effectively as a corporate entity.	Active participation in events and activities for creating a corporate image and building a sense of shared values and mutual respect.
Intellectual Capital	Achieve overall business synergies by maintaining operational efficiencies	Operational efficiencies of the Company are maintained by utilizing the strength of high profile and skilled employees and along with the upgradation of IT system.

## Budget

In addition to setting budgets for its financial indicators, the Company also places emphasis on its non-financial indicators and accordingly has allocated budget for the development of its manufactured / human / social / relationship capital for the upcoming year.

The management continuously monitors the above-mentioned KPIs and significant variations from the previous year are investigated for corrective actions to be taken. Further, these KPIs are reviewed by the Board on a quarterly basis. The management anticipates these KPIs to be relevant in the future as well in order to assess the Company's performance.

## Methods and Assumptions used in compiling the indicators

The Company uses different sets of methods and assumptions while compiling its financial and non-financial indicators. For compiling non-financial indicators, the Company considers its market positioning, competitor's strengths, employee's capabilities, working environment, and technological advancements.

For financial indicators, the Company analyses sales, gross profit, profit after tax, EPS, DPS, and market value of its share on a regular basis to gauge its performance.

The comparison of profit after tax to sales depicts how much the Company is able to retain the distributable profit for the provider of equity in comparison to its sales.

The dividend payment indicates that how much the Company wants to retain the amount from the distributable profits of shareholders for future business expansion / growth.

The Company also analyses the market price of share with its book value to evaluate investors' confidence in the script.

In addition, the Company also actively monitors cash flow from operating activities, liquidity position and working capital requirements.





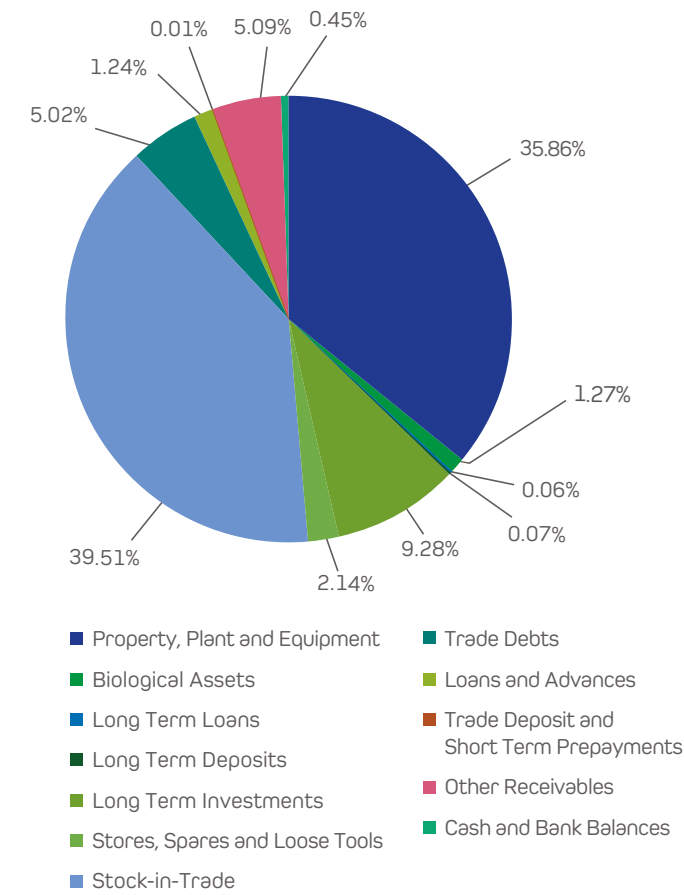
# Six Years at a Glance

	2023	2022	2021	2020	2019	2018
(Rupees In '000)						
<b>Assets Employed</b>						
Property, Plant and Equipment	21,242,834	11,016,751	10,253,638	10,165,007	9,870,359	7,791,928
Biological Assets	753,053	365,430	208,396	190,214	129,665	-
Long Term Loans and Deposits	77,080	80,888	62,526	69,137	72,804	63,050
Long Term Advances	-	-	-	-	-	-
Current Assets	31,668,602	25,126,484	17,131,011	17,258,436	14,342,045	12,600,632
Long Term Investments	5,497,655	4,233,555	3,570,625	3,150,556	2,890,606	2,686,920
<b>Total Assets Employed</b>	<b>59,239,224</b>	<b>40,823,108</b>	<b>31,226,196</b>	<b>30,833,350</b>	<b>27,305,479</b>	<b>23,142,530</b>
<b>Equity and Liabilities</b>						
Shareholders' Equity	20,691,202	18,003,149	12,610,075	9,084,358	9,209,433	8,213,510
Long Term Finance	9,431,586	4,008,570	3,906,240	3,526,689	2,622,363	594,338
Deferred Grant	180,342	186,528	144,078	-	-	-
Current Portion of Long Term Finance	666,994	763,011	735,143	68,092	52,728	-
Current Portion of Deferred Government Grant	54,879	56,327	54,077	-	-	-
	10,333,801	5,014,436	4,839,538	3,594,781	2,675,091	594,338
Retirement Benefit Obligation	1,008,944	820,993	714,068	629,205	562,984	533,769
Deferred Tax Liabilities	1,415,003	756,100	780,817	810,001	890,390	696,275
Current Liabilities	26,512,147	17,047,768	13,070,918	16,783,097	14,020,309	13,104,638
Current Portion of Long Term Finance	(721,873)	(819,338)	(789,220)	(68,092)	(52,728)	-
	25,790,274	16,228,430	12,281,698	16,715,005	13,967,581	13,104,638
<b>Total Equity and Liabilities</b>	<b>59,239,224</b>	<b>40,823,108</b>	<b>31,226,196</b>	<b>30,833,350</b>	<b>27,305,479</b>	<b>23,142,530</b>
<b>Turnover and Profit</b>						
Turnover	57,997,240	54,828,147	41,009,841	28,986,781	31,217,479	27,554,687
Gross Profit	6,167,845	8,340,757	4,975,580	2,241,286	2,892,723	1,944,890
Operating Profit	6,930,913	7,464,287	4,657,161	1,246,797	2,768,530	2,048,328
Profit Before Taxation	4,782,283	6,918,066	4,026,100	337,717	1,668,457	1,473,646
Profit After Taxation	3,291,867	5,713,572	3,534,101	45,499	1,186,102	1,185,296
Cash Dividend	-	560,592	336,355	-	238,251	434,459
Earnings Per Share (PKR)	117.44	203.84	126.08	1.62	42.32	42.29
Book Value Per Share (PKR)	738.19	642.29	449.88	324.10	328.56	293.03

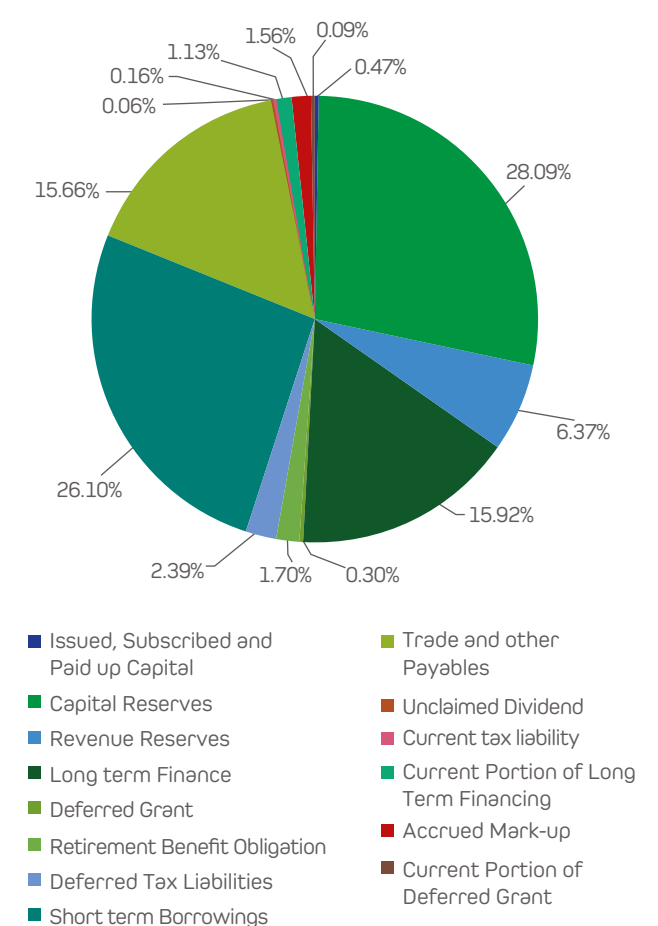
# Graphical Presentation

statement of financial position and profit or loss for the year June 30, 2023

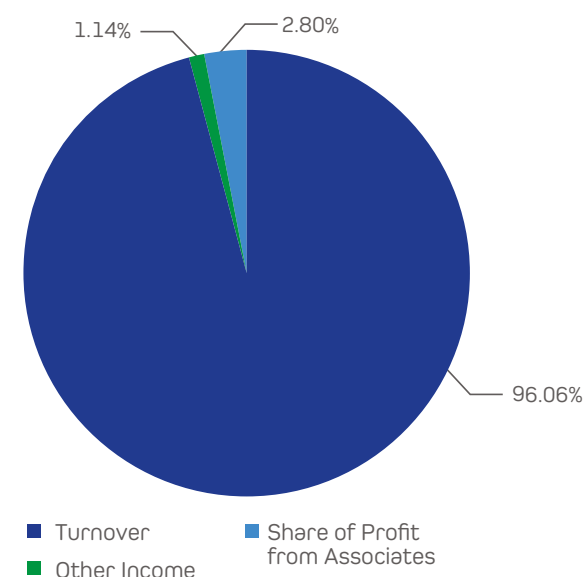
Total Assets



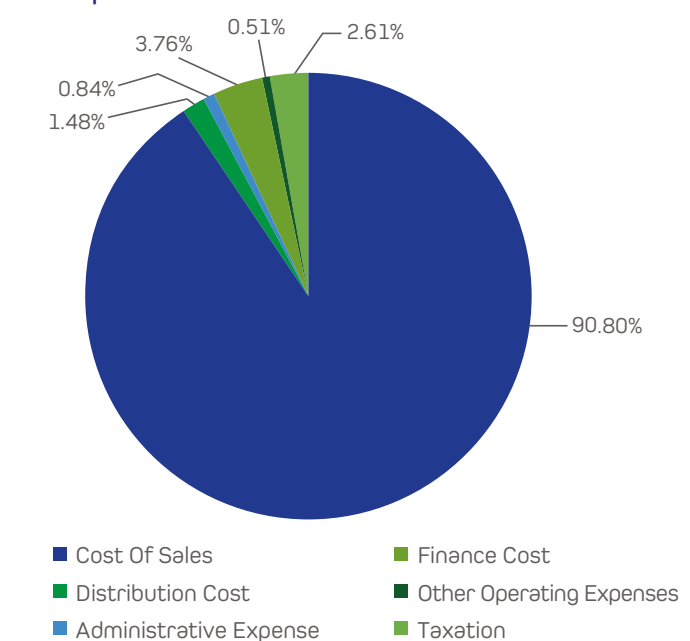
Total Equity and Liabilities



Income



Expense

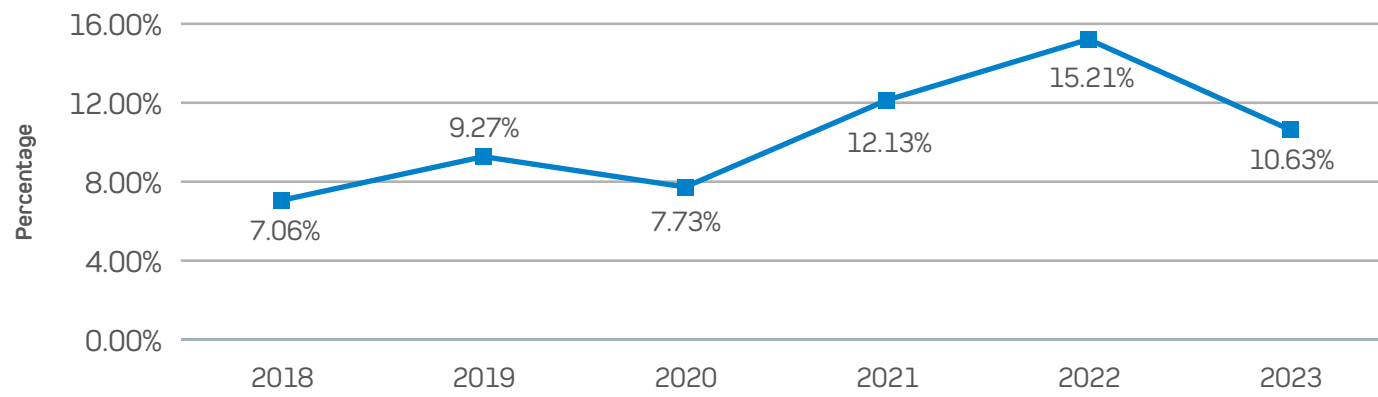


# Financial Ratios

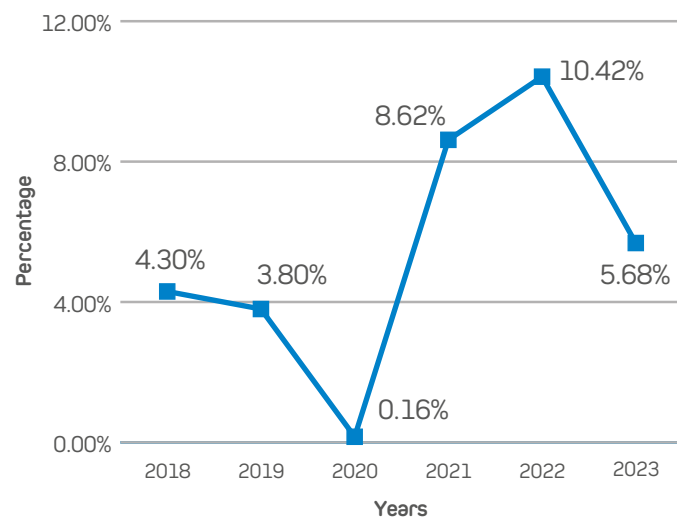
## Profitability Ratios

	UoM	2023	2022	2021	2020	2019	2018
GP to Sales	Percentage	10.63%	15.21%	12.13%	7.73%	9.27%	7.06%
PAT to Sales	Percentage	5.68%	10.42%	8.62%	0.16%	3.80%	4.30%
EBITDA to Sales	Percentage	14.03%	15.54%	13.75%	7.80%	11.41%	10.11%
EBDA to Sales	Percentage	7.75%	12.35%	11.02%	3.66%	6.35%	6.97%
Operating Leverage	Times	(1.24)	1.79	6.59	7.69	2.65	2.35
Return on Equity After Tax	Percentage	17.01%	37.33%	32.58%	0.50%	13.62%	15.22%
Return on Capital Employed	Percentage	25.65%	36.89%	30.92%	10.15%	26.76%	25.33%
Return on Fixed Assets	Percentage	20.41%	53.72%	34.62%	0.45%	13.43%	15.56%
Total Shareholders Return	Percentage	(9.83%)	12.20%	69.56%	15.30%	(41.73%)	26.78%

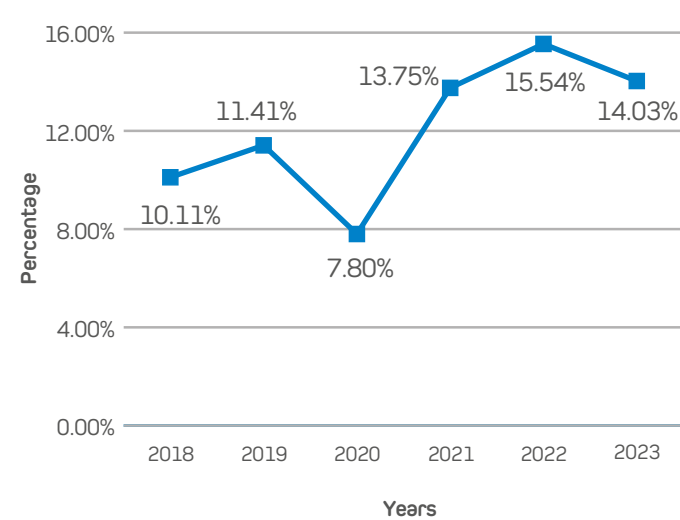
## GP to Sales



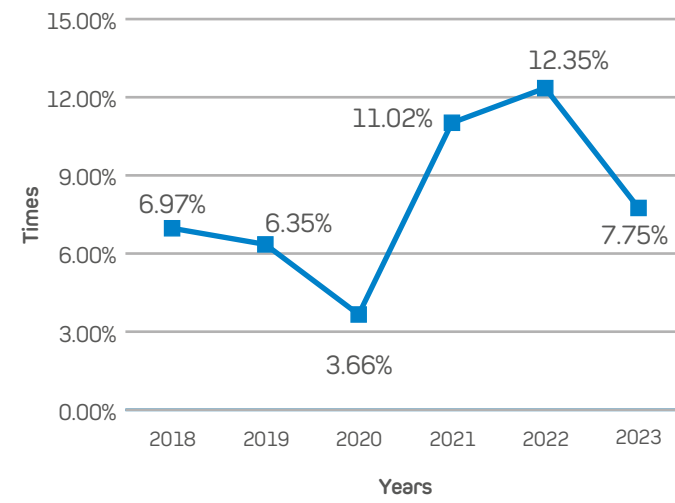
## PAT to Sales



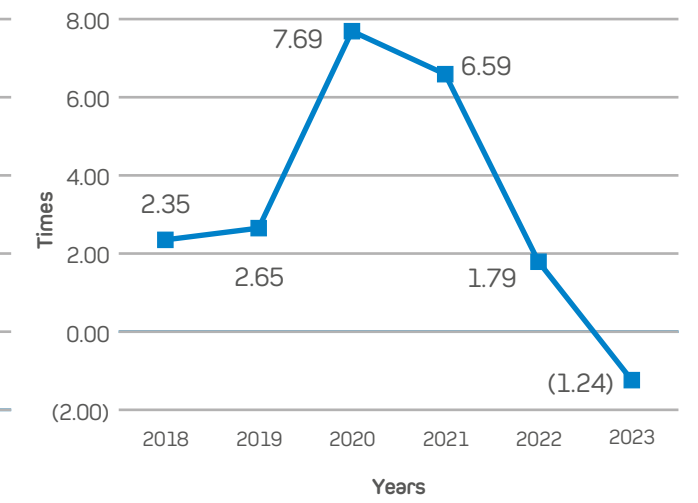
## EBITDA to Sales



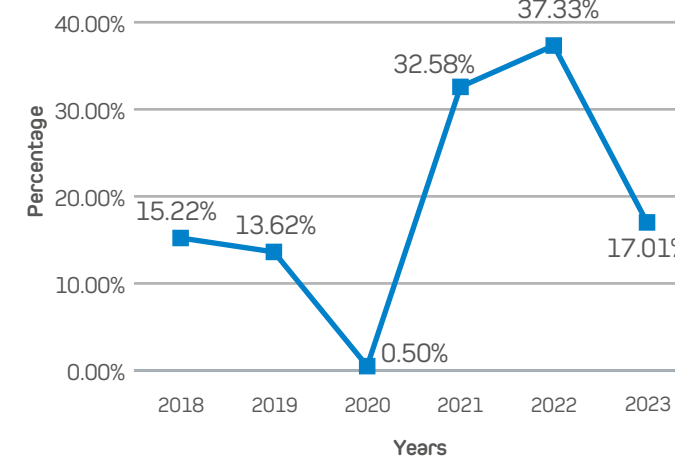
## EBDA to Sales



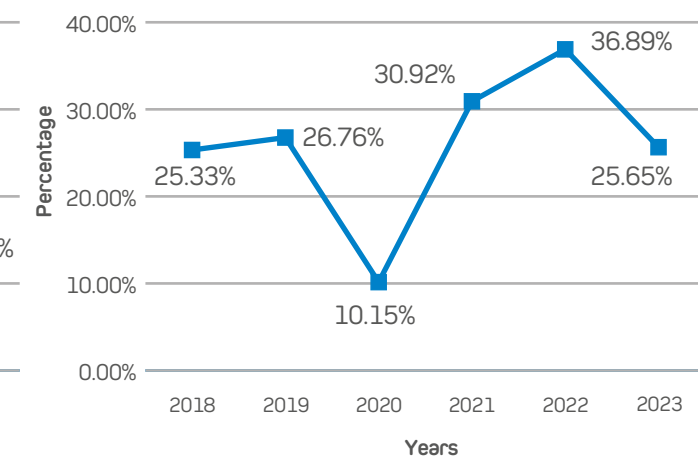
## Operating Leverage



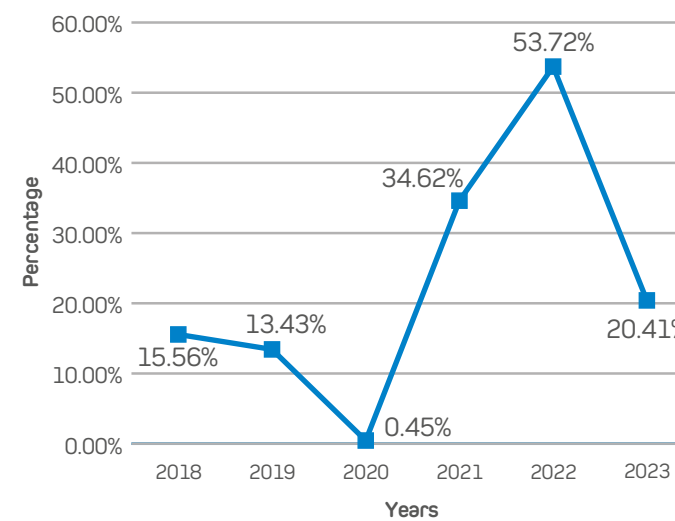
## Return on Equity After Tax



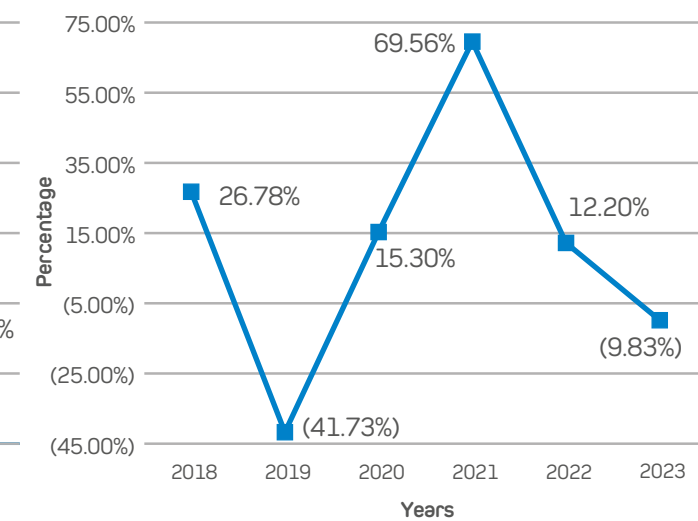
## Return on Capital Employed



## Return on Fixed Assets



## Total Shareholders Return



## Comments:

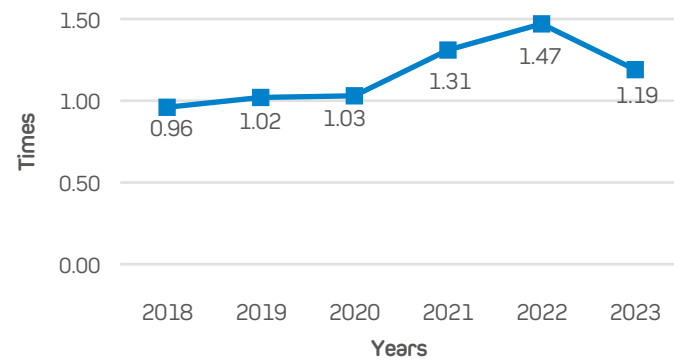
The profitability ratios, which were on the increasing trend in the past years, have been affected in the current year, mainly on account of increased raw material prices and inflationary impact on costs including the finance cost.



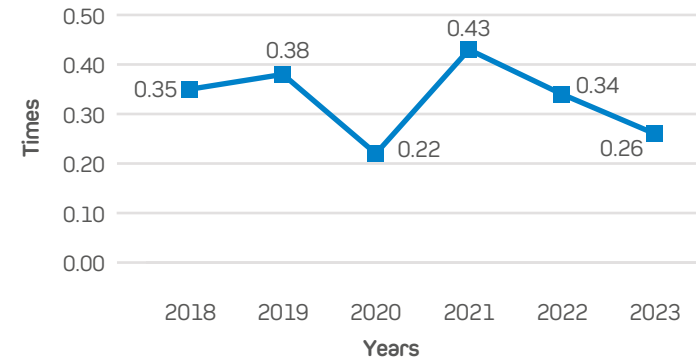
## Liquidity Ratios

	UoM	2023	2022	2021	2020	2019	2018
Current Ratio	Times	1.19	1.47	1.31	1.03	1.02	0.96
Quick Ratio	Times	0.26	0.34	0.43	0.22	0.38	0.35
Cash to Current Liability	Times	0.01	0.01	0.01	0.01	0.01	0.01
Cash Flow from Operation to Sales	Times	(0.05)	0.14	0.19	(0.06)	0.03	(0.03)

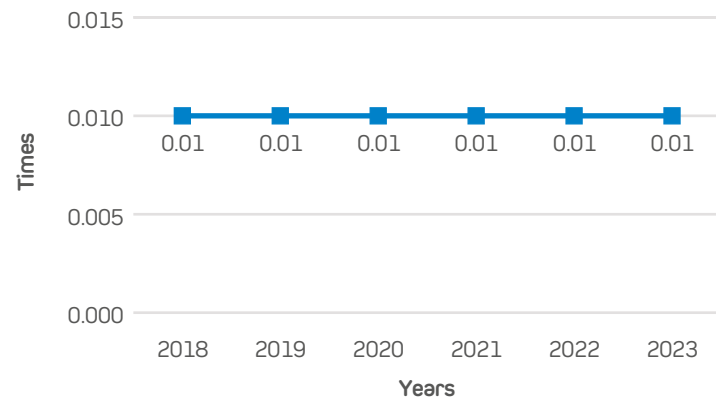
### Current Ratio



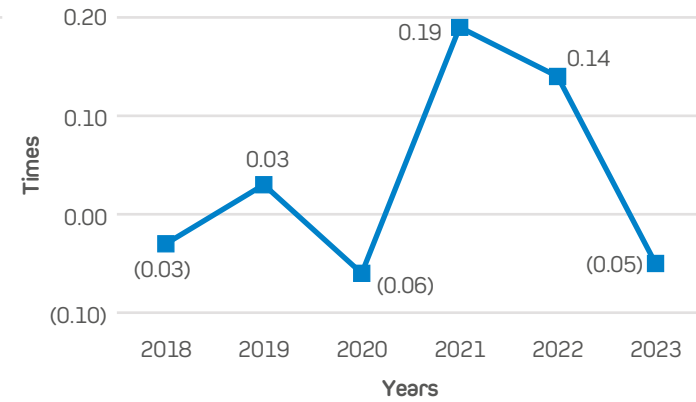
### Quick Ratio



### Cash to Current Liability



### Cash Flow from Operation to Sales



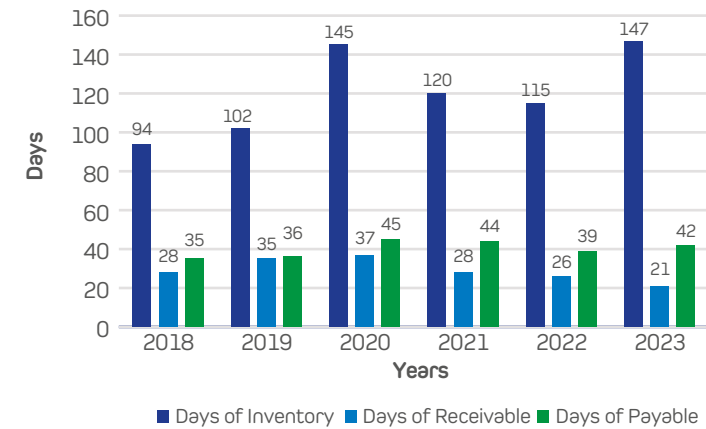
### Comments:

Liquidity ratios have been consistent over the years, however, this year the decline in current ratio is mainly on account of significant CAPEX, major portion of which has been financed through short term borrowings, thereby distorting the ratio.

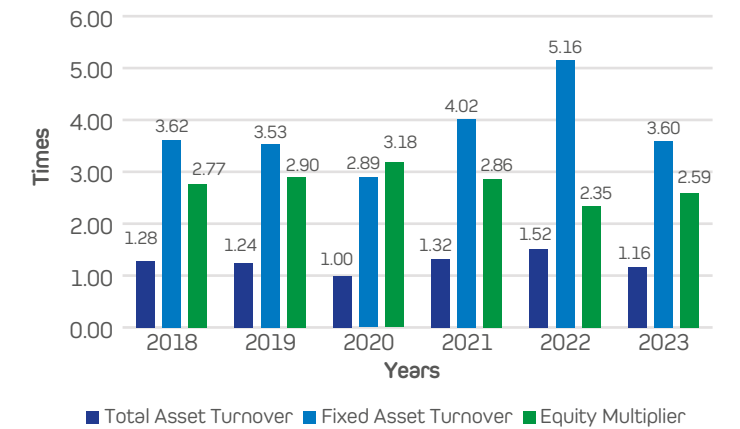
## Operating Ratios

	UoM	2023	2022	2021	2020	2019	2018
Inventory Turnover	Times	2.48	3.18	3.03	2.51	3.57	3.89
No. of Days in Inventory	Days	147	115	120	145	102	94
Debtor Turnover	Times	17.25	14.08	12.87	9.91	10.44	13.07
No. of Days in Receivable	Days	21	26	28	37	35	28
Creditor Turnover	Times	8.60	9.25	8.31	8.03	10.00	10.35
No. of Days in Payable	Days	42	39	44	45	36	35
Operating Cycle	Days	127	102	104	137	101	87
Total Assets Turnover	Times	1.16	1.52	1.32	1.00	1.24	1.28
Fixed Assets Turnover	Times	3.60	5.16	4.02	2.89	3.53	3.62
Equity Multiplier	Times	2.59	2.35	2.86	3.18	2.90	2.77

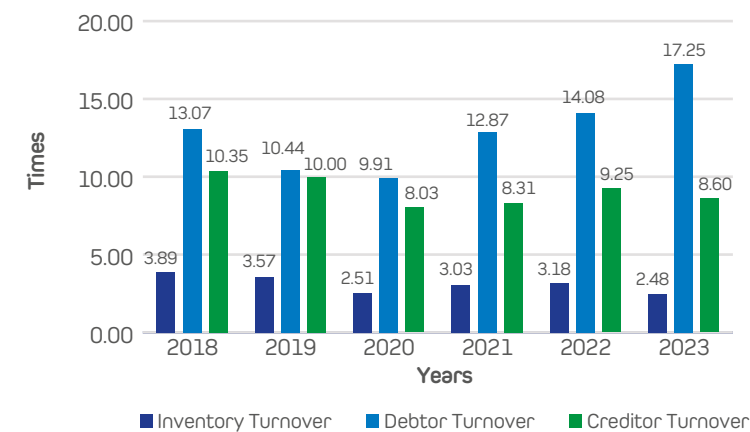
### Working Capital Ratios (in Days)



### Turnover Ratios



### Working Capital Ratios (in Times)



### Comments:

The operating cycle of the Company has been at a quiet manageable levels, except for inventory turnover days which has increased owing to slowdown in overall sales volume.

Fixed assets turnover and total assets turnover have decreased primarily on account of significant CAPEX during this year, major part of which will be capitalized in next year and will start to fetch revenue accordingly, which will resultantly improve the ratio.

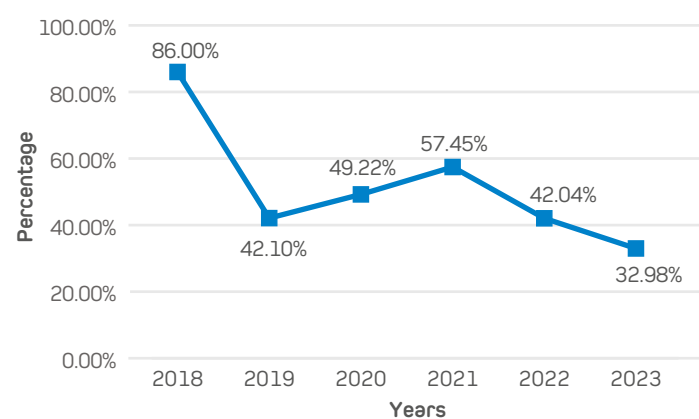
## Market Ratios

	UoM	2023	2022	2021	2020	2019	2018
EPS	Rupees	117.44	203.84	126.08	1.62	42.32	42.29
Price to Earning Ratio	Times	2.07	1.32	2.05	98.46	3.27	5.96
Price to Book Ratio	Percentage	32.98%	42.04%	57.45%	49.22%	42.10%	86.00%
Dividend Yield	Percentage	-	7.41%	4.64%	-	6.14%	6.15%
Dividend Payout Ratio	Percentage	-	9.81%	9.52%	-	20.09%	36.65%
Dividend Cover	Times	-	10.19	10.51	-	4.98	2.73
Cash Dividend Per Share	Rupees	-	20.00	12.00	-	8.50	15.50
Book value Per Share	Rupees	738.19	642.29	449.88	324.10	328.56	293.03
Market Value Per Share as at June 30th	Rupees	243.45	270.00	258.46	159.51	138.34	252.00
Highest Share Price During the Year	Rupees	279.00	393.00	267.08	257.89	315.00	264.00
Lowest Share Price During the Year	Rupees	180.00	236.00	164.00	115.00	138.34	176.00

## EPS vs DPS



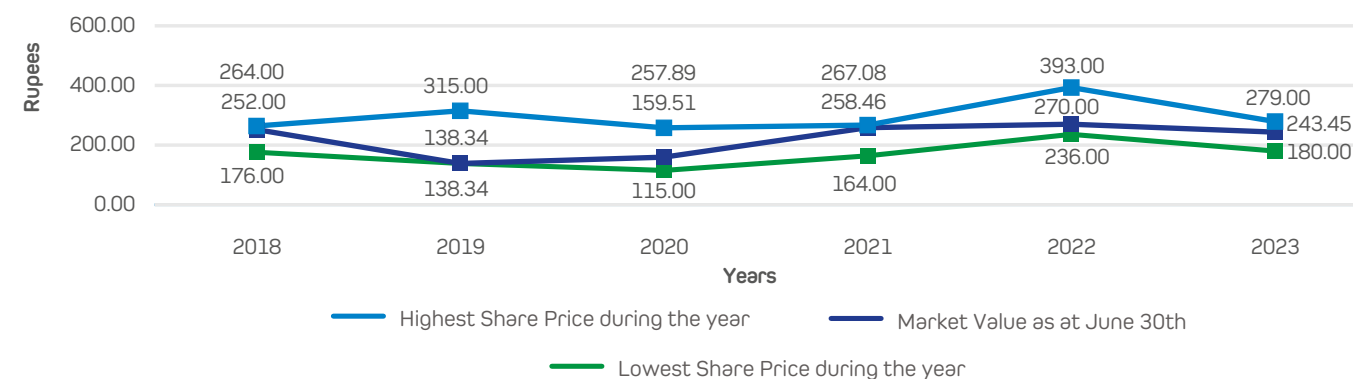
## Price / Book Ratio



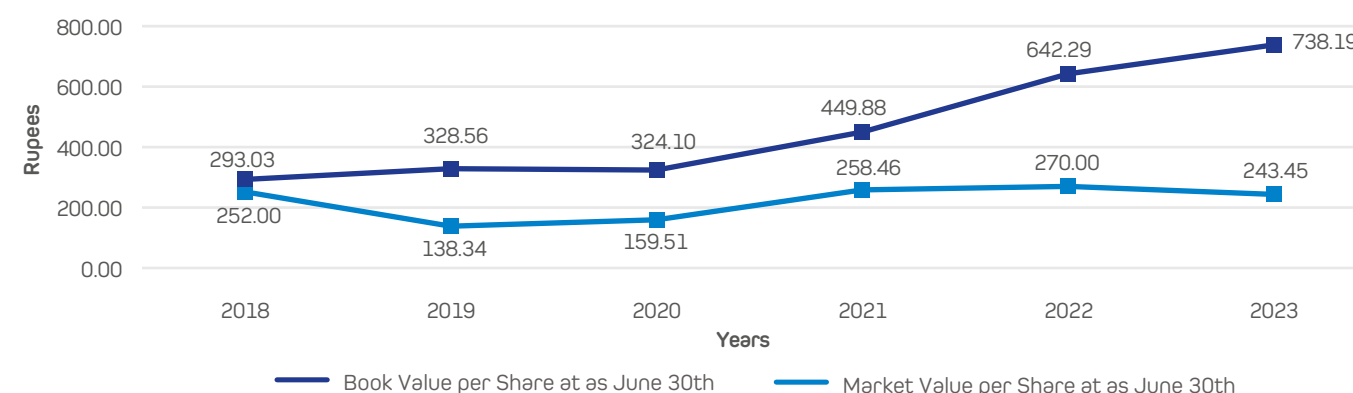
## Earnings ratio



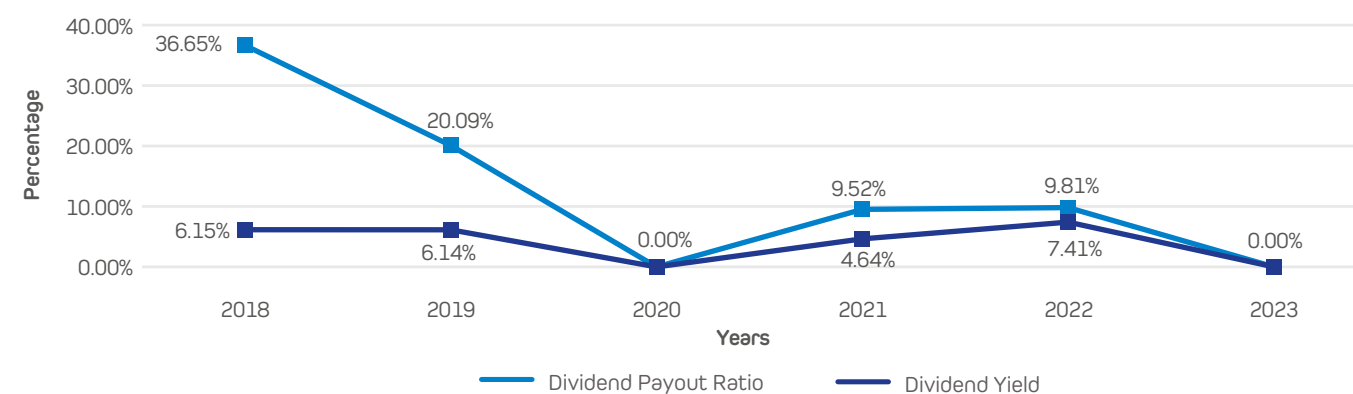
## Market Value



## Book Value vs Market Value



## Dividend Ratio



## Comments:

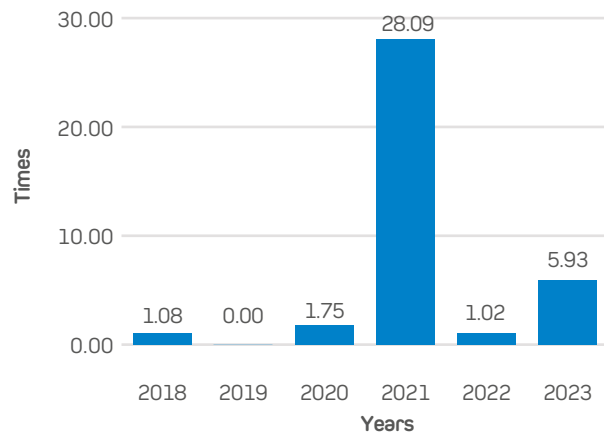
The PSX has shown a downward trend during the current FY mainly on account of tightening monetary policies and political uncertainties, having an impact on the investors' confidence. Similarly, GTML's share was also affected to some extent, and it closed at 243.45 on last working day of the financial year.



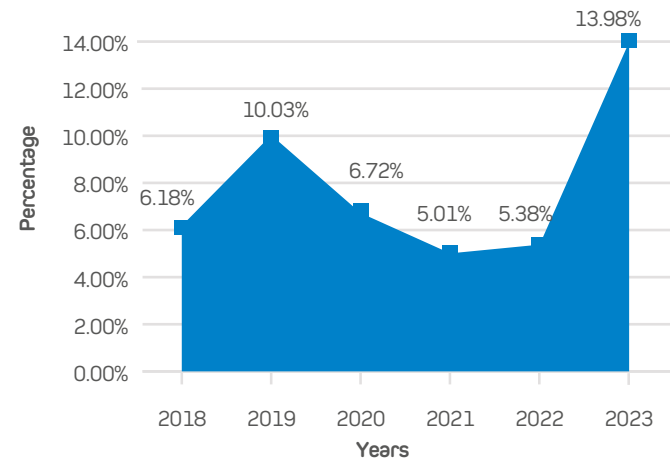
## Capital Structure Ratios

	UoM	2023	2022	2021	2020	2019	2018
Degree of Financial Leverage Ratio	Times	5.93	1.02	28.09	1.75	-	1.08
Weighted Average Cost of Debt	Percentage	13.98%	5.38%	5.01%	6.72%	10.03%	6.18%
Debt to Equity Ratio (Book Value)	Percentage	49.94%	27.85%	38.38%	39.57%	29.05%	7.24%
Debt to Equity Ratio (Market Value)	Percentage	151.44%	66.26%	66.80%	80.40%	68.99%	8.41%
Interest Coverage Ratio	Times	3.23	13.67	7.38	1.37	2.52	3.56

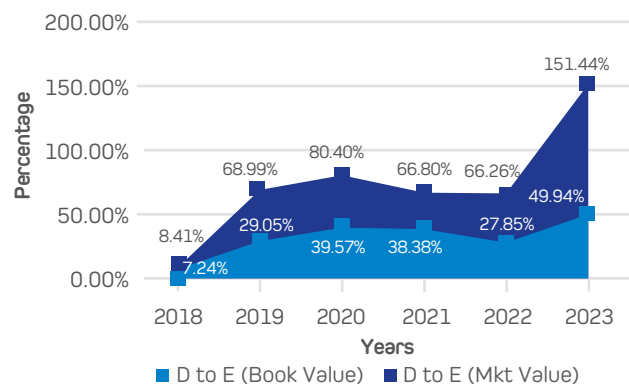
### Degree of Financial Leverage Ratio



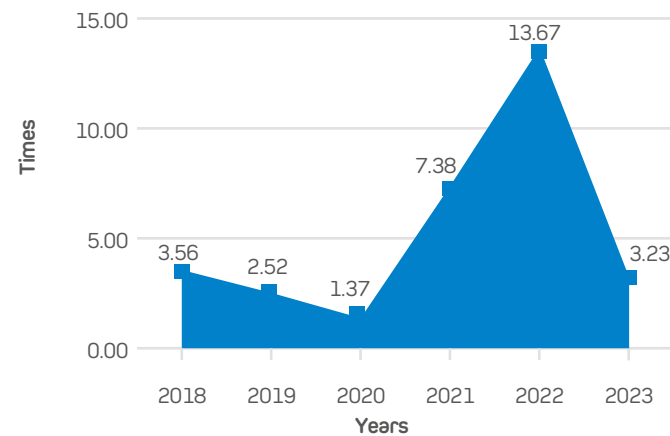
### WAC of Debt



### Debt to Equity Ratios



### Interest Coverage Ratio



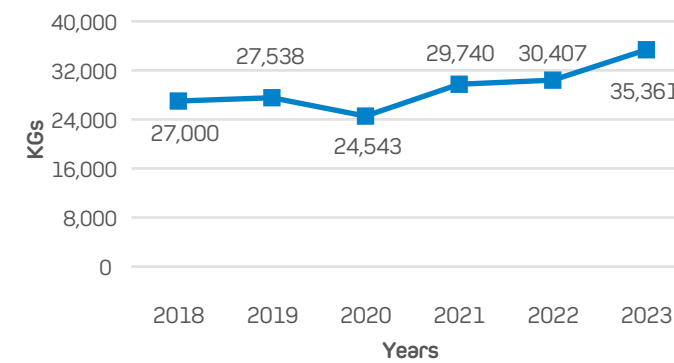
#### Comments:

The Company has availed the term loan of Rs. 5.6 billion in the current year to finance the CAPEX carried out during the year, which resultantly has increased the Debt to Equity Ratio. Further, the WAC of debt for the year has increased mainly due to higher policy rates in this period as compared to previous ones. The Higher WAC resulted in high finance cost which in combination with declining profits further reduced the interest coverage ratio.

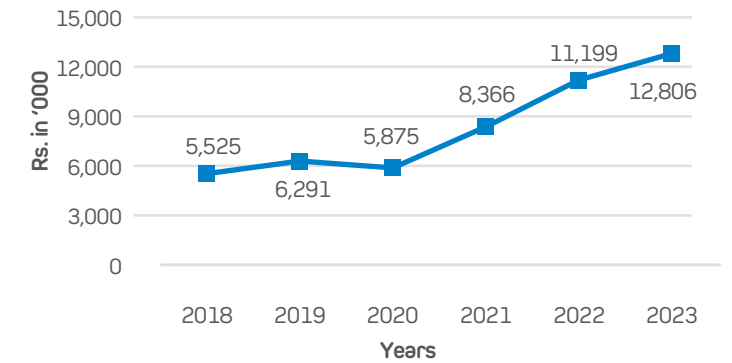
## Non-Financial Ratio

	UoM	2023	2022	2021	2020	2019	2018
Production per Employee	KGs	35,361	30,407	29,740	24,543	27,538	27,000
Revenue per Employee	Rs in '000	12,806	11,199	8,366	5,875	6,291	5,525
Spares Inventory as % of Total Asset	Percentage	1.32%	1.25%	1.45%	1.46%	1.51%	1.47%
Maintenance Cost as % of Operating Expenses	Percentage	0.30%	0.55%	0.23%	0.23%	0.29%	0.30%

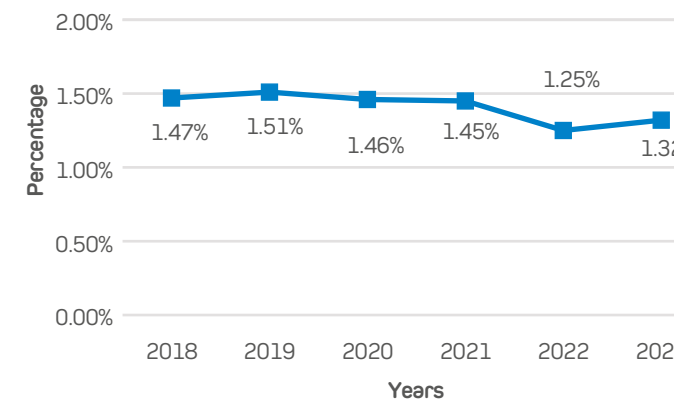
### Production per Employee



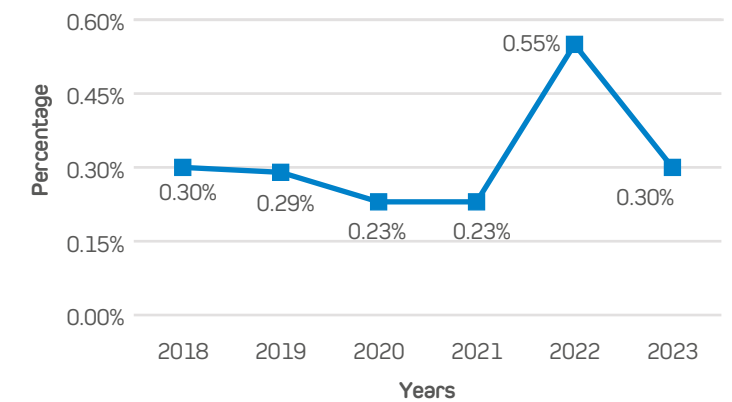
### Revenue per Employee



### Spares Inventory of Total Asset



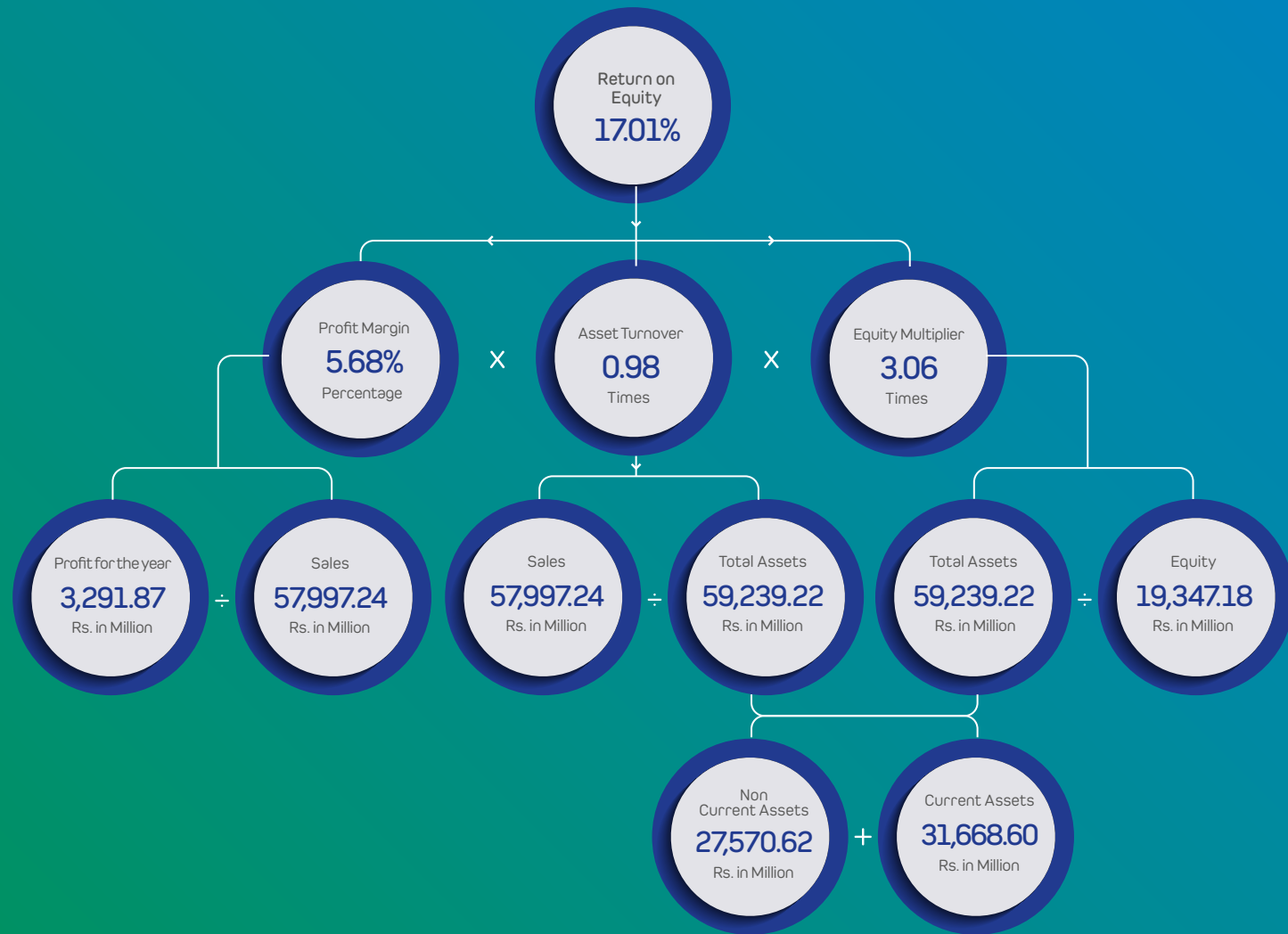
### Maintenance Cost of Operating Expense



#### Comments:

The non-financial ratios are depicting an improvement in overall operational efficiencies with better production and revenue per employee ratio. The improvement is primarily on account of technological advancement carried over the years. Further spare inventory as percentage of total asset and maintenance cost as percentage of operating expense has remained in line over the years.

# Dupont Analysis

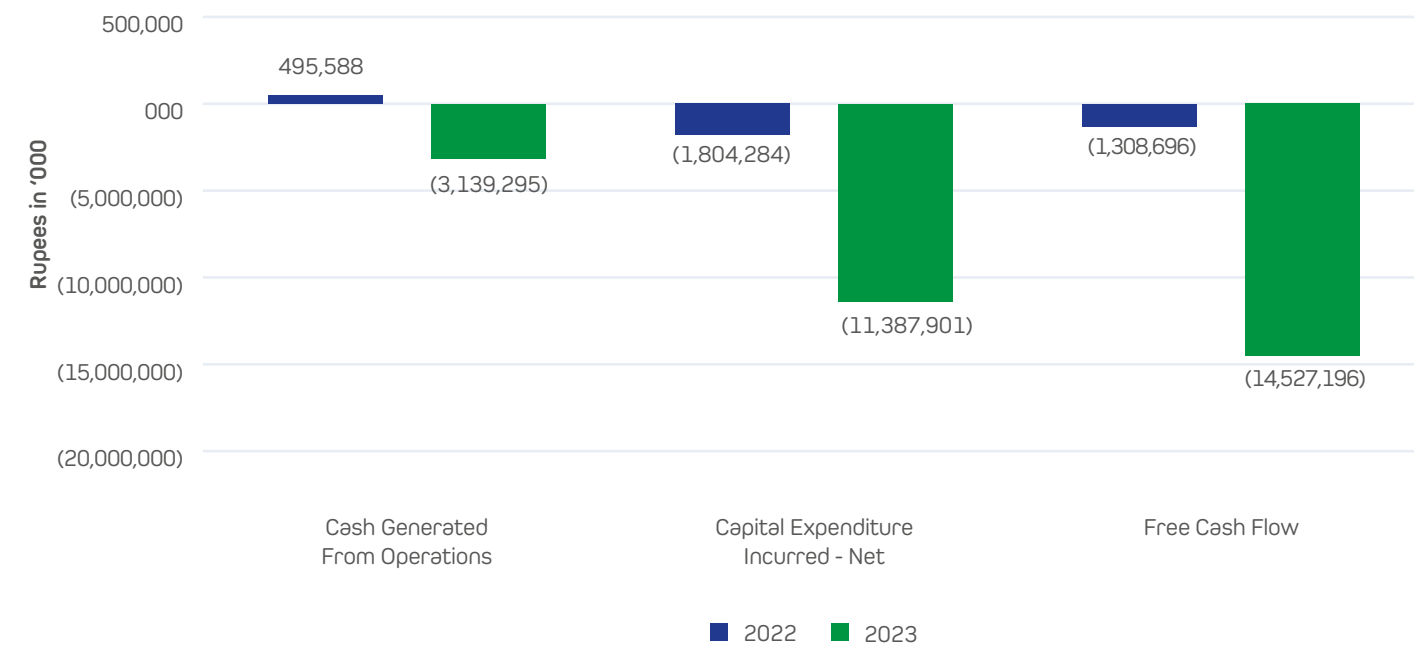


Years	Profit Margin (A)	Asset Turnover (B)	Equity Multiplier (C)	ROE A x B x C
2023	5.68%	0.98	3.06	17.01%
2022	10.42%	1.34	2.67	37.33%
2021	8.62%	1.31	2.88	32.58%
2020	0.16%	0.94	3.37	0.50%
2019	3.80%	1.14	3.13	13.62%
2018	4.30%	1.19	2.97	15.22%

# Free Cash Flow

Cash (Used in) / Generated from Operations  
 Capital Expenditure Incurred - Net  
 Free Cash Flow

	2023	2022
	(Rupees in '000)	
Cash (Used in) / Generated from Operations	(3,139,295)	495,588
Capital Expenditure Incurred - Net	(11,387,901)	(1,804,284)
Free Cash Flow	(14,527,196)	(1,308,696)

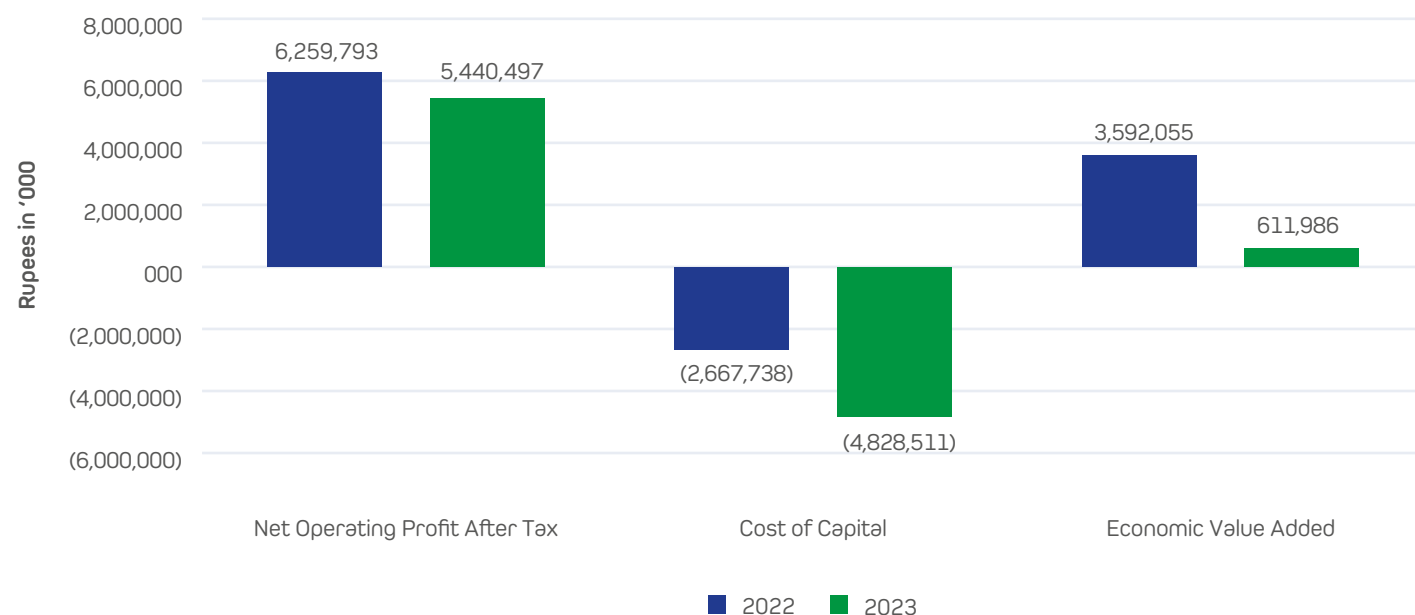


### Comment:

Free cash flows have significantly decreased mainly on account of the significant CAPEX incurred during the year in innovative, sustainable and advance plant and machineries along with the expansion of the value added segment. In addition to that, the high inventory levels also impacted the free cashflows.

# Economic Value Added

	2023	2022
	(Rupees in '000)	
Net Operating Profit After Tax	5,440,497	6,259,793
Cost of Capital	(4,828,511)	(2,667,738)
Economic Value Added	<u>611,986</u>	<u>3,592,055</u>
<b>Cost of Capital</b>		
Total Assets	59,239,224	40,823,108
Less: Current Liabilities	(28,214,221)	(17,805,523)
Invested Capital	31,025,003	23,017,585
WACC	15.56%	11.59%
Cost of Capital	<u>4,828,511</u>	<u>2,667,738</u>



## Comment:

Economic value addition has decreased in comparison to last year, mainly on account of decrease in operating profits and increase in WACC. Further, WACC has increased mainly on account of increase in cost of debt.

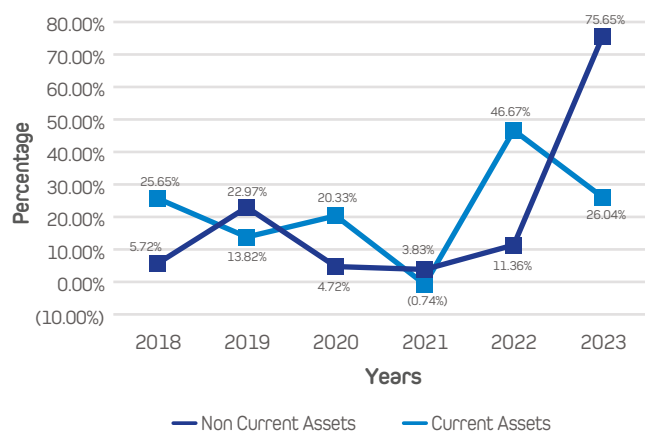
# Horizontal Analysis

## Statement of Financial Position - Horizontal Analysis

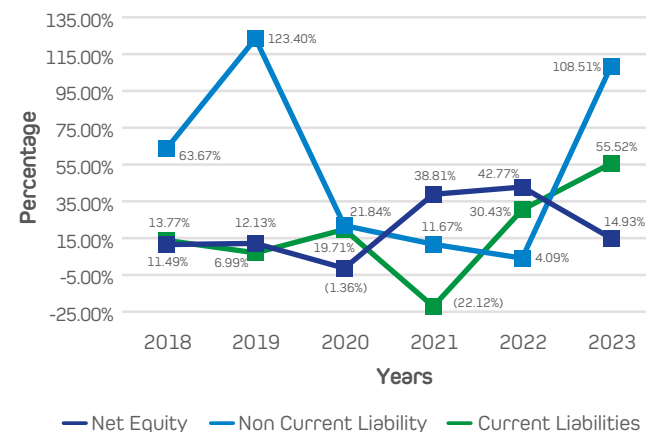
	2023 vs 2022	2022 vs 2021	2021 vs 2020	2020 vs 2019	2019 vs 2018	2018 vs 2017
<b>Assets</b>						
<b>Non Current Assets</b>						
Property, Plant and Equipment	92.82%	7.44%	0.87%	2.99%	26.67%	4.62%
Biological Assets	106.07%	75.35%	9.56%	46.70%	100%	-
Long Term Advances	-	-	-	-	-	-
Long Term Loans	(17.77%)	59.40%	(26.95%)	(9.26%)	23.62%	50.50%
Long Term Deposits	12.65%	3.47%	13.80%	1.30%	5.08%	0.05%
Long Term Investment	29.86%	18.57%	13.33%	8.99%	7.58%	8.66%
	<u>75.65%</u>	<u>11.36%</u>	<u>3.83%</u>	<u>4.72%</u>	<u>22.97%</u>	<u>5.72%</u>
<b>Current Assets</b>						
Stores, Spares and Loose Tools	41.16%	38.53%	2.41%	4.30%	10.42%	11.70%
Stock in Trade	27.35%	68.99%	(15.77%)	53.61%	12.55%	31.03%
Trade Debts	(20.77%)	(7.11%)	73.10%	(33.68%)	42.76%	40.75%
Loans and Advances	37.54%	128.41%	90.44%	(38.53%)	(30.32%)	9.31%
Trade Deposit and Other Short Term Prepayments	(61.06%)	(63.47%)	79.22%	156.45%	(72.42%)	82.55%
Other Receivables	117.43%	116.28%	12.54%	(20.85%)	(24.86%)	3.23%
Current Tax Asset	-	(100.00%)	(11.90%)	(12.38%)	1.07%	(8.63%)
Sales Tax Refund Bond	-	-	-	100.00%	100.00%	-
Cash and Bank Balance	65.90%	11.65%	66.24%	(23.46%)	(40.42%)	15.21%
	<u>26.04%</u>	<u>46.67%</u>	<u>(0.74%)</u>	<u>20.33%</u>	<u>13.82%</u>	<u>25.65%</u>
<b>Total Assets</b>	<u>45.11%</u>	<u>30.73%</u>	<u>1.27%</u>	<u>12.92%</u>	<u>17.99%</u>	<u>15.71%</u>
<b>Equity &amp; Liabilities</b>						
Issued, Subscribed and Paid-up Capital	-	-	-	-	-	-
Capital Reserves	119.96	-	-	-	-	-
Revenue Reserves	(78.54%)	44.23%	40.68%	(1.42%)	12.78%	12.19%
Total Equity	<u>14.93%</u>	<u>42.77%</u>	<u>38.81%</u>	<u>(1.36%)</u>	<u>12.13%</u>	<u>11.49%</u>
<b>Non Current Liabilities</b>						
Long Term Financing	135.29%	2.62%	10.76%	34.49%	341.22%	100.00%
Deferred Grant	(3.32%)	29.46%	100.00%	-	-	-
Retirement Benefit Obligation	22.89%	14.97%	13.49%	11.76%	5.47%	19.59%
Deferred Tax Liabilities	87.14%	(3.17%)	(3.60%)	(9.03%)	27.88%	4.17%
	<u>108.51%</u>	<u>4.09%</u>	<u>11.67%</u>	<u>21.84%</u>	<u>123.40%</u>	<u>63.67%</u>
<b>Current Liabilities</b>						
Short Term Borrowings	152.74%	21.42%	(59.24%)	24.53%	0.63%	14.23%
Trade and Other Payables	(5.31%)	37.97%	69.83%	12.99%	19.83%	11.12%
Unclaimed Dividend	30.74%	17.43%	(4.76%)	7.85%	2.13%	39.53%
Current Portion of Long Term Financing	(12.58%)	3.79%	979.63%	29.14%	100.00%	-
Current Portion of Deferred Grant	(2.57%)	4.16%	100.00%	-	-	-
Accrued Mark-up	352.22%	71.85%	(19.64%)	(53.62%)	145.09%	48.09%
	<u>55.52%</u>	<u>30.43%</u>	<u>(22.12%)</u>	<u>19.71%</u>	<u>6.99%</u>	<u>13.77%</u>
<b>Total Liability</b>	<u>68.92%</u>	<u>22.58%</u>	<u>(14.40%)</u>	<u>20.19%</u>	<u>21.21%</u>	<u>18.17%</u>
<b>Total Equity and Liability</b>	<u>45.11%</u>	<u>30.73%</u>	<u>1.27%</u>	<u>12.92%</u>	<u>17.99%</u>	<u>15.71%</u>



### Horizontal Analysis of Total Assets



### Horizontal Analysis of Total Equity & Liabilities



### Comments on Statement of Financial Position - Horizontal Analysis

#### Fixed Assets

Fixed assets of the Company grew by 172.63% over past six years, with major additions in the current year on account of significant BMR and expansion of value-added segment.

#### Long Term Investments

Long Term Investments have increased over the years on account of an increasing Share of Profits from associates.

#### Stores, Spares & Loose Tools, Stock-in-Trade and Trade Debts

Stores, spare & loose tools have increased on account of growing operation and rupee devaluation. Whereas stock in trade has increased significantly owing to increased inventory levels. Management on the contrary has ensured timely and effective recovery from its debtors to better manage its working capital.

#### Other Receivables

Other receivables mainly include sales tax, claim and rebate receivable. Sales tax refunds have shown both increasing / decreasing trends over the years, and its recovery depends on multiple factors including but not limited to funds available at the Government treasury, pending verification of sales tax claim by the sales tax department on the basis of the sales tax audit.

#### Share Capital and Reserves

Reserves of the Company has been growing over the years (except for FY'2020 on account of Covid-19). An increase of 14.93% has been witnessed in the current year owing to profits.

#### Long term Financing

The increase in Long-term financing during the year is mainly attributable to term loan of Rs. 5.6 billion obtained for financing the CAPEX.

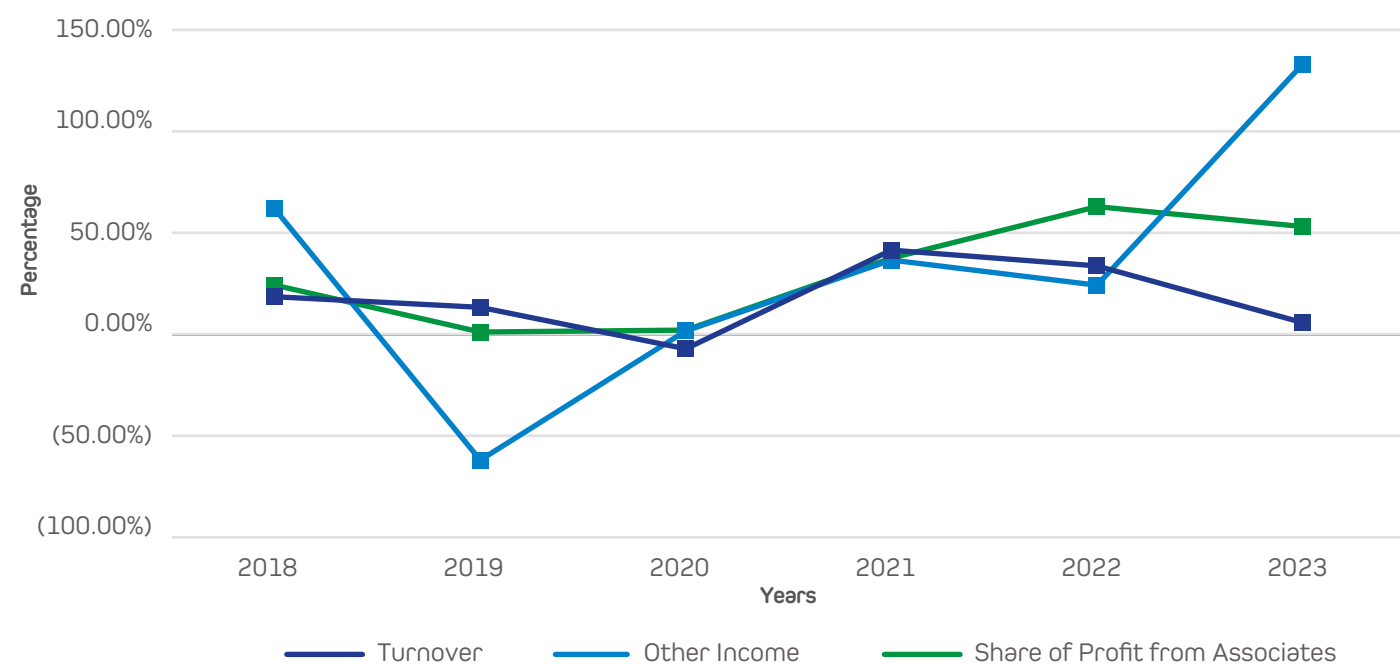
#### Current Liabilities

The Company has always taken measures to maintain its current liability at a manageable level. During the year, increase in current liability is mainly attributable to increased short term borrowings, mainly to finance the CAPEX and the working capital requirement. Further, accrued mark-up has also increased significantly owing to high finance costs.

### Profit or Loss - Horizontal Analysis

	2023 vs 2022	2022 vs 2021	2021 vs 2020	2020 vs 2019	2019 vs 2018	2018 vs 2017
Turnover	5.78%	33.70%	41.48%	(7.15%)	13.29%	18.52%
Cost of Sales	11.49%	29.01%	34.73%	(5.58%)	10.60%	16.83%
Gross Profit	(26.05%)	67.63%	122.00%	(22.52%)	48.73%	46.37%
Distribution Cost	(43.10%)	134.82%	33.49%	18.07%	(8.13%)	56.28%
Administrative Expense	32.28%	14.83%	17.52%	(3.29%)	23.52%	15.64%
Operating Profit	(25.39%)	61.20%	168.67%	(32.29%)	72.52%	50.09%
Finance Cost	293.36%	(13.44%)	(30.58%)	(17.36%)	91.42%	67.74%
Other Operating Expenses	(32.23%)	49.54%	(68.96%)	829.90%	(38.80%)	80.73%
Other Income	133.02%	24.20%	36.59%	1.68%	(61.98%)	61.77%
Share of Profit from Associates	53.10%	62.91%	37.55%	2.07%	1.13%	24.23%
Profit Before Taxation	(30.87%)	71.83%	1092.15%	(79.76%)	13.22%	35.83%
Taxation	23.74%	144.82%	68.37%	(39.42%)	67.28%	3.74%
Profit for the year	(42.39%)	61.67%	7667.43%	(96.16%)	0.07%	46.88%

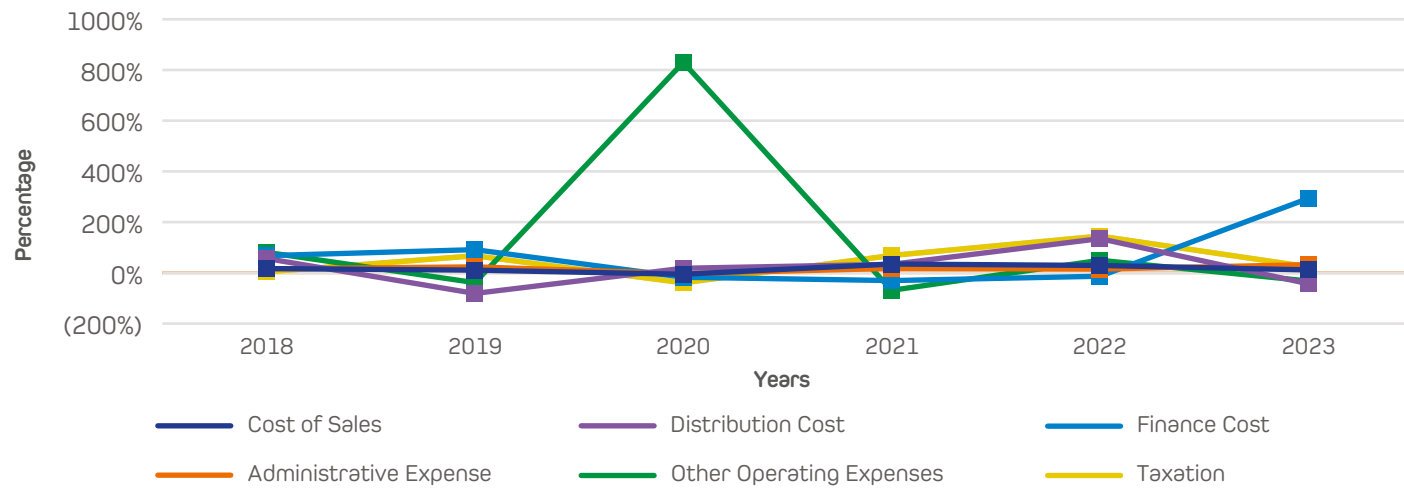
### Horizontal Analysis of Income



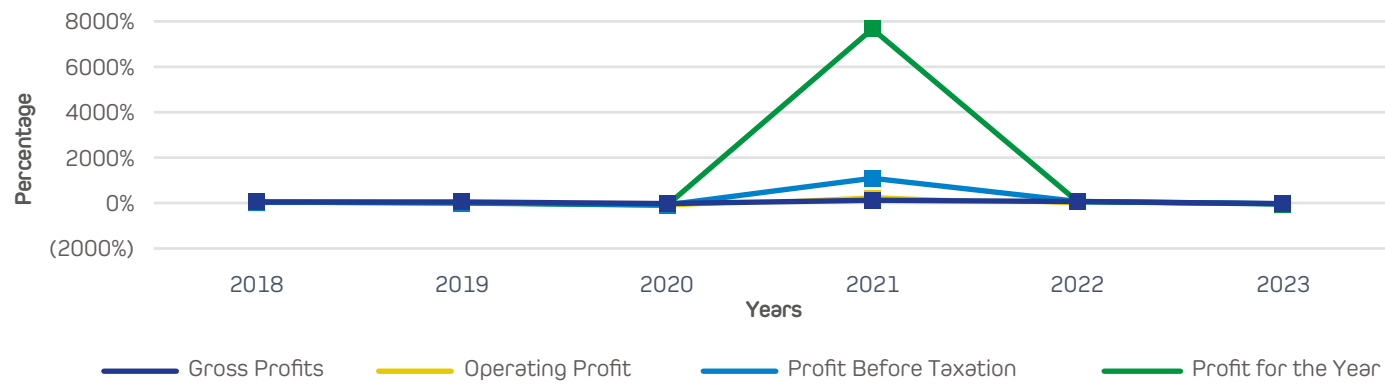
# Vertical Analysis

## Statement Of Financial Position – Vertical Analysis

## Horizontal Analysis of Expense



## Horizontal Analysis of Profit



## Comments on Profit or Loss - Horizontal Analysis

### Turnover

Revenue has been on an increasing trend over the years mainly on account of aggressive marketing strategy including change in sales mix according to market demands, identification of new markets (locally and internationally), widening product ranges, and expansion in the value-added segment along with appreciation in market prices.

### Gross profit

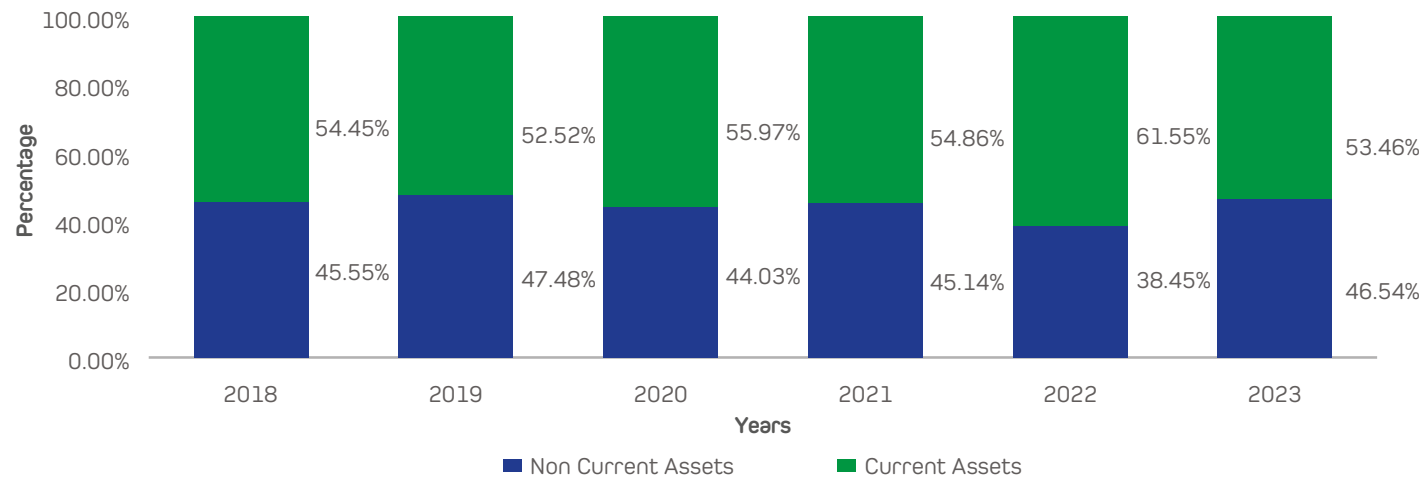
Gross profit showing increasing trend in past years has decreased in this year mainly on account of increased raw material prices and inflationary impact on costs.

### Finance Cost

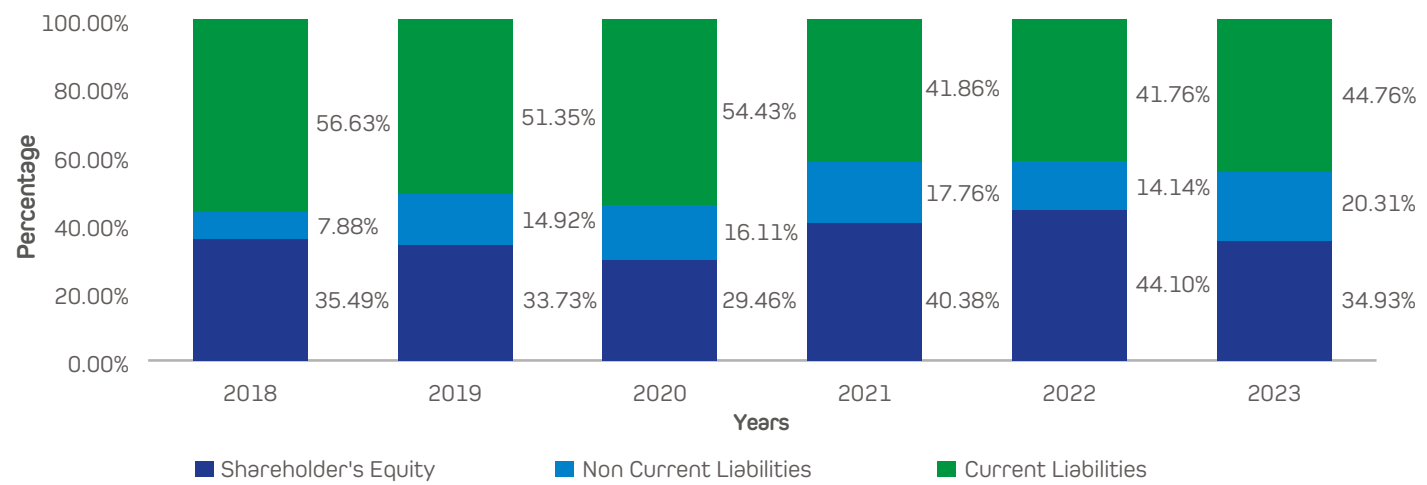
The finance cost during the period has increased significantly by 293.36%, totaling Rs.2,148.63 million. This surge can be attributed to various factors, including higher policy rates, higher working capital requirements owing to inflationary impact / rupee devaluation / change in sales mix and the non-availability of cheaper source of financing alternatives for investments in new machinery, generators and expansion in the value-added sector, for which significant CAPEX has been incurred during the year.

	2023	2022	2021	2020	2019	2018
<b>Assets</b>						
<b>Non Current Assets</b>						
Property, Plant and Equipment	35.86%	26.98%	32.84%	32.96%	36.15%	33.67%
Biological Assets	1.27%	0.90%	0.67%	0.62%	0.47%	-
Long Term Advances	-	-	-	-	-	-
Long Term Loans	0.06%	0.11%	0.09%	0.13%	0.16%	0.15%
Long Term Deposits	0.07%	0.09%	0.11%	0.10%	0.11%	0.12%
Long Term Investment	9.28%	10.37%	11.43%	10.22%	10.59%	11.61%
	46.54%	38.45%	45.14%	44.03%	47.48%	45.55%
<b>Current Assets</b>						
Stores, Spares and Loose Tools	2.14%	2.20%	2.07%	2.05%	2.22%	2.37%
Stock in Trade	39.51%	45.02%	34.84%	41.88%	30.79%	32.28%
Trade Debts	5.02%	9.19%	12.93%	7.57%	12.88%	10.65%
Loans and Advances	1.24%	1.31%	0.75%	0.40%	0.73%	1.24%
Trade Deposit and Other Short Term Prepayments	0.01%	0.04%	0.13%	0.07%	0.03%	0.14%
Other Receivables	5.09%	3.40%	2.05%	1.85%	2.64%	4.14%
Current Tax Asset	-	-	1.63%	1.87%	2.41%	2.81%
Sales Tax Refund Bond	-	-	-	-	0.41%	-
Cash and Bank Balance	0.45%	0.39%	0.46%	0.28%	0.41%	0.82%
	53.46%	61.55%	54.86%	55.97%	52.52%	54.45%
<b>Total Assets</b>	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Equity &amp; Liabilities</b>						
Issued, Subscribed and Paid-up Capital	0.47%	0.69%	0.90%	0.90%	1.03%	1.21%
Capital Reserves	28.09%	0.34%	0.44%	0.45%	0.50%	0.59%
Revenue Reserves	6.37%	43.07%	39.04%	28.11%	32.20%	33.69%
Total Equity	34.93%	44.10%	40.38%	29.46%	33.73%	35.49%
<b>Non Current Liabilities</b>						
Long Term Financing	15.92%	9.82%	12.51%	11.44%	9.60%	2.56%
Deferred Grant	0.30%	0.46%	0.46%	-	-	-
Retirement Benefit Obligation	1.70%	2.01%	2.29%	2.04%	2.06%	2.31%
Deferred Tax Liabilities	2.39%	1.85%	2.50%	2.63%	3.26%	3.01%
	20.31%	14.14%	17.76%	16.11%	14.92%	7.88%
<b>Current Liabilities</b>						
Short Term Borrowings	26.10%	14.99%	16.14%	40.09%	36.35%	42.63%
Trade and Other Payables	15.82%	24.20%	22.75%	13.56%	13.55%	13.35%
Unclaimed Dividend	0.06%	0.06%	0.07%	0.08%	0.08%	0.09%
Current Portion of Long Term Financing	1.13%	1.87%	2.35%	0.22%	0.19%	-
Current Portion of Deferred Grant	0.09%	0.14%	0.17%	-	-	-
Accrued Mark-up	1.56%	0.50%	0.38%	0.48%	1.17%	0.56%
	44.76%	41.76%	41.86%	54.43%	51.35%	56.63%
<b>Total Liability</b>	65.11%	55.90%	59.62%	70.54%	66.27%	64.50%
<b>Total Equity and Liability</b>	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

### Vertical Analysis of Total Assets



### Vertical Analysis of Total Equity and Liabilities



### Comments on Statement Of Financial Position - Vertical Analysis

#### Property, Plant and Equipment

Ratio of property, plant and equipment to total assets has increased during the year on account of significant CAPEX carried out during the year.

#### Stock-in-Trade

Even though in percentage terms, the stock in trade to total asset has decreased as compared to previous years, however, in terms of volume and value the stock in trade has increased from previous year.

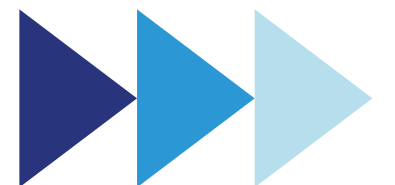
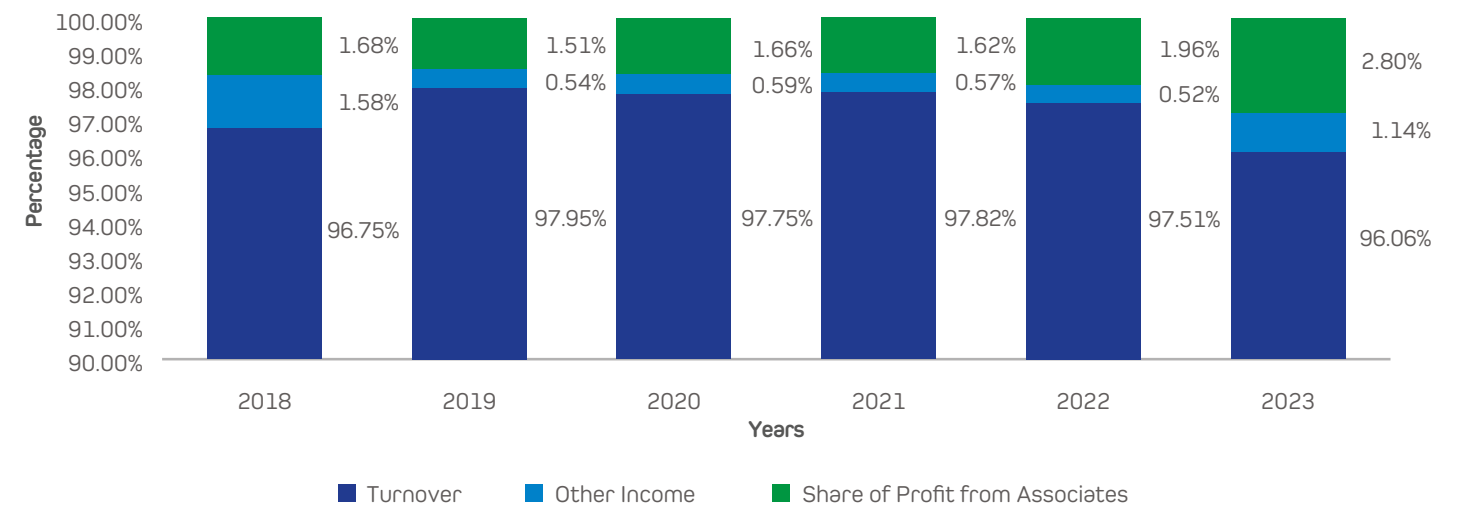
#### Equity / Long Term Finance

The Equity has decreased in percentage terms owing to significant CAPEX incurred during the period, which resultantly increased both the percentages of long-term finance and short term borrowings.

### Profit or Loss - Vertical Analysis

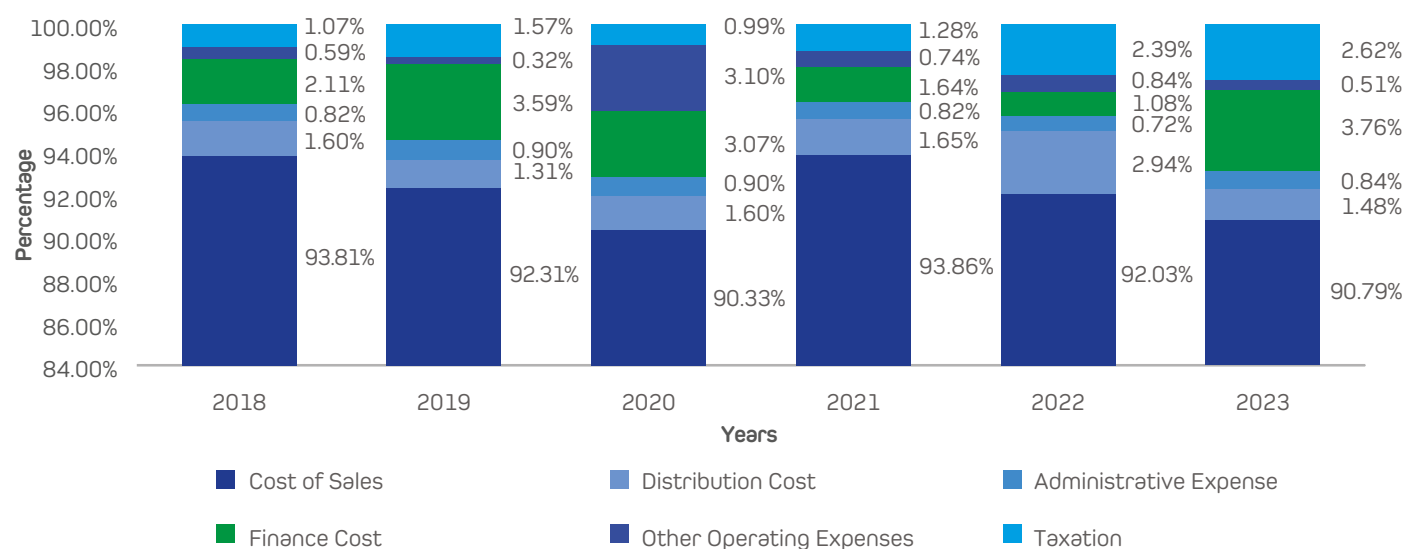
	2023	2022	2021	2020	2019	2018
Turnover	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Sales	(89.37%)	(84.79%)	(87.87%)	(92.27%)	(90.73%)	(92.94%)
Gross Profit	10.63%	15.21%	12.13%	7.73%	9.27%	7.06%
Distribution Cost	(1.46%)	(2.71%)	(1.54%)	(1.64%)	(1.29%)	(1.59%)
Administrative Expense	(0.82%)	(0.66%)	(0.77%)	(0.92%)	(0.89%)	(0.81%)
Operating Profit	8.35%	11.84%	9.82%	5.17%	7.09%	4.66%
Finance Cost	(3.70%)	(1.00%)	(1.54%)	(3.14%)	(3.52%)	(2.09%)
Other Operating Expenses	(0.50%)	(0.78%)	(0.70%)	(3.17%)	(0.32%)	(0.59%)
Other Income	1.18%	0.54%	0.58%	0.60%	0.55%	1.63%
Share of Profit from Associates	2.91%	2.01%	1.65%	1.70%	1.55%	1.73%
Profit Before Taxation	8.25%	12.62%	9.82%	1.17%	5.34%	5.35%
Taxation	(2.57%)	(2.20%)	(1.20%)	(1.01%)	(1.55%)	(1.05%)
Profit for the year	5.68%	10.42%	8.62%	0.16%	3.80%	4.30%

### Vertical Analysis of Total Income





## Vertical Analysis of Total Expense



## Comments on Profit or Loss - Vertical Analysis

### Gross profit

Gross profit of the company has decreased from the last years in term of ratio and amount mainly on account of increased raw material prices and inflationary impact on costs.

### Distribution Cost

The distribution cost to total sales has decreased largely on account of decrease in the overall export sales, reduction in shipping freight costs and decrease in global oil prices as compared to SPLY.

### Finance Cost

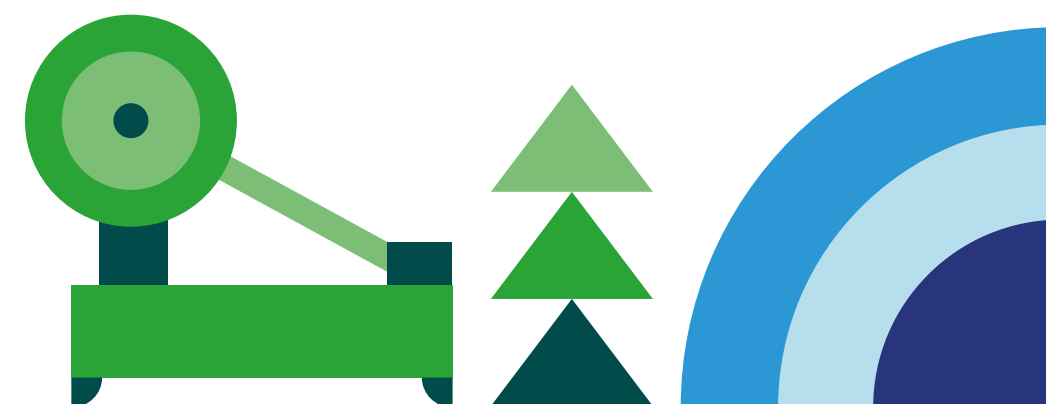
The finance cost to sales ratio has increased on account of the factors as mentioned in Horizontal Analysis section.

### Share of Profit

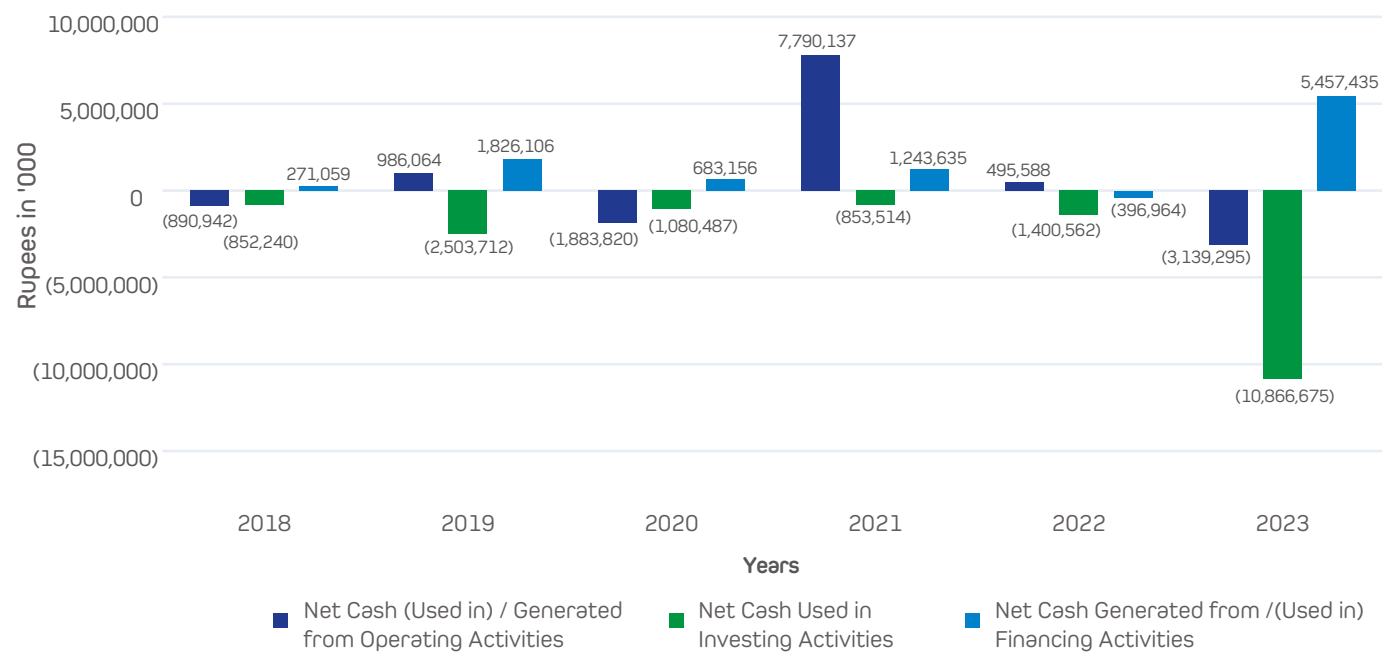
The percentage of Share of Profit increased mainly on account of a one-time gain recorded by Lucky Core Industries Limited arising from the partial disposal and remeasurement of remaining stake in NutriCo Morinaga (Pvt) Limited from 51% to 24.5%

# Summary of Cash Flow

	2023	2022	2021	2020	2019	2018
	(Rupees in '000)					
<b>Cash (Used in) / Generated from</b>						
<b>Operating Activities</b>	(708,123)	1,504,211	9,035,000	(433,484)	2,059,299	(171,282)
Finance Cost Paid	(1,430,873)	(461,023)	(660,046)	(1,079,707)	(911,477)	(532,519)
Income Tax Paid	(822,553)	(640,856)	(451,067)	(304,748)	(293,314)	(197,645)
Rebate Received	-	242,664	10,263	48,111	242,639	96,452
Gratuity Paid	(177,746)	(149,408)	(144,013)	(113,992)	(111,083)	(85,948)
	(2,431,172)	(1,008,623)	(1,244,863)	(1,450,336)	(1,073,235)	(719,660)
<b>Net Cash (Used in) / Generated from</b>						
<b>Operating Activities</b>	<b>(3,139,295)</b>	<b>495,588</b>	<b>7,790,137</b>	<b>(1,883,820)</b>	<b>986,064</b>	<b>(890,942)</b>
Net Cash Used in Investing Activities	(10,866,675)	(1,400,562)	(853,514)	(1,080,487)	(2,503,712)	(852,240)
Net Cash Generated from / (Used in) Financing Activities	5,457,435	(396,964)	1,243,635	683,156	1,826,106	271,059
<b>Net (Decrease) / Increase in Cash &amp; Cash Equivalents</b>	<b>(8,548,535)</b>	<b>(1,301,938)</b>	<b>8,180,258</b>	<b>(2,281,151)</b>	<b>308,458</b>	<b>(1,472,123)</b>
Cash & Cash Equivalents at the Beginning of the Year	(4,615,259)	(3,313,321)	(11,493,579)	(9,212,428)	(9,520,886)	(8,048,763)
<b>Cash &amp; Cash Equivalent at the End of the Year</b>	<b>(13,163,794)</b>	<b>(4,615,259)</b>	<b>(3,313,321)</b>	<b>(11,493,579)</b>	<b>(9,212,428)</b>	<b>(9,520,886)</b>



# Statement of Cash Flows – Direct Method



## Comments:

### Cash (Used in) / Generated from Operating Activities

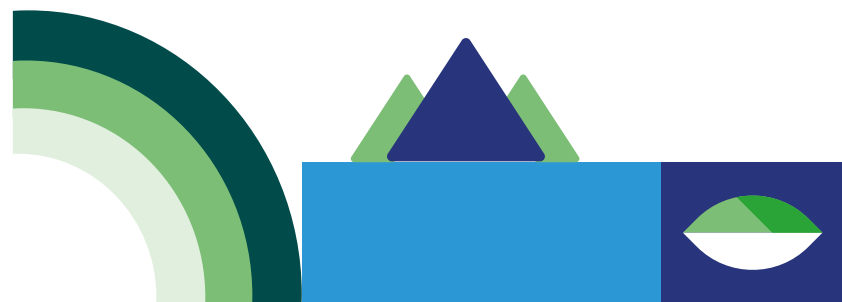
The Company's net cash used in operating activities for the year is Rs. 3.12 billion after payments of Rs. 2.43 billion in respect of finance cost, gratuity and income taxes. Increase in working capital requirement mainly inventory has resulted in blockage of cash, resultantly cash flow from operations are negative in this year.

### Cash Used in Investing Activities

The Company's net cash used in investing activity over the years mainly represents amount invested in purchase of plant and machinery and related civil work. The amount has increased significantly this year on account of CAPEX incurred for the BMR and expansion of value added segment.

### Cash Generation from / (Used in) Financing activities

The Company's net cash generated from financing activity has gone positive as the Company has secured the term loan for the significant CAPEX incurred during the year.



## A. CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Customer	58,858,382	55,283,217
Cash Paid to Suppliers, Employees and Others	(59,566,505)	(53,779,007)
Finance Cost Paid	(1,430,873)	(461,023)
Income Tax Paid	(822,553)	(640,856)
Gratuity Paid	(177,746)	(149,408)
Rebate Received	-	242,664
Net Cash (Used in) / Generated from Operating Activities	(3,139,295)	495,587

## B. CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property, Plant and Equipment	(11,500,676)	(1,850,038)
Sale Proceeds from Disposal of Property, Plant and Equipment	112,775	45,754
Short Term Investments Made	(3,083,349)	(4,114,324)
Short Term Investments Disposed Off	3,083,349	4,114,324
Purchase of Animals	(9,876)	(19,349)
Sale Proceeds from Disposal of Animals	38,415	11,166
Loans Repaid by / (Paid to) Employees	19,599	(29,476)
Long Term Deposits Given	(4,394)	(1,166)
Reversal of Impairment on Long Term Loan	22,223	-
Profit Received from Bank Deposits	42,299	4,676
Dividend Received	412,960	437,872
Net Cash Used in Investing Activities	(10,866,675)	(1,400,561)

## C. CASH FLOWS FROM FINANCING ACTIVITIES

Long Term Finance Obtained	434,362	578,680
Term Loan Obtained	5,623,323	-
Repayment of Long Term Finance	(538,473)	(414,352)
Repayment of Salary Refinance	(281,139)	(374,851)
Export Refinance - Net	690,550	(239,425)
Temporary Economic Refinance Facility Obtained	81,292	385,421
Dividend Paid	(552,480)	(332,437)
Net cash Generated from / (Used in) Financing Activities	5,457,435	(396,964)
Net Decrease in Cash and Cash Equivalents (A+B+C)	(8,548,535)	(1,301,938)
Cash and Cash Equivalents at the Beginning of the Year	(4,615,259)	(3,313,321)
Cash and Cash Equivalents at the End of the Year	(13,163,794)	(4,615,259)

2023  
2022  
(Rupees in '000)

# Quarterly Performance Analysis

	Q1 September 30, 2022	Q2 December 31, 2022	Q3 March 31, 2023	Q4 June 30, 2023
(Rupees in '000)				
Sales - Net	12,861,885	13,243,716	16,648,340	15,243,299
Cost of Sales	(10,751,017)	(11,955,468)	(15,797,629)	(13,325,281)
Gross Profit	2,110,868	1,288,248	850,711	1,918,018
Distribution Cost	(300,900)	(183,983)	(179,239)	(181,921)
Administrative Expenses	(105,157)	(126,163)	(116,914)	(129,963)
	(406,057)	(310,146)	(296,153)	(311,884)
Operating Profit	1,704,811	978,102	554,558	1,606,134
Finance Cost	(362,683)	(439,291)	(556,795)	(789,861)
Other Operating Expenses	(100,428)	(56,063)	(85,163)	(47,248)
	(463,111)	(495,354)	(641,958)	(837,109)
Other Income	97,194	115,187	131,687	342,393
Share of Profit from Associates	237,408	150,901	1,408,212	(106,772)
	334,602	266,088	1,539,899	235,621
<b>Profit Before Taxation</b>	1,576,302	748,836	1,452,499	1,004,646
Taxation:				
Current	(277,777)	(138,711)	(205,240)	(241,591)
Prior	-	29,152	-	-
Deferred	(53,423)	(64,744)	(232,075)	(306,007)
	(331,200)	(174,303)	(437,315)	(547,598)
<b>Profit After Taxation</b>	1,245,102	574,533	1,015,184	457,048
Earnings per share - Basic and Diluted (Rupees)	44.42	20.50	36.22	16.31

## Comments on Quarterly Analysis

### Sales

Quarterly sales of the Company have remained in line over the first two quarters during the year, where as in third quarter there was a robust 26% increase of sales from quarter two mainly due to slight increase in demand and acceleration in yarn prices, however again the decline was witnessed in fourth quarter sales as compared to third quarter.

When comparing with SPLY, the sales of quarter one, two and four remained in line with SPLY, however, significant growth was witnessed in quarter three sales, when compared with SPLY.

Despite ferocious competition with Local and International competitors the Company managed to achieve a net revenue of Rs. 57.99 billion with an increase of 5.78% as compared to SPLY.

### Profitability:

Quarter wise profitability of the Company shows variations during the year, with quarter one profits outweighing the other quarter profits mainly on account of better margins and low finance cost when compared with other three quarters. However, when comparing quarter one number with SPLY, a decline of 44.42% in profitability is being witnessed mainly on account of high raw material prices, power cost and other conversion cost.

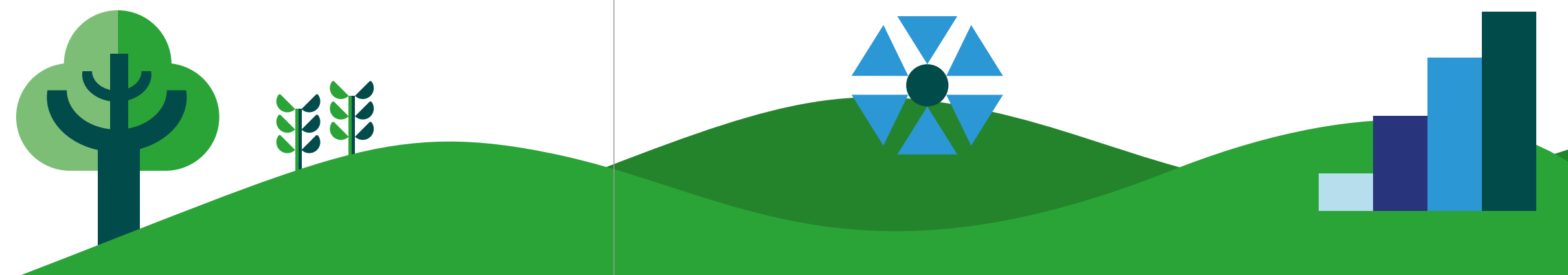
Similarly, quarter two profitability has shown a decrease of 53.86% from quarter one. However, the profit for quarter three increased by 76.70% as compared to quarter two mainly due to higher share of profits from Lucky Core Industries Limited arising through the partial disposal of its stake in subsidiary i.e. NutriCo Morinaga (Private) Limited and remeasurement of remaining stake from 51% to 24.5%. Further, the profit of quarter four were the lowest amongst all three quarters and accordingly impacted the overall numbers for the complete year.

## Segmental View of Business Performance

Based on internal management reporting structure and products produced and sold, the Company is organized into the following three operating segments:

- Spinning segment: manufacturing and sale of yarn
- Manufacturing and sale of knitted bedding products
- Unallocated segments includes production and sale of milk

The detail regarding segment wise performance is appearing in the financial statement of the Company.





# Share Price Sensitivity Analysis

The share price of the Company depends on the Company's overall performance and reputation in the respective industry in which it exists, combined with other external factors on which management has lesser or no control. The Company's share price is sensitive to the following uncontrollable external factors:

## Stock Market

Company's share price depends on overall market performance, investor confidence in the economy and the overall fundamentals of the Company. Positive sentiments, news flows prevailing in the market may result in an appreciation of the share price of the Company.

## Government Policies

Company is exposed to Government regulations, taxes schemes, policies, incentives schemes which directly affects the Company's financial performance which in turn may affect the share price.

## Political Instability

The stable political situation in the Country improves the overall business performance, investor confidence and also encourages foreigners to deal with some of the prestigious companies in the Country, which may have an impact on Company's share price.

## Exchange Rate

Company generated 15.24% of its revenue from exports and imported 74.72% of its raw material, through which the entity is exposed to exchange rate risk. Any favorable or unfavorable movement in exchange rates might affect the Company's profitability and hence, affect the share price. The Company has also adopted effective strategies to minimize the risk of exchange rates.

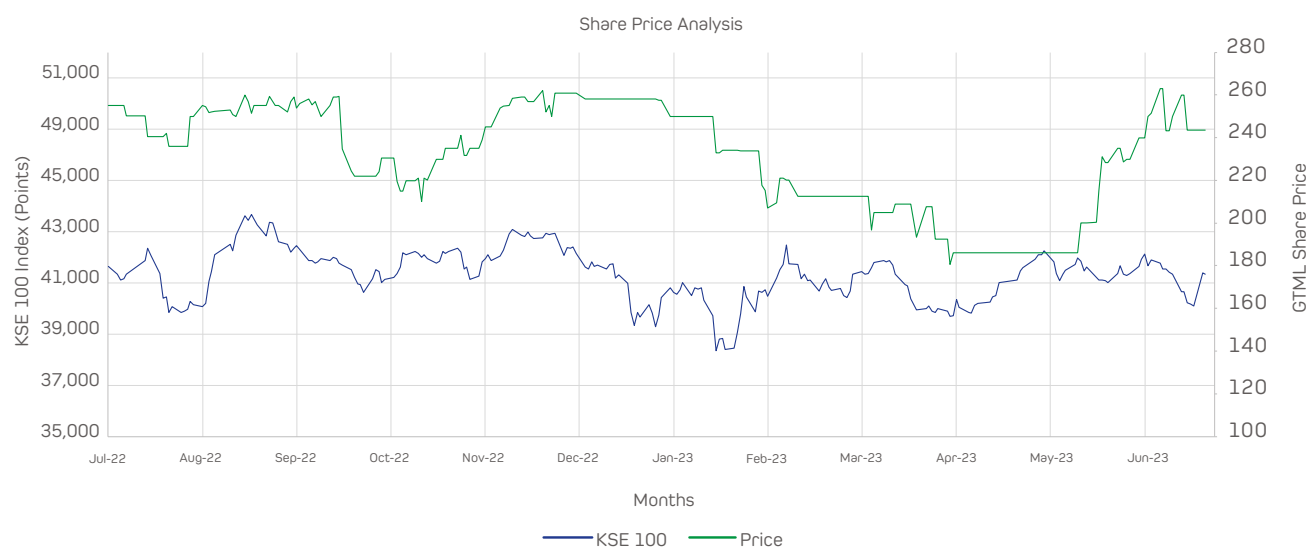
## Interest Rate

The Company's finance cost is 3.70% of the turnover. Any interest rate movement will affect the Company's profitability and hence, affect the share price.

## Availability of Raw Material

The Company's performance is largely dependent upon the availability of raw material, which is highly sensitive to seasonal fluctuations. Thus, any negative or positive change in the raw material prices will dampen the Company's performance and influence the share price.

## Share Price Analysis



## Composition of Local vs. Imported Material / Sensitivity Analysis

The composition of the raw material procured during the fiscal year is stated as follows:

Raw Material Purchases For the Year	Imported		Local		Total	
	M.Ton	Rupees (in '000)	M.Ton	Rupees (in '000)	M.Ton	Rupees (in '000)
2023	67,229	34,838,565	29,656	9,886,469	96,886	44,725,035
2022	70,875	30,889,546	35,931	11,747,600	106,806	42,637,146

If the Pakistani Rupee had weakened / strengthened by 10% against the US Dollars, Euros and Swiss Franc with all variables held constant, the raw material cost for the year would have been lower / higher by Rs. 3.48 billion (2022: Rs. 3.09 billion). This analysis assumes that all other variables, in particular interest rates, remain constant.

## Change in Accounting Policies, Judgements, Estimates and Assumptions

The relevant information has been disclosed in "Financial Statements" section of this Annual Report.

## Dividend

This year no dividend has been declared by the Company as the rupee Devaluation and the exorbitant interest rates has not only impacted the net margins of the Company through increased finance costs but has also impacted the working capital cycle on account of increased raw material prices and reduction in overall demand.

This is turn will help the Company to reduce its borrowing, which has otherwise increased owing to an increase in working capital requirement. However, the management remains committed to consistently provide sustainable returns to the shareholders and it strongly believes that the Company will be able to provide sufficient returns to shareholders in the upcoming years.

## CEO Presentation Video on the Company's Business

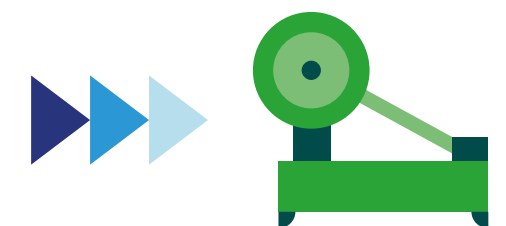
Video presentation by CEO briefing about the business overview, performance, strategy and outlook has been uploaded on the media section of the Company's website and can be viewed at ([www.gadoontextile.com/ceo-video-message/](http://www.gadoontextile.com/ceo-video-message/)).



## Major Capital Expenditure

In order to remain competitive at the national and international levels, the Company regularly invests in new technologically advanced machinery. The purpose of the investment is to reduce the cost of production by achieving operational efficiencies and serving customers better in terms of quality and supplementary services.

This year the Company has made a significant CAPEX of Rs. 11.5 billion in order to execute the phase-wise strategy for the replacement of old and obsolete machines and expansion of value added segment



# Sustainability that secures



# Board Responsibility and disclosure

## Responsibility for the Implications of Cyber Risks

IT Governance is an integral part of the Company and it helps to engage the Board members, executive management and underlying staff. Although there is no legal or regulatory requirement applicable which enforces Board responsibilities in case of any cyber risks, however, Board members are proactively involved in directing and controlling the actions and affairs of management for an effective monitoring.

Director IT is responsible for overseeing the cybersecurity risk and assessments and put forwards his findings and recommendations to the IT Steering Committee. He is also responsible to ensure training of IT and other staff members to mitigate any potential cyber risk.

IT team is responsible for developing and effectively monitoring security framework and ensure that the procedures are implemented to store, safeguard, retrieve and share information, exposed to cyber risks.

IT Steering Committee based on the recommendations assess the financial, reputational, and compliance risks and recommend its suggestion to the Board.

We also engage an expert consultant as an independent IT auditor for formal IT Audit, Risk Assessment, and Penetration test to set out the high-level principles of IT governance across the organization.

## IT Governance Policy and Cybersecurity Procedures

The Company's IT and information security policies and procedures are in place which covers the requirement of information / cyber security components. This policy not only help us in precise dissemination and accurate presentation of information but, in particular, saves time and cost.

### Policy Statement

- **Strategic Alignment:** Alignment of the strategic direction of IT with the business with respect to services and projects and verifying strategic compliance, i.e., achievement of organizational objectives through strategic IT objectives.

- **Benefit Realization (Value Delivery):** Organization's IT processes shall provide effective and efficient delivery of the IT services and early warnings including cost, schedule or functionality that may impact the expected outcomes of the services.
- **IT Risk Management:** Ensuring that processes are in place and effective to assess, manage and monitor the associated risks in IT investments, developments, and operations. Organization ensure that the IT risks do not exceed the enterprise risk appetite.
- **Resource Optimization:** Ensuring that there is an adequate IT capability and infrastructure assessment to support current and expected future business requirements.
- **Performance Management:** Reviewing the measurement of IT performance and the contribution of IT to the business.
- **Adequate Policies Framework and Its Independent Assurance:** Ensure that the appropriate policy controls are in place and the processes are documented.

## Cybersecurity Procedure / Action Plan

In today's highly competitive and dynamic environment, companies must align themselves with modern advancements. The Company's Cybersecurity strategy is in place which defines the roadmap for technology enhancement and understand the role of cyber security by enforcing below mentioned action plan to ensure network security in a manner.

- The Company shall formulate cyber security action plan to anticipate, withstand, detect, and respond to cyber-attacks in line with standards and best practices.
- Development and implementation of robust cyber security awareness program shall be implemented whereby ensuring that end-users are aware of the importance of protecting sensitive information and the risks of mishandling information.
- Develop and implement assessment methods / procedures for determining security control effectiveness.

## Board's Risk Oversight Function and Engagement

The organization's data security and risk management oversight always remains our top priority. Board is engaged in indirect oversight through the internal audit and risk compliance team, to have an update on cybersecurity matters.

On regular basis, the Board is briefed on the overall IT systems and the risk it is prone to.

The Board also check if the management committee meets frequently enough on cyber risks. Meanwhile, the management is liable to ensure a third party independent audit by a reputed firm on a regular basis as per compliance with international standards of IT governance. Here, the services of external audits include the credibility / qualitative assessments of an information system against the required parameters and shortfalls to be addressed. This helps management to identify deficiencies in the security systems or controls for which recommendations can be made to avoid any sort of cyber breaches in the future.

Furthermore, Logs are also reviewed regularly for any suspicious activities, and review results are to be retained for audit purposes as per Board's risk oversight function. This allows management to take proactive measures for safeguarding the information and assets of the organization.

## Committee and Risk Administration

The Company ensures that MIS on incidents, logs, breaches etc. are regularly reviewed by the management and critical incidents are submitted for review to the IT Steering Committee. There is formal IT Steering Committee with the members of senior management to address IT security matters. Any high-level query related to cybersecurity threat is escalated to Board level as and where required. However, minor risk related decisions can be agreed between Director IT / Head of respective business units.

### Risk Administration:

Furthermore, risk administration exercise whether for new project / product or major upgrades are usually conducted by compliance and security function in

consultation with IT and relevant stakeholders within the Company. Following steps are taken during the risk identification / administration strategy.

- Vulnerability scanning is performed based on the scope of risk assessment.
- Application security requirements are also reviewed.
- Penetration testing exercise is conducted to identify potential threats to the systems.
- Penetration testing report is shared with relevant stakeholders.
- Risks rated as High must be mitigated before deployment.

After administration of risks, the Asset Value is calculated, and each asset is first valued on confidentiality, integrity, and availability. The product of the values gives the Asset Value. Then rate the Asset Value according to nature of its Criticality.

## Company's Strategy on "Early Warning System"

An Early Warning System (EWS) allows harm, loss reduction, and dissemination of warning information about vulnerabilities taken as risks. Considering our environment, where there is no application hosted publicly, risk of cyber breach is minimum. Therefore, no requirement of deploying any real-time monitoring and reporting tool. Further, in case of such event, Incident Management Plan (IMP) is in place which escalates the matter to IT Steering Committee which can further update the matter to the Board.

Following are the steps or formal disciplinary process underlying real time monitoring by the management to encounter IMP within organization:

- The nature and gravity of the incident / breach and its impact on business;
- Whether or not this is a first or repeated offence;
- Whether or not the convicted staff was properly trained for allowed use;
- Relevant legislation;
- Business contracts; and
- In serious cases of misconduct, the process shall allow for instant removal of duties, access rights and privileges, and for immediate escorting out of the premises, if necessary.



Here, the above-mentioned process or responses are carried out on the basis of categories of incidents including Network Incident, Email, Applications Incident, DC Incident (Domain Controller), and Information / Cyber Security Incidents. The purpose of this process is to manage IT incidents effectively and efficiently as per the IT Incident Management Process. This shall ensure that all unplanned interruption or failures to an IT service or reduction in the quality of an IT service is recorded, analyzed, and resolved in a timely manner.

However, if any cyber security risk or incident is being monitored within the organization, the related responses are also communicated with the entire group of Companies for better control over the incident and to reduce the chances of repetition.

## Independent Audit Policy

### Objective:

Governance and Security functions within IT can also conduct reviews and monitoring to improve IT practices. However, to increase confidence level in the business systems, the Company has in the recent past engaged third party to conduct independent comprehensive security assessment which includes VAPT, risk assessment and network security configuration reviews. This allows management to take proactive measures for safeguarding the information assets of the organization.

### Policy Statement

- External IT audit shall be conducted at least once a year by reputable auditing firms.
- Internal audit or governance review shall be conducted by a person / department independent of IT Division who shall be competent and qualified to perform such review/audits.
- As a first step, a risk assessment shall be carried out to highlight areas where the exposure to risk is relatively higher.
- A formal audit / review plan shall be prepared in consultation with CIO / Director IT based on the risk assessment and be concurred by Head of Internal Audit.
- Appropriate measures should be taken when granting system access to the auditors such as restricting the access to read-only.
- A draft audit report on the findings shall be prepared and submitted to the management. The issues highlighted in the report shall be discussed and agreed with the management.

- The management's comments shall be taken and incorporated in the auditors' report. Definite date for the actions to be taken by the management shall be mutually agreed and documented.
- CIO / Director IT shall be responsible for ensuring effective implementation of the action plan.

### Scope of Audit

Furthermore, last independent audit was conducted for the period July-22 till June-23, under the scope of following functional aspects of review.

- IT Governance and Risk Management Analysis of Entity level Controls.
- Systems and Infrastructure Review.
- Business Continuity and Disaster Recovery Evaluation.
- IT / IS Policy and Procedure Review.
- Information Technology Application Controls Review (ITGCs).

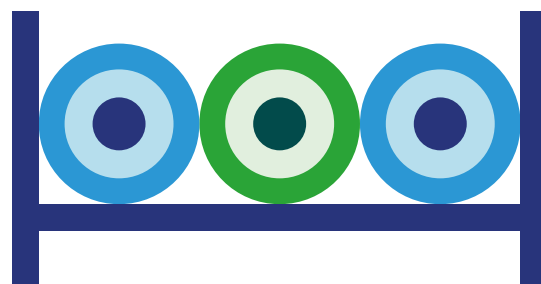
## Disaster Recovery Plan and Cyber Insurance

In line with Business Continuity Management, the Company has formulated a Business Continuity Plan (BCP) / Disaster Recovery Plan (DRP) to minimize financial losses and mitigate the negative effects of disruptions on business while ensuring compliance with information and security policies. We have updated DRP in place and checked every evaluation carried out by the team on quarterly basis. This plan helps to ensure the continuity of operations and availability of critical resources in the event of disaster.

### Policy Statement:

Business Continuity Plan (BCP) and disaster recovery plan (DRP) shall be made available to all key persons to ensure continuity in the event of a loss of service or disaster. BCP and DRP must incorporate adequate level of controls to comply with the information technology and security policies of the Company.

All IT systems must go through a Business Impact Analysis (BIA) to prioritize critical business process and systems.



## Company's Cyber Insurance

The overall number of cyber risk incidents is minimum within the Company due to the strict monitoring and risk assessment planning. However, Company would be interested to move towards cyber insurance for a long-term protection in future. As it will be covering the financial losses that result from cyber events and incidents. To choose an insurance, the Company's management will closely review details first to ensure it contains the necessary protections and provisions to adhere.

## Advancement in Digital Transformation

The Company is proud to be a proponent of digital transformation, moving towards digital era of cutting-edge experience. Our dedicated IT team has taken measured steps toward the digital transformation for smooth operations and service delivery by maintaining high standards to supplement growth.

Following are the major projects carried out during the year;

### Integration of ITMS with Active Directory Service

The successful integration between our IT Management System (ITMS) and Active Directory, enabling real-time user authentication. Through this integration, the management effectively eliminated authentication delays, reduced potential bottlenecks, and fortified the network security.

### Real Time Replication

The IT management successfully implemented a state-of-the-art real-time replication system, seamlessly connecting the production servers with high availability (HA) servers. Real-time replication has empowered the management to reduce downtime to an absolute minimum, enabling to swiftly respond to any unforeseen disruptions.

This approach enhanced data redundancy, high availability, and disaster recovery capabilities, ensuring seamless operations and minimal downtime by aligning with Company's digital transformation goals.

## Centralize Email System

We are constantly advancing the concept of centralization within our systems & infrastructure. In the previous year, we stepped on a strategic initiative to centralize our email system.

In the current year, we have successfully achieved the centralization of our email at the enterprise level, spanning our three key locations: the head office, Karachi Project, and Gadoon Amazai. This achievement represents a pivotal milestone in strengthening our communication and streamlining operational efficiency.

## Digital Initiatives

The Company aims to minimize the usage of physical papers every year wherever possible in daily routine tasks. To contribute under this context, IT management have successfully integrated various approval level workflows with secured mobile compatible web portal platform for quick access to desired data and prompt action. Furthermore, we have automated following key processes in this year:

1. Talent acquisition Process.
2. Procurement Process.
3. Seamless integration with autocone machines for real-time on-screen statistics.
4. Geofencing-Powered Attendance System through Mobile Device.
5. Single Window Solution for Salary Disbursement through Bio-Metric.

These strategic automation aims to minimize human intervention, ensuring timely and precise management for mitigating any potential gaps.

## Enhancement of Operational Resilience

In addition, the IT management have implemented an additional layer of redundant data connectivity for overall Business Continuity Planning (BCP) on site. This enhancement was designed to safeguard against potential disasters and minimize associated risks, further ensuring the continuity and resilience of daily operations.

## Education and Trainings on Cybersecurity Risks

Cybersecurity attacks are getting savvier and more crucial than ever, businesses with limited or no cybersecurity awareness training programs are at risk. Therefore, while investing in the latest cybersecurity recommended software's, arming employees with ongoing security skills can better ensure long-term protection of Company's confidential data. Under the scope of cybersecurity education, multiple information security awareness training is being conducted frequently during the year through a special arrangement made by the HR and IT department. Following are the focused aspects or guidelines to educate workforce by avoiding cyber security incidents in the future:

- Document management and notification procedures.
- Email and system security.
- Social engineering and phishing.
- Passwords and authentication.
- Safe internet habits.
- Clear desk policy.

Active participation is ensured and feedback surveys are also circulated among the participants to get user feedback in an efficient manner.



# Sustainability that predicts





# Forward-Looking Statement

We are contented to create & share a mark of sustainability & corporate social responsibility within the industry by uplifting the level of project execution, strategic approach, ethical virtues, technological advancement, and financial positioning. We are consistent to our vision for being the first choice for customers both local and foreign, the Company is focused to expand the business by adopting market trends and uncapping new markets effectively in years to come to keep our spin alive around the globe.

The Company is persistently committed to cultivating success factors and encouraging innovation within the industry by contributing to the development of business and diversifying into value-added sectors of the market to augment shareholders' value. The Company is exploring and planning to grow its current value chain exposure with an extension of responsible consumption of natural resources.

Political stability, controlled law & order situation is a pre-requisite for any economy. Under the context of the governmental policies, we expect that the upcoming new government will focus on structural reforms and will supply the required utilities and services in a consistent and economical manners at the regional comparable levels, in order to ensure the long-term growth of the industry as well as the overall economy. The current policy rate is at its all time high which is expected to rise further in near future, however, for businesses to sustain, a strong direction and efforts are required from the government to manage it at a reasonable level.

The recent Standby Agreement (SBA) with the IMF for USD 3 billion has provided a sigh of relief to some extent and further expected funding from multilateral, bilateral sources and financial allies will also add positive impact on the reserves. However, to achieve sustainable growth, it is crucial for any Country to manage the trade deficit effectively. Accordingly, the government will need to take serious steps to boost exports by prioritizing the export-oriented sectors, including the textile industry.

The management of the Company believes that significant CAPEX incurred during the current year as well as over the years would provide a competitive edge to the Company. In addition, the Company is fully

committed to strive to maintain its sales index for the upcoming year (despite the overall reduction in demand on account of inflationary pressure) to achieve its financial milestones. However, the overall margins of the Company will remain under pressure on account of high finance and energy cost.

The management has allocated a budget for the development of its resource capitals, i.e., human capital, manufactured capital, intellectual capital, social and relationship capital, and anticipates that it will be able to satisfy the need of all stakeholders.

Further, deliberation on the forward-looking statement has been made in the future outlook section of the Directors' Report.

## Performance Against Last Year's Projection

The economic slowdown primarily due to tightening monetary policy, increasing inflation, low foreign reserves, depreciating currency and domestic political uncertainty, has impacted the sales and profitability numbers of the Company. However, despite a decrease in overall sales volumes, the Company was able to achieve revenue of Rs. 57.99 billion, showing an increase of 5.78% compared to last year, however, fell short of its required target.

As forecasted in the last year's forward-looking statement, the CAPEX incurred over the years helped the Company to manage its cost to some extent. However, the inflationary impact on conversion cost (including the finance cost) as compared to the budgeted numbers, outweighed all the positive impacts.

Further, a comparison of financial performance with the budgeted projections is detailed in the analysis of the financial and non-financial performance section of this report.

## Status of Projects

The Company lead the market position through focused investments in state-of-the-art & technologically advanced machineries, along with the empowering

expansion in value added segment. The Company before investing in any projects, analyze the market trends, customer demands, competitive landscapes, and growth opportunities.

No other major projects are in pipelines from the previous year, the progress of which needs to be disclosed, other than the expansion of value-added segment.

## Sources of Information and Assumptions used for Forecast

The Company's management collects and analyzes relevant data, market research, financial projections, industry trends, and internal information to form a comprehensive understanding of the organization's current state and potential future outcomes. Based on the gathered information and analysis, management sets specific goals and objectives that align with the organization's mission and long-term vision.

The Company bases on current monetary and fiscal policies, affiliation / contacts with associations, consultation with industry experts, including advisory firms, market research including past trends, forecasting the factors, i.e., exchange rate, interest rate, cotton prices, sales prices, etc. that have the significant impacts on the Company's operations and accordingly makes projections / budgets for the upcoming year.

## Company's Response to Challenges

As mentioned earlier in this report, the Company has a team of qualified professionals who pro-actively foresees the challenges and uncertainties that are likely to arise in the course of the business. This help Company to navigate challenges and ensure they have sufficient resources to sustain operations. Further, the Company has a well-developed Disaster Recovery Plan, Business Continuity Plan, and Risk Management Framework assisting the management to respond against critical challenges and possible uncertainties.



# Sustainability that engages



# Stakeholders' Engagement Policy

GTML is fully committed to developing an effective working relationship with all its stakeholders. The objective of this policy is to lay down key principles of engagement with stakeholders.

With respect to the engagement of its stakeholders, GTML is committed to:

- Providing accurate and timely information to all stakeholders.
- Obtaining regular feedback from stakeholders.
- Evaluating the effectiveness of stakeholder's engagement activities and working continuously to improve such engagements.

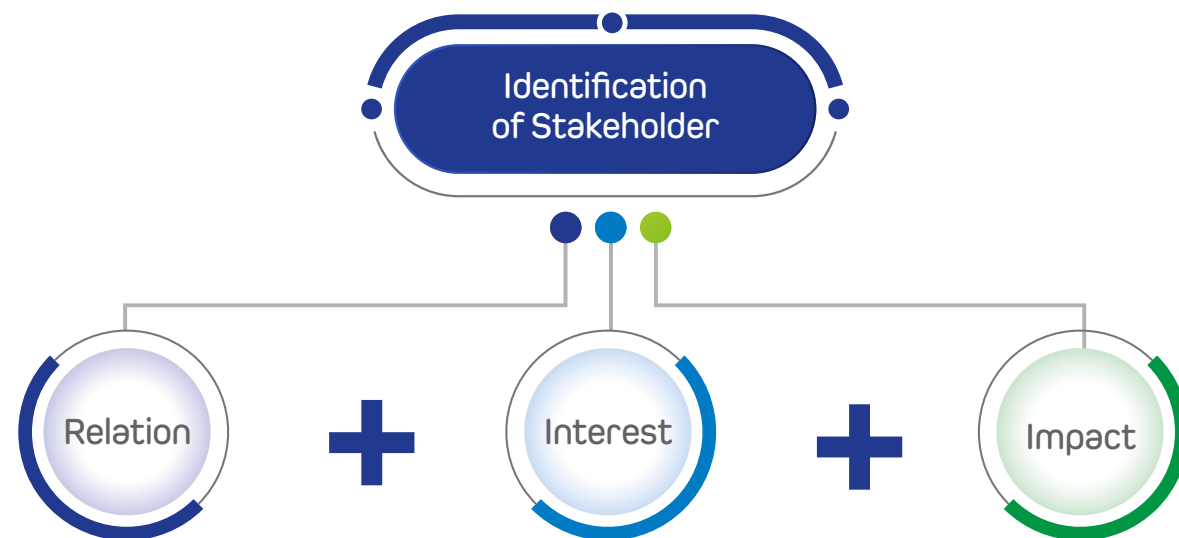
Frequency of stakeholder's engagements is based on the corporate and business requirements as laid down by the corporate laws, contractual obligations, as and when required.

## Identification of Stakeholders

The Company focuses on identifying and establishing strong relationships with its stakeholders to encourage the growth and existence of the Company. A stakeholder is said to be an individual or a group that can be affected by or can affect the business operation either directly or indirectly. There are several factors involved in identifying the type or nature of a stakeholder some of which are as follows:

- Relation of a stakeholder with the business;
- Interest of a stakeholder in the business; and
- Impact of a business operation / decision on the stakeholder.

Nature / Type	Relation	Interest	Impact	Examples
Primary Stakeholder	Shares direct relation with the business activities	Are interested in day-to-day operations of the business	Are directly impacted by the decisions taken by the Company	Investors, employees, customers, and suppliers
Secondary Stakeholder	Are indirectly related to the business operations / activities	Take interest once in a while or when major decision has been taken by the Company	Are indirectly impacted by the decisions taken by the Company	Media groups, regulators, community, and other external groups



# Stakeholders' Engagement

GTML focuses on establishing strong relationships with its stakeholders to encourage the growth and existence of the Company. The Company makes use of commitment, sincerity, competence, effective communication, and reliable behavior to collaborate with its stakeholders. From short-term assessments to long-term strategic relationship building, 'Stakeholders' Engagement' lies at the core of the Company's business practices.

Stakeholders	Description	Frequency
Investors and Shareholders	To update investors / shareholders about the Company's current performance / future plans and to provide them with a platform for raising their concerns. The Company engages with them through Annual General Meetings, quarterly / half yearly / annual reports, website, and investor / corporate briefing sessions.	Yearly / Continuous / As required
Customer and Suppliers	The Company strives to come up with innovative ways to interact with its customers and suppliers. It engages with all its customers and suppliers through get-togethers, market visits, customer satisfaction surveys, and feedback on a periodic basis.	Continuous
Banks and Lenders of Finance	The Company considers the providers of funds to be its partners in success and ensures that they are frequently engaged with the Company and taken into confidence as and when required. The Company maintains excellent and lasting relationships with all the leading financial institutions in the Country for future partnerships.	Continuous / As required
Media	The Company engages with the media and disseminates news and other relevant updates to its stakeholders through press releases, corporate briefings, media announcements, presentations, and etc. Further, our Corporate Branding team regularly updates our social media platforms and website.	As required
Regulators	The Company believes in strict compliance with applicable laws and regulations. To remain compliant, GTML ensures that all the regulators' queries are responded to on a timely basis, including the filing of various statutory returns / forms.	Periodic / As required
Local Committees	The Company actively participates in various CSR initiatives and activities in the health, education, and social sector	Continuous



# Relation with Stakeholders

A healthy relationship with stakeholders is the key to a successful business. Under this context, our management understands that any dispute with the stakeholder can cause hindrances in day-to-day business operations and therefore give due importance to their feedback / suggestion. Accordingly, stakeholders are allowed to have direct access to the Company Secretary in case of any grievance. Furthermore, the Company also ensures that all business activities between stakeholders are conducted through fair, legal, and ethical means.

By involving stakeholders in decision-making processes, addressing their concerns, and demonstrating transparency and accountability, companies can establish a positive image and strengthen relationships with stakeholders.

## Encouraging Minority Shareholders

The shareholders hold immense value to the Company. GTML prioritizes the interests of its shareholders, and so their views are of utmost importance to us. The Company understands the importance of continuous collaboration with all its shareholders & believe that effective stakeholder engagement helps build trust and enhance the Company's reputation. Therefore, regardless of their shareholding value, we encourage all shareholders to attend the General Meetings.

The Company has adopted the following steps to encourage minority shareholders to attend the General Meeting:

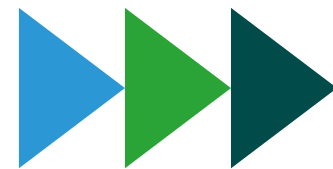
- Notice is circulated within the regulatory timeframe.
- Notice is sent electronically on request.
- Notice is issued in English and Urdu newspapers having nationwide circulation.
- Notice is updated on the PSX portal as well as on official website of the Company.

Apart from timely submission of accounts and notices to shareholders, the Company encourages minority shareholders to attend the Annual General Meetings and provides the video conferencing facility to shareholders (having shareholding of 10% or more in aggregate), as per section 132(2) of the Companies Act, 2017, subject to availability of video conference facility in that city and receipt of intimation from the shareholders at least seven days prior to the date of the meeting. In addition to that, the Company also arrange the online meeting facility for those shareholders who are interested to participate virtually in the Annual General Meeting.

Further, to provide an additional opportunity to minority shareholders to interact with the management of the Company, the Company has been conducting corporate briefings and roadshows on a periodic basis throughout the year.

## Investors' Relations Section

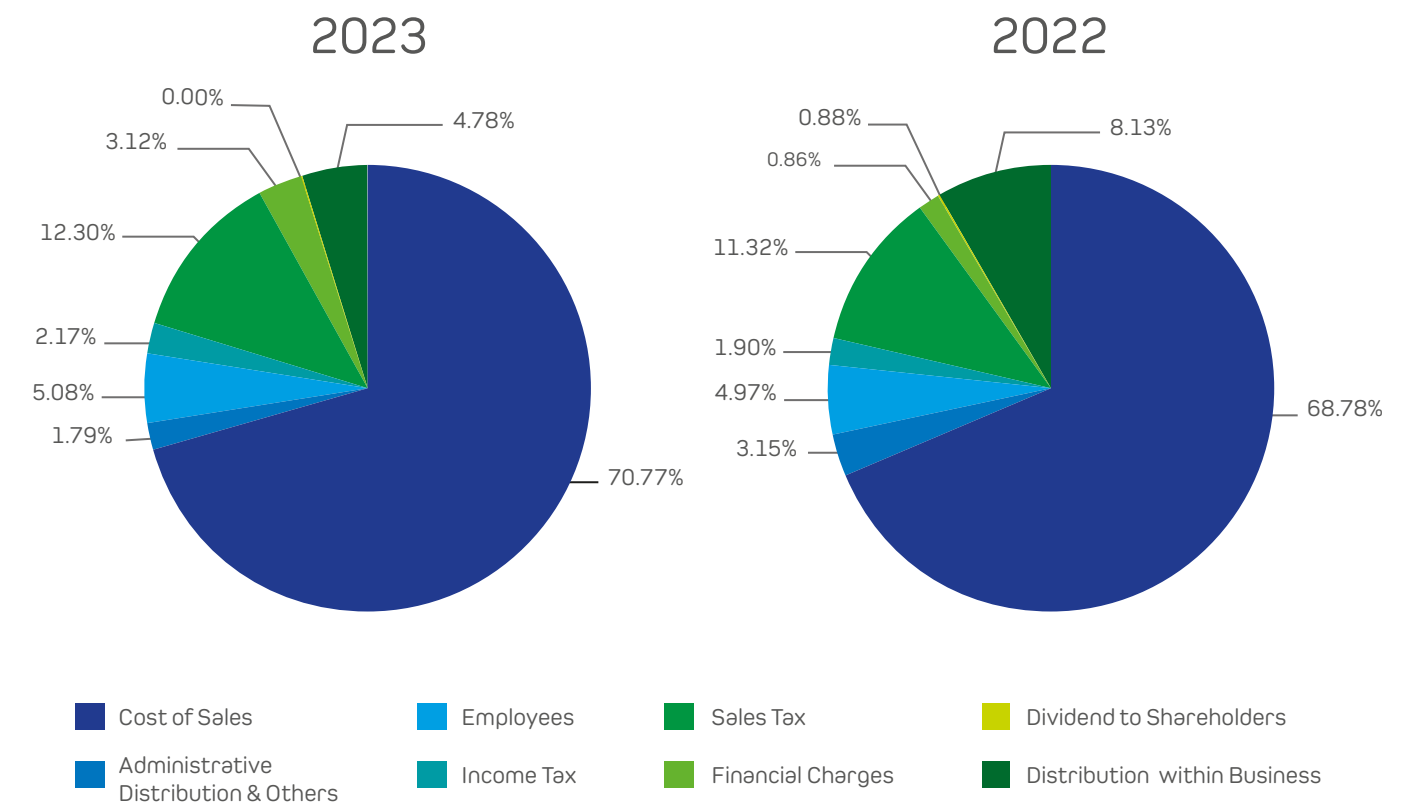
The Company communicates all major financial information needed for investors' decision-making by uploading it on the corporate website, i.e. ([www.gadoontextile.com](http://www.gadoontextile.com)) under the section of Investor Relations, on a timely basis.



# Statement of Value Addition and its Distribution

	2023		2022	
	(Rupees in '000)	%	(Rupees in '000)	%
<b>Wealth Generated</b>				
Sales including Sales Tax	66,461,594	96.55%	62,007,271	97.79%
Other Operating Income	2,376,210	3.45%	1,398,263	2.21%
	<b>68,837,804</b>	<b>100.00%</b>	<b>63,405,534</b>	<b>100.00%</b>
<b>Wealth Distribution</b>				
Cost of Sales	48,717,042	70.77%	43,613,296	68.78%
Administrative, Distribution and Others	1,229,380	1.79%	1,995,827	3.15%
Employees	3,496,115	5.08%	3,153,000	4.97%
Income Tax	1,490,416	2.17%	1,204,494	1.90%
Sales Tax	8,464,354	12.30%	7,179,124	11.32%
Financial Charges	2,148,630	3.12%	546,221	0.86%
Dividend to Shareholders	-	0.00%	560,592	0.88%
Distribution within Business	3,291,867	4.78%	5,152,980	8.13%
	<b>68,837,804</b>	<b>100.00%</b>	<b>63,405,534</b>	<b>100.00%</b>

## Wealth Distribution



## Investors' Corporate Briefing Program

Our stakeholder extends valuable contributions toward growth and existence. The Company understands the importance of continuous collaboration with all its stakeholders by maintaining open lines of communication on an ongoing basis, provide regular updates, share relevant information, and seek their input on key decisions or initiatives to ensure a more comprehensive and well-rounded decision-making process.

The Board has devised a mechanism to arrange interactive sessions between the management of the Company and its shareholders to solicit and understand the views of shareholders. The purpose of these sessions is to brief shareholders about the performance of the Company, macro and micro economic factors affecting the Company, prospects of the Company, and the steps taken by the Company to improve its performance in challenging circumstances. These communications help the Company to understand and resolve the concerns of the shareholders and to add a synergy factor to achieve better results for the Company's prospects.

The Board is pleased to inform you that the Company, held the Corporate briefing session for the year ended June 30, 2022, on August 05, 2022, through a live online session and for the half year ended December 31, 2022, on February 15, 2023, at PSX auditorium

and through a live online session. An interactive session was held between members, research analysts, fund managers, and management representatives where insight on the Company's performance was discussed along with future prospects.

Similarly, the Company is planning to held the corporate briefing session for the year ended June 30, 2023, in the month of September 2023.



[gadoontextile.com/investor-info/](https://gadoontextile.com/investor-info/)

## Redressal of Investors' Complaints

The Company practices a strategic support system to address & monitor the investors' complaints reported. To resolve the issues reported within the given time frame, an online investor grievances form is available on the official website of the Company.



# Sustainability that reports





# Statement of Unreserved Compliance

## with International Financial Reporting Standards (IFRS)

The financial statements of the Company have been prepared in accordance with the IFRS issued by IASB as notified under the Companies Act, 2017, which ensures consistency, comparability, and credibility in corporate reporting.

Further, there are certain standards and interpretations which are yet to be effective in Pakistan and certain standards not adopted by SECP, as disclosed note 2.5 of the financial statements. However, the management believes these standards and interpretation does not have any material impact on the financial statements of the Company.

## Integrated Reporting

To meet excellence in corporate reporting, the Company continuously strives to meet the best corporate reporting standards and create values for its stakeholders. The Company aims to achieve excellence in transparent reporting along with consistent improvement in the quality of the information disclosed within the report.

Similarly, the strategic management team is focused on concise and coherent reporting of the business affairs presented in the form of financial and non-financial information.

### Management Approach

The Company adopted the International Integrated Reporting Framework to design this Annual Report with the on-going changes and improvements in the reporting standards.

The Company's management acknowledges its utmost responsibility to ensure the integrity of this report following Integrating Reporting (IR) Framework, International Financial Reporting Standards (IFRS), and

Best Corporate Reporting (BCR) guidelines. The management is also committed to providing stakeholders a concise and transparent assessment of our value chain process including the business model, risks, processes, strategies, governance, and opportunities in an orderly manner.

### Excellence in Integrated Reporting

The Company aims to fulfill the requirements of the IR framework to create the relationship of trust and transparency among the stakeholders. Our management approach is dedicated to marking a label of authenticity and integrity within the industry for disclosing precise information.

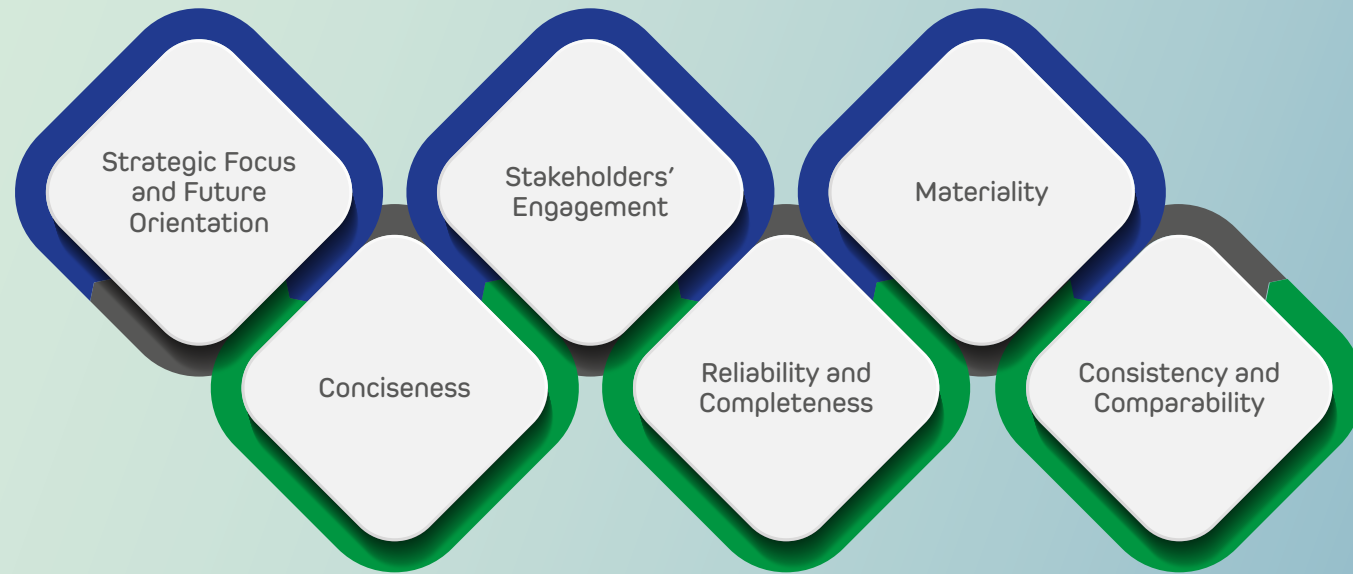
### Application of the IR Framework

The Company adheres to the application of the Integrated Reporting Framework, which is divided into two major segments

- Guiding principles
- Content Elements



## Guiding Principles for Integrated Reporting:



## Content Elements of this Report



# Disclosures Beyond BCR

The Company, in order to promote transparency in its dealings, has added certain additional information for its stakeholders, which are beyond the required criteria of BCR (Page No. 255). Details are as follows:

Page No. <b>012</b>	Product Gallery	Page No. <b>033</b>	Awards and Achievements
Page No. <b>038</b>	Calendar of Notable Events	Page No. <b>056</b>	Materiality Determination
Page No. <b>068</b>	United Nation SDGs	Page No. <b>074</b>	Health and Safety Roadshow
Page No. <b>096</b>	CEO's Message	Page No. <b>106</b>	Employee Engagement Activities



# Sustainability that excels





# Independent Auditor's Report to the Members

## Report on The Audit of The Financial Statements

### Opinion

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

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

### Basis for Opinion

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

### Key Audit Matter

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

Following is the key audit matter:

S.No.	Key audit matter	How the matter was addressed in our audit
1	Capital Expenditure	
	<p>(Refer Note 4.1 to the annexed Financial Statements)</p> <p>The company's financial statements for the year ended June 30, 2023 disclosed a significant capital expenditure of Rs. 11.5 billion incurred during the year which primarily attributed to the establishment of dyeing processes, procurement of efficient generators &amp; technological advanced machines. Out of Rs. 11.5 billion, Rs. 4.8 billion was transferred to operating assets.</p> <p>The capital expenditure incurred during the year represents significant transactions and requires appropriate application as per applicable financial reporting framework. In view of the above, we have identified this matter as a key audit matter.</p>	<p>Our key audit procedures in this area amongst others included the following:</p> <p>We evaluated the authorization and approval procedures for capital expenditure, ensuring compliance with company policies along with their budgeting.</p> <p>We tested samples of capital expenditure transactions to check the accuracy and valuation of the amounts recorded in the financial statements.</p> <p>We assessed management's criteria for capitalizing expenditure, as per the Capitalization policy and ensured consistency with the relevant accounting standards.</p> <p>Physical verification on sample basis to check the existence of assets.</p> <p>We examined the documentation supporting management's decisions regarding the capitalization of expenditure, such as contracts, and invoices.</p> <p>We assessed the adequacy of disclosures in accordance with the applicable financial reporting framework</p>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Arif Nazeer.



**Chartered Accountants**

Place: Karachi

Date: August 23, 2023

**UDIN:** AR202310099CBgqPokfr

# Statement of Financial Position

As at June 30, 2023

	2023	2022
Note	(Rupees in '000)	
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	21,242,834	11,016,751
Biological assets	753,053	365,430
Long term advance	-	-
Long term loans	37,944	46,146
Long term deposits	39,136	34,742
Long term investments	5,497,655	4,233,555
	<u>27,570,622</u>	<u>15,696,624</u>
<b>Current Assets</b>		
Stores, spares and loose tools	1,266,860	897,457
Stock-in-trade	23,408,079	18,381,382
Trade debts	2,972,086	3,751,395
Loans and advances	735,426	534,710
Trade deposits and short term prepayments	5,819	14,943
Other receivables	3,015,155	1,386,756
Cash and bank balances	265,177	159,841
	<u>31,668,602</u>	<u>25,126,484</u>
<b>Total Assets</b>	<u><u>59,239,224</u></u>	<u><u>40,823,108</u></u>

## EQUITY AND LIABILITIES

### Share Capital and Reserves

Authorised

57,500,000 ordinary shares of Rs.10/- each

Issued, subscribed and paid-up capital

Reserves

### Total Equity

### Non-Current Liabilities

Long term finance

Deferred government grant

Retirement benefit obligation

Deferred tax liabilities

### Current Liabilities

Trade and other payables

Unclaimed dividend

Current tax liability

Current portion of long term finance

Current portion of deferred government grant

Accrued mark-up

Short term borrowings

### Total Liabilities

### Total Equity and Liabilities

## CONTINGENCIES AND COMMITMENTS

The annexed notes from 1 to 43 form an integral part of these financial statements.

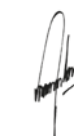
Note	2023	2022
	(Rupees in '000)	
	575,000	575,000
15	280,296	280,296
16	20,410,906	17,722,853
	<u>20,691,202</u>	<u>18,003,149</u>
17	9,431,586	4,008,570
18	180,342	186,528
19	1,008,944	820,993
20	1,415,003	756,100
	<u>12,035,875</u>	<u>5,772,191</u>
21	9,278,163	9,798,223
	34,504	26,392
	93,676	82,062
17	666,994	763,011
18	54,879	56,327
	921,539	203,782
22	15,462,392	6,117,971
	<u>26,512,147</u>	<u>17,047,768</u>
	<u>38,548,022</u>	<u>22,819,959</u>
	<u>59,239,224</u>	<u>40,823,108</u>
23		



**JAWED YUNUS TABBA**  
Director



**MUHAMMAD SOHAIL TABBA**  
Chief Executive Officer



**MUHAMMAD IMRAN MOTEN**  
Chief Financial Officer



# Statement of Profit or Loss

For the Year Ended June 30, 2023

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
Sales - net	24	57,997,240	54,828,147
Cost of sales	25	(51,829,395)	(46,487,390)
Gross profit		6,167,845	8,340,757
Distribution cost	26	(846,043)	(1,486,957)
Administrative expenses	27	(478,197)	(361,496)
		(1,324,240)	(1,848,453)
		4,843,605	6,492,304
Finance cost	28	(2,148,630)	(546,221)
Other expenses	29	(288,902)	(426,280)
		2,406,073	5,519,803
Other income	30	686,461	294,588
Share of profit from associates	8	1,689,749	1,103,675
Profit before taxation		4,782,283	6,918,066
Taxation	31	(1,490,416)	(1,204,494)
<b>Profit for the year</b>		<b>3,291,867</b>	<b>5,713,572</b>
Earnings per share - basic and diluted (Rupees)	32	117.44	203.84

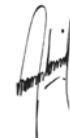
The annexed notes from 1 to 43 form an integral part of these financial statements.



**JAWED YUNUS TABBA**  
Director



**MUHAMMAD SOHAIL TABBA**  
Chief Executive Officer



**MUHAMMAD IMRAN MOTEN**  
Chief Financial Officer

# Statement of Comprehensive Income

For the Year Ended June 30, 2023

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
Profit for the year		3,291,867	5,713,572
<b>Other comprehensive income</b>			
Items that will be reclassified subsequently to the statement of profit or loss			
Share of other comprehensive loss from associates - net of tax	8	(7,623)	(2,428)
Items that will not be reclassified subsequently to the statement of profit or loss			
- Remeasurement of defined benefit obligation	19.5	(27,879)	20,591
- Income tax relating to defined benefit obligation		(7,720)	(2,306)
		(35,599)	18,285
<b>Other comprehensive income</b>		<b>(43,222)</b>	<b>15,857</b>
<b>Total comprehensive income for the year</b>		<b>3,248,645</b>	<b>5,729,429</b>

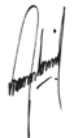
The annexed notes from 1 to 43 form an integral part of these financial statements.



**JAWED YUNUS TABBA**  
Director



**MUHAMMAD SOHAIL TABBA**  
Chief Executive Officer



**MUHAMMAD IMRAN MOTEN**  
Chief Financial Officer

# Statement of Cash Flows

For the Year Ended June 30, 2023

Note	2023	2022			
	(Rupees in '000)				
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash (used in) / generated from operations	(708,123)	1,504,210			
Finance cost paid	(1,430,873)	(461,023)			
Income tax paid	(822,553)	(640,856)			
Retirement benefits paid	(177,746)	(149,408)			
Rebate received	-	242,664			
	(2,431,172)	(1,008,623)			
Net cash (used in) / generated from operating activities	(3,139,295)	495,587			
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment	(11,500,676)	(1,850,038)			
Short term investments made	(3,083,349)	(4,114,324)			
Short term investments disposed off	3,083,349	4,114,324			
Purchase of biological assets	(9,876)	(19,349)			
Sale proceeds from disposal of property, plant and equipment	112,775	45,754			
Sale proceeds from disposal of biological assets	38,415	11,166			
Loans repaid by / (paid to) employees	19,599	(29,476)			
Reversal of impairment on long term loan	22,223	-			
Long term deposits given	(4,394)	(1,166)			
Profit received from bank deposits and short term investments	42,299	4,676			
Dividend received	412,960	437,872			
Net cash used in investing activities	(10,866,675)	(1,400,561)			
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Long term finance obtained	434,362	578,680			
Repayment of long term finance	(538,473)	(414,352)			
Term loan obtained	5,623,323	-			
Repayment of salary refinance loan	(281,139)	(374,851)			
Temporary economic refinance obtained	81,292	385,421			
Export refinance - net	690,550	(239,425)			
Dividend paid	(552,480)	(332,437)			
Net cash generated from / (used in) financing activities	5,457,435	(396,964)			
Net decrease in cash and cash equivalents (A+B+C)	(8,548,535)	(1,301,938)			
Cash and cash equivalents at the beginning of the year	(4,615,259)	(3,313,321)			
Cash and cash equivalents at the end of the year	(13,163,794)	(4,615,259)			
<b>CASH AND CASH EQUIVALENTS</b>					
Cash and bank balances	14	265,177			
Short term borrowings excluding export refinance	22	(13,428,971)			
		(13,163,794)			
<b>CHANGES ARISING FROM FINANCING ACTIVITIES</b>					
	2022	Financing cash inflows	Financing cash outflows	Non-cash changes	2023
	(Rupees in '000)				
Long term finance	5,014,436	6,138,977	(819,612)	-	10,333,801
Unclaimed dividend	26,392	-	(552,480)	560,592	34,504

The annexed notes from 1 to 43 form an integral part of these financial statements.



**JAWED YUNUS TABBA**  
Director



**MUHAMMAD SOHAIL TABBA**  
Chief Executive Officer



**MUHAMMAD IMRAN MOTEN**  
Chief Financial Officer

# Statement of Changes in Equity

For the Year Ended June 30, 2023

	Capital Reserves				Revenue Reserves				Grand total	
	Issued, subscribed and paid-up share capital	Share premium	Amalgamation reserve	Against long-term investments, capacity expansion and BMR	Sub-total	General reserve	Amalgamation reserve	Unappropriated profit		Sub-total
	(Rupees in '000)									
Balance as at July 1, 2021	280,296	103,125	34,416	-	137,541	1,000,000	727,333	10,464,905	12,192,238	12,610,075
<b>Transaction with owners</b>										
Final dividend @ Rs. 12/- per share for the year ended June 30, 2021	-	-	-	-	-	-	-	(336,355)	(336,355)	(336,355)
<b>Total comprehensive income for the year</b>										
Profit for the year	-	-	-	-	-	-	-	5,713,572	5,713,572	5,713,572
Other comprehensive income	-	-	-	-	-	-	-	15,857	15,857	15,857
Total comprehensive income for the year	-	-	-	-	-	-	-	5,729,429	5,729,429	5,729,429
<b>Balance as at June 30, 2022</b>	280,296	103,125	34,416	-	137,541	1,000,000	727,333	15,857,979	17,585,312	18,003,149
<b>Transaction with owners</b>										
Final dividend @ Rs. 20/- per share for the year ended June 30, 2022	-	-	-	-	-	-	-	(560,592)	(560,592)	(560,592)
<b>Total comprehensive income for the year</b>										
Profit for the year	-	-	-	-	-	-	-	3,291,867	3,291,867	3,291,867
Other comprehensive loss	-	-	-	-	-	-	-	(43,222)	(43,222)	(43,222)
Total comprehensive income for the year	-	-	-	-	-	-	-	3,248,645	3,248,645	3,248,645
Reclassification of Reserves (Note 16.1)	-	-	-	16,500,000	16,500,000	-	-	(16,500,000)	(16,500,000)	-
<b>Balance as at June 30, 2023</b>	280,296	103,125	34,416	16,500,000	16,637,541	1,000,000	727,333	2,046,032	3,773,365	20,691,202

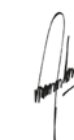
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**JAWED YUNUS TABBA**  
Director



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Chief Executive Officer



**MUHAMMAD IMRAN MOTEN**  
Chief Financial Officer

# Notes to the Financial Statements

For the Year Ended June 30, 2023

## 1. THE COMPANY AND ITS OPERATIONS

Gadoon Textile Mills Limited (the Company) was incorporated in Pakistan on February 23, 1988 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of yarn and knitted bedding products and production and sale of milk.

Y.B. Holdings (Private) Limited is the holding company of the Company.

Following are the geographical location and address of all business units of the Company:

### Head Office:

7-A, Muhammad Ali Society, Abdul Aziz Haji Hashim Tabba Street, Karachi, Province of Sindh, South, Pakistan.

### Manufacturing Facility:

a) 200-201, Gadoon Amazai Industrial Estate, District Swabi, Province of Khyber Pakhtunkhwa, North, Pakistan.

b) 57 Km on Super Highway (near Karachi), Province of Sindh, South, Pakistan.

### Liaison Office:

Office No. 401, 4th Floor, Tri Tower, Opposite Sarhad University, Ring Road, Peshawar.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except:

- obligations under the defined benefit plan are stated at present value;
- biological assets i.e. livestock are stated at fair value less estimated point-of-sale costs;
- investment in associates are accounted for using equity method; and
- obligations for TERF and SRF are stated at present value.

### 2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

### 2.4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and in future periods, if the revision affects both current and future periods.

### Critical judgements

Management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgement was exercised in application of accounting policies are as follows:

- a) determining the residual values and useful lives of the property, plant and equipment (note 3.1);
- b) valuation of biological assets (note 3.2);
- c) provisions - for slow moving stores, spares and loose tools (note 3.3);
- d) valuation of stock-in-trade - at lower of cost and NRV (note 3.4);
- e) impairment of financial assets and provisions - for loss allowance (notes 3.7.2);
- f) impairment of non financial assets (note 3.7.3);
- g) accounting for retirement benefit obligation (note 3.10);
- h) provision for taxation including deferred tax (note 3.9); and
- i) provisions against liability and contingencies (note 3.13).

## 2.5 Changes in accounting standards and interpretations

### 2.5.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2023

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework

Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract

Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)

### 2.5.2 New accounting standards, amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	<b>Effective from accounting period beginning on or after:</b>
- Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
- Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023



**Effective from accounting period  
beginning on or after:**

- Amendments to IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model Rules	January 01, 2023
- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
- Amendments to IFRS 16 'Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
- Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely
- Other than the aforesaid amendments, IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:	
- IFRS 1 – First Time Adoption of International Financial Reporting Standards	
- IFRS 17 – Insurance Contracts	

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2022.

**3.1 Property, plant and equipment**

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and capital work-in-progress are stated at cost less impairment losses, if any.

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these assets are available for intended use.

Depreciation is charged, from the month when the asset is available for use and ceased from the month of disposal, to the statement of profit or loss applying the reducing balance method except for leasehold land and solar system, which is depreciated using the straight-line method. The residual values, useful lives and depreciation methods are reviewed and changes, if any, are treated as change in accounting estimates, at each reporting date. Rates for depreciation are stated in note 4.1 to the financial statements.

Maintenance and repairs are charged to the statement profit or loss as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets are taken to the statement of profit or loss as and when incurred.

**3.2 Biological assets**

Livestock are measured at their fair value less estimated point-of-sale costs. Fair value of livestock is determined by an independent valuer on the basis of best available estimates for livestock of similar attributes.

Biological assets have been classified at level 2 of fair value hierarchy as disclosed in note 39 to the financial statements.

Gains or losses arising from changes in fair value less estimated point-of-sale costs of livestock are recognised in the statement of profit or loss.

**3.3 Stores, spares and loose tools**

These are stated at lower of cost and net realisable value. Cost is determined using moving average method. Items in transit are stated at invoice value plus other charges incurred thereon until the reporting date.

For items that are slow moving adequate provision is made, if necessary, for any excess carrying value over estimated realisable value and charged to the statement of profit or loss.

**3.4 Stock-in-trade**

Basis of valuation is as under:

- Raw material in hand (imported)	Lower of cost (weighted average / specific identification basis) and Net Realisable Value (NRV)
- Raw material in hand (local)	Lower of cost (weighted average) and NRV
- Raw material in hand (feed)	Lower of cost (weighted average) and NRV
- Raw material in-transit	Cost accumulated to end of reporting period
- Work-in-process	Lower of cost (weighted average) and NRV
- Finished goods	Lower of cost (weighted average) and NRV
- Finished goods (milk)	Fair value less estimated point-of-sale costs
- Waste	NRV

Cost in relation to work-in-process and finished goods represents prime cost and appropriate manufacturing overheads.

NRV signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to be incurred to effect such sale.

**3.5 Cash and cash equivalents**

Cash and cash equivalents for cash flow purposes include cash in hand, current and deposit accounts held with banks. Short term borrowings (except export refinance) availed by the Company which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of the statement of cash flows.

**3.6 Investments**

**Investment in associates**

Associates are entities over which the Company exercises significant influence. Investment in associates is accounted for using equity basis of accounting, under which the investment in associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the Company's share of profit or loss of the associate after the date of acquisition. The Company's share of profit or loss of the associate is recognised in the statement of profit or loss. Distributions received from associate reduce the carrying amount of the investment. Adjustments to the carrying amount are also made for changes in the Company's proportionate interest in the associate arising from changes in the associates' other comprehensive income that have not been recognised in the associate's statement of profit or loss. The Company's share of those changes is recognised in the statement of comprehensive income of the Company.

The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use and the fair value less costs to sell) with its carrying amount and loss, if any, is recognised in the statement of profit or loss.

### 3.7 Financial instruments

#### 3.7.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### Financial assets at amortised cost

Instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### Financial assets at fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at fair value through profit or loss (FVTPL). Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the statement of profit or loss.

##### Derecognition

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at fair value through other comprehensive income (FVTOCI), the cumulative gain or loss previously accumulated in the investments' revaluation reserve is reclassified to the statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments' revaluation reserve is not reclassified to the statement of profit or loss, but is transferred to retained earnings.

#### 3.7.2 Impairment of financial assets

Trade debts and other receivables are recognised initially at fair value and subsequently measured at amortised cost less loss allowance, if any. The Company recognises a loss allowance for ECL on trade debts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

The Company always recognises lifetime ECL for trade debts. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12-months after the reporting date.

##### (i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For financial guarantee contracts, the date that the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Company considers the changes in the risk that the specified debtor will default on the contract.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (1) The financial instrument has a low risk of default,
- (2) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

#### (ii) Definition of default

The Company employs statistical models to analyse the data collected and generate estimates of probability of default ('PD') of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company.

#### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event (see (ii) above);
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation, or
- (e) The disappearance of an active market for that financial asset because of financial difficulties.

#### (iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

#### (v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

#### Derivative financial instruments

Derivatives that do not qualify for hedge accounting are recognised in the statement of financial position at estimated fair value with corresponding effect to the statement of profit or loss. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

#### 3.7.3 Non-financial assets

The Company assesses at each reporting date whether there is any indication that assets except inventories, biological assets and deferred tax asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in the statement of profit or loss. The recoverable amount is the higher of an asset's 'fair value less costs to sell' and 'value in use'.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised. Reversal of impairment loss is recognised as income in the statement of profit or loss.

#### 3.7.4 Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

##### Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognised in the statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in the statement of profit or loss incorporates any interest paid on the financial liability.

##### Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability. Borrowing costs are recognised as an expense in the year in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

##### Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit or loss.

#### 3.7.5 Offsetting of financial assets and financial liabilities

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

#### 3.8 Borrowings and their costs

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently at amortised cost.

#### 3.9 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss.

##### Current

Provision for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any. The charge for income tax includes adjustments to charge for prior years and super tax imposed by the incumbent government.

##### Deferred

Deferred tax is recognised using the liability method, providing for temporary difference between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.



In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of the Institute of Chartered Accountants of Pakistan.

The Company recognises deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### 3.10 Retirement benefit obligation - defined benefit plan

The Company operates an unfunded gratuity scheme for its confirmed employees who have completed the minimum qualifying period of service as defined under the scheme. The Company's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method. The most recent valuation of the scheme was carried out as at June 30, 2023.

Remeasurement changes which comprise actuarial gains and losses are recognised immediately in the statement of comprehensive income.

### 3.11 Foreign currency transactions and translation

Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange approximating those prevailing on the date of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated into Pak Rupees at the rates prevailing on the reporting date.

Gains and losses arising on retranslation are included in the statement of profit or loss for the year.

### 3.12 Revenue recognition

Revenue from contracts with customers is recognised at the point in time when the performance obligation is satisfied i.e. control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods.

Interest income is recognised on a time proportionate basis using the effective rate of return.

### 3.13 Provisions

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

### 3.14 Deferred government grant

In accordance with IFRS 9 the benefit of interest rate lower than the market rate on borrowings obtained under State Bank of Pakistan (SBP) SRF and TERF, is accounted for as a government grant which is the difference between amount of loan received and the fair value of the loan on the date of disbursement. The differential amount presented in statement of financial position as deferred government grant. The amortisation of deferred government grant is netted off with finance cost within in the statement of profit or loss.

### 3.15 Dividend and appropriation to / from reserves

Dividend distribution to the Company's shareholders and appropriation to / from reserves is recognised in the year in which these are approved.

### 3.16 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Board of Directors has identified different chief operating decision makers responsible for strategic decisions of all the reportable segments.

Operating segments that do not meet the quantitative thresholds, as defined in IFRS 8 'Operating Segments', has not been considered as reportable segments in these financial statements.

### 3.17 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

## 4. PROPERTY, PLANT AND EQUIPMENT

	Note	2023 ----- (Rupees in '000) -----	2022 -----
Operating fixed assets	4.1	13,737,910	10,070,483
Capital work-in-progress	4.2	7,504,924	946,268
		<u>21,242,834</u>	<u>11,016,751</u>

#### 4.1 Operating fixed assets

Particulars	2023									
	Cost as at July 01, 2022	Additions / (Disposals)	Transfer to store *	Cost as at June 30, 2023	Accumulated depreciation as at July 01, 2022	Depreciation for the year / (Disposals)	Depreciation transfer to store *	Accumulated depreciation as at June 30, 2023	Carrying value as at June 30, 2023	Rate of depreciation
	(Rupees in '000)									
<b>Land:</b>										
Leasehold	83,148	113,021	-	196,169	14,868	1,503	-	16,371	179,798	1
Freehold	880	-	-	880	-	-	-	-	880	-
<b>Buildings on leasehold land:</b>										
Mills	2,324,731	111,506	-	2,436,237	1,427,511	100,745	-	1,528,256	907,981	10
Knitting unit	360,484	-	-	360,484	19,927	31,218	-	51,145	309,339	10
Roads	47,456	-	-	47,456	29,881	1,757	-	31,638	15,818	10
Power plant	194,578	-	-	194,578	130,058	6,452	-	136,510	58,068	10
Office	104,127	68,652	-	172,779	41,105	6,964	-	48,069	124,710	10
Workers' colony	66,122	-	-	66,122	57,951	817	-	58,768	7,354	10
Other	630,021	26,282	-	656,303	231,281	20,047	-	251,328	404,975	5
<b>Buildings on freehold land:</b>										
Family colony	319,737	-	-	319,737	188,251	13,149	-	201,400	118,337	10
Workers' colony	123,727	-	-	123,727	105,757	1,797	-	107,554	16,173	10
Plant and machinery	14,817,731	3,620,468 (257,685)	(12,571)	18,167,943	7,978,405	850,301 (205,201)	(9,571)	8,613,934	9,554,009	10
Power plant	1,694,393	731,766	-	2,426,159	948,464	81,117	-	1,029,581	1,396,578	10
Solar System	-	161,861	-	161,861	-	540	-	540	161,321	4
Electric installations	473,320	3,607 (40,943)	-	435,984	333,766	13,953 (36,335)	-	311,384	124,600	10
Tools and equipment	55,432	2,030	-	57,462	19,029	3,374	-	22,403	35,059	10
Furniture and fittings	28,135	672	-	28,807	17,854	1,056	-	18,910	9,897	10
Computer equipment	59,270	10,946 (500)	-	69,716	33,270	9,006 (372)	-	41,904	27,812	30
Office equipment and installations	34,232	6,136	-	40,368	17,241	1,996	-	19,237	21,131	10
Fork lifters and tractors	71,675	-	-	71,675	39,926	6,350	-	46,276	25,399	20
Vehicles	376,562	85,074 (34,803)	-	426,833	164,091	52,711 (25,618)	-	191,184	235,649	20
Fire fighting equipments	11,778	-	-	11,778	8,420	336	-	8,756	3,022	10
<b>June 30, 2023</b>	<b>21,877,539</b>	<b>4,942,021 (333,931)</b>	<b>(12,571)</b>	<b>26,473,058</b>	<b>11,807,056</b>	<b>1,205,189 (267,526)</b>	<b>(9,571)</b>	<b>12,735,148</b>	<b>13,737,910</b>	

Additions to operating fixed assets include transfers from capital work-in-progress amounting to Rs. 4.81 billion.

\* This represents transfer of spare parts of obsolete machinery to spares in hand.

#### 4.1 Operating fixed assets

Particulars	2022									
	Cost as at July 01, 2021	Additions / (Disposals)	Transfer to store *	Cost as at June 30, 2022	Accumulated depreciation as at July 01, 2021	Depreciation for the year / (Disposals)	Depreciation transfer to store *	Accumulated depreciation as at June 30, 2022	Carrying value as at June 30, 2022	Rate of depreciation
	(Rupees in '000)									
<b>Land:</b>										
Leasehold	83,148	-	-	83,148	13,365	1,503	-	14,868	68,280	1
Freehold	880	-	-	880	-	-	-	-	880	-
<b>Buildings on leasehold land:</b>										
Mills	2,286,995	37,736	-	2,324,731	1,330,311	97,200	-	1,427,511	897,220	10
Knitting unit	-	360,484	-	360,484	-	19,927	-	19,927	340,557	10
Roads	47,456	-	-	47,456	27,928	1,953	-	29,881	17,575	10
Power plant	194,578	-	-	194,578	122,889	7,169	-	130,058	64,520	10
Office	95,799	8,328	-	104,127	34,931	6,174	-	41,105	63,022	10
Workers' colony	66,122	-	-	66,122	57,043	908	-	57,951	8,171	10
Other	630,021	-	-	630,021	210,295	20,986	-	231,281	398,740	5
<b>Buildings on freehold land:</b>										
Family colony	319,737	-	-	319,737	173,641	14,610	-	188,251	131,486	10
Workers' colony	123,727	-	-	123,727	103,760	1,997	-	105,757	17,970	10
Plant and machinery	13,923,952	942,430 (48,651)	-	14,817,731	7,292,913	721,420 (35,928)	-	7,978,405	6,839,326	10
Power plant	1,639,193	55,200	-	1,694,393	869,955	78,509	-	948,464	745,929	10
Electric installations	458,135	15,185	-	473,320	318,368	15,398	-	333,766	139,554	10
Tools and equipment	45,293	10,139	-	55,432	15,938	3,091	-	19,029	36,403	10
Furniture and fittings	28,135	-	-	28,135	16,712	1,142	-	17,854	10,281	10
Computer equipment	42,514	16,936 (180)	-	59,270	25,252	8,158 (140)	-	33,270	26,000	30
Office equipment and installations	28,628	5,817 (213)	-	34,232	15,628	1,792 (179)	-	17,241	16,991	10
Fork lifters and tractors	42,575	29,100	-	71,675	35,697	4,229	-	39,926	31,749	20
Vehicles	344,008	74,715 (42,161)	-	376,562	138,663	49,173 (23,745)	-	164,091	212,471	20
Fire fighting equipments	11,778	-	-	11,778	8,047	373	-	8,420	3,358	10
<b>June 30, 2022</b>	<b>20,412,674</b>	<b>1,556,070 (91,205)</b>	<b>-</b>	<b>21,877,539</b>	<b>10,811,336</b>	<b>1,055,712 (59,992)</b>	<b>-</b>	<b>11,807,056</b>	<b>10,070,483</b>	

Additions to operating fixed assets include transfers from capital work-in-progress amounting to Rs. 1.53 billion

4.1.1 Depreciation charged for the year has been allocated as under:

	Note	2023 (Rupees in '000)	2022
Cost of sales	25.1 & 25.1.3	1,168,728	1,019,012
Administrative expenses	27	36,461	36,700
		<u>1,205,189</u>	<u>1,055,712</u>

4.1.2 Disposal of operating fixed assets having net book value in excess of Rs. 500,000

Description	Cost	Accumulated depreciation	Carrying value	Sale proceeds	(Loss) / gain	Mode of disposal	Purchaser
----- (Rupees in '000) -----							
Plant and machinery	16,179,120	10,817,917	5,361,203	1,923,077	(3,438,126)	Negotiation	Hussain & Company
	16,179,120	10,911,155	5,267,965	1,923,077	(3,344,888)	Negotiation	Hussain & Company
	16,179,120	11,097,632	5,081,488	3,474,577	(1,606,911)	Negotiation	Agha Traders
	9,893,856	6,125,891	3,767,965	2,681,335	(1,086,630)	Negotiation	Hussain & Company
	9,893,856	6,125,891	3,767,965	2,681,335	(1,086,630)	Negotiation	Hussain & Company
	13,022,041	11,130,392	1,891,649	2,305,085	413,436	Negotiation	Ideal Trading Company
	5,127,671	3,333,606	1,794,065	1,059,322	(734,743)	Negotiation	Agha Traders
	4,397,508	2,678,048	1,719,460	1,186,441	(533,019)	Negotiation	Agha Traders
	3,301,230	2,002,722	1,298,508	1,059,322	(239,186)	Negotiation	Agha Traders
	3,898,012	2,628,809	1,269,203	1,068,376	(200,827)	Negotiation	Hussain & Company
	3,898,012	2,628,809	1,269,203	1,068,376	(200,827)	Negotiation	Hussain & Company
	3,993,335	2,743,401	1,249,934	169,492	(1,080,442)	Negotiation	Agha Traders
	3,898,012	2,673,737	1,224,275	1,016,949	(207,326)	Negotiation	Agha Traders
	9,959,311	8,787,451	1,171,860	2,838,983	1,667,123	Negotiation	Ideal Trading Company
	4,339,711	3,195,216	1,144,495	169,492	(975,003)	Negotiation	Agha Traders
	3,769,544	2,825,498	944,046	170,000	(774,046)	Negotiation	Ideal Trading Company
	4,967,545	4,091,880	875,665	872,881	(2,784)	Negotiation	Ideal Trading Company
	1,881,869	1,189,724	692,145	338,983	(353,162)	Negotiation	Agha Traders
	3,500,000	2,818,327	681,673	346,964	(334,709)	Negotiation	Hussain & Company
	8,457,469	7,838,644	618,825	2,260,684	1,641,859	Negotiation	Ideal Trading Company
8,330,793	7,800,632	530,161	2,264,957	1,734,796	Negotiation	A M International	
	<u>155,067,135</u>	<u>113,445,382</u>	<u>41,621,753</u>	<u>30,879,708</u>	<u>(10,742,045)</u>		
Vehicle	6,646,410	4,482,126	2,164,284	5,857,887	3,693,603	Company Policy	Mr. Tahir Saleem - Employee
	2,176,550	576,786	1,599,764	2,176,550	576,786	Company Policy	Mr. Saad Ali - Employee
	2,074,540	764,353	1,310,187	1,825,595	515,408	Company Policy	Mr. Ali Shaban - Employee
	6,172,340	5,419,427	752,913	3,200,000	2,447,087	Negotiation	Mr. Muhammad Asad Nawaz Aslam
	2,410,260	1,684,966	725,294	1,687,182	961,888	Company Policy	Mr. Muhammad Suleman - Employee
	1,835,280	1,302,804	532,476	1,284,696	752,220	Company Policy	Mr. Tariq Ali - Employee
		<u>21,315,380</u>	<u>14,230,462</u>	<u>7,084,918</u>	<u>16,031,910</u>	<u>8,946,992</u>	

4.1.3 Leasehold and freehold land pertain to the manufacturing facilities having combined area of 147.8 acres (2022 : 137.8 acres).

4.2 Capital work-in-progress

	Civil works	Plant and machinery	Vehicles	Markup capitalized	Total
	----- (Rupees in '000) -----				

Year ended June 30, 2023

Balance as at July 1, 2022	716,623	207,986	160	21,499	946,268
Additions during the year	1,550,617	9,301,998	84,914	432,373	11,369,902
Transfers to operating fixed assets	(206,440)	(4,519,732)	(85,074)	-	(4,811,246)
Balance as at June 30, 2023	<u>2,060,800</u>	<u>4,990,252</u>	<u>-</u>	<u>453,872</u>	<u>7,504,924</u>

Year ended June 30, 2022

Balance as at July 1, 2021	333,253	257,757	25,277	36,013	652,300
Additions during the year	757,695	971,959	78,698	18,934	1,827,286
Transfers to operating fixed assets	(374,325)	(1,021,730)	(103,815)	(33,448)	(1,533,318)
Balance as at June 30, 2022	<u>716,623</u>	<u>207,986</u>	<u>160</u>	<u>21,499</u>	<u>946,268</u>

5. BIOLOGICAL ASSETS

	Note	2023 (Rupees in '000)	2022
Dairy livestock			
- Mature		491,986	222,897
- Immature		261,067	142,533
	5.1	<u>753,053</u>	<u>365,430</u>

5.1 Reconciliation of biological assets

Balance as at July 1	365,430	208,396
Purchases during the year	9,876	19,349
Livestock expired	(13,152)	(6,500)
Sale of livestock	(61,491)	(22,284)
Gain on fair valuation of livestock due to:		
- new births	57,604	27,128
- price and age change	394,786	139,341
	<u>452,390</u>	<u>166,469</u>
Balance as at June 30	<u>753,053</u>	<u>365,430</u>

5.2 At June 30, 2023, the Company held 669 mature livestock - including pregnant livestock (2022: 554 mature livestock) able to produce milk and 652 immature livestock (2022: 642 immature livestock) which are being raised to produce milk in the future.

5.3 During the year, the Company produced approximately 4,748,122 (2022: 4,750,026) gross litres of milk from mature livestock.



5.4 As at June 30, 2023, the Company held 33 breeding bulls (2022: 38 breeding bulls).

5.5 The valuation of dairy livestock as at June 30, 2023 has been carried out by an independent valuer. In this regard the valuer examined the physical condition of the livestock, assessed the key assumptions and estimates and valued them on the basis of market values. The valuation is considered to be a level II in the fair value hierarchy due to observable market data other than quoted prices in the active markets.

5.6 Cost to sell is considered immaterial and has not been taken into account while valuing the biological assets.

## 6. LONG TERM ADVANCE

	Note	2023 (Rupees in '000)	2022
<b>- Considered doubtful</b>			
Investment in a joint venture - advance	6.1 & 6.3	44,444	66,667
Provision against advance		(44,444)	(66,667)
		-	-
6.1 Opening balance of investment		66,667	66,667
Less: recovery		(22,223)	-
Closing balance of investment		44,444	(66,667)
6.2 Opening balance of impairment		(66,667)	66,667
Less: reversal of impairment		22,223	-
Closing balance of impairment		(44,444)	(66,667)
Closing balance		-	-

6.3 This represents first and second tranche of advance for a Joint Venture Project of Rs. 4,250 million. The principal activity of the Joint Venture Project was acquisition and development of a real estate project in Karachi through a Joint Venture Company. The Company's share in this Joint Venture project is ten percent. The Project could not be executed and accordingly the amount was provided in previous years. However, during the current year the parties to the Joint Venture have agreed to settle the amount spent for the project. In this respect the Company has received Rs. 22 million in the current year and the provision in respect of which has been reversed accordingly.

## 7. LONG TERM LOANS

	Note	2023 (Rupees in '000)	2022
<b>- Considered good</b>			
Loan to employees			
Related parties - Key management personnel		13,429	20,525
Other employees		52,423	64,926
	7.1	65,852	85,451
current portion of long term loans	12	(27,908)	(39,305)
		37,944	46,146

7.1 These are interest free loans recoverable in monthly instalments over a period of three years. These loans are secured against employees' retirement benefit obligation.

7.2 The maximum amount of loans to the key management personnel outstanding at the end of any month during the year ended June 30, 2023 was Rs. 26.529 million (2022: Rs. 34.725 million).

## 8. LONG TERM INVESTMENTS

	Note	2023 (Rupees in '000)	2022
Investments in associates - equity method	8.1	5,497,655	4,233,555

## 8.1 Investment in associates - equity method

	Note	2023 (Rupees in '000)	2022
Lucky Core Industries Limited - formerly ICI Pakistan Limited	8.2	3,677,707	2,564,380
Lucky Holdings Limited	8.3	787	581
Yunus Energy Limited	8.4	1,819,161	1,668,594
		5,497,655	4,233,555

8.1.1 The Company's investment in Lucky Core Industries Limited (LCI) formerly ICI Pakistan Limited, Lucky Holdings Limited (LHL) and Yunus Energy Limited (YEL) is less than 20% but these are considered associates as the Company has significant influence over the financial and operating policies through representation on the Board of Directors of these companies.

8.1.2 The principal place of business of all the associates is located in Pakistan.

## 8.2 Investment in LCI (formerly ICI Pakistan Limited) - at equity method

	2023	2022
Number of shares held	6,654,867	6,654,867
Cost of investment (Rupees in '000)	1,341,311	1,341,311
Fair value of investment (Rupees in '000)	4,020,471	4,821,784
Ownership interest	7.21%	7.21%
	2023 (Rupees in '000)	2022 (Rupees in '000)
Balance as at July 01	2,564,380	2,194,818
Share of profit	1,281,423	638,808
Share of other comprehensive loss	(1,724)	(3,051)
Dividend received	(166,372)	(266,195)
Balance as at June 30	3,677,707	2,564,380

The financial year end of LCI (formerly ICI Pakistan Limited) is June 30, 2023. Summarised financial highlights of LCI and the related share of the Company as at reporting date are as follows:

	2023 (Rupees in '000)	2022 (Rupees in '000)
Total assets	90,236,091	75,129,649
Total liabilities	(46,281,855)	(41,838,398)
Net assets	43,954,236	33,291,251
Company's share of net assets	3,169,100	2,400,299
Revenue	109,587,191	100,866,828
Profit for the year	24,246,136	8,860,028
Company's share of profit	1,748,147	638,808
Other comprehensive loss for the year	(23,910)	(42,310)
Company's share of other comprehensive loss	(1,724)	(3,051)

### 8.3 Investment in LHL - at equity method

	2023	2022
Number of shares held	8,580	8,580
Cost of investment (Rupees in '000)	429	429
Ownership interest	1%	1%

	2023	2022
	(Rupees in '000)	
Balance as at July 01	581	1,543
Share of profit	2,248	2,590
Dividend received	(2,042)	(3,552)
Balance as at June 30	787	581

The financial year end of LHL is June 30, 2023. Summarised financial highlights of LHL as at reporting date and the related share of the Company are as follows:

	2023	2022
	(Rupees in '000)	
Total assets	443,602	413,690
Total liabilities	(394,010)	(384,731)
Net assets	49,592	28,959
Company's share of net assets	495	289
Revenue	359,070	375,000
Profit for the year	224,837	259,013
Company's share of profit	2,248	2,590

### 8.4 Investment in YEL - at equity method

	2023	2022
Number of shares held	61,136,500	61,136,500
Cost of investment (Rupees in '000)	611,365	611,365
Ownership interest	19.99%	19.99%

	2023	2022
	(Rupees in '000)	
Balance as at July 01	1,668,594	1,374,264
Share of profit	406,078	462,277
Share of other comprehensive income / (loss)	(10,965)	178
Dividend received	(244,546)	(168,125)
Balance as at June 30	1,819,161	1,668,594

Note

8.4.1

8.4.1 The financial year end of YEL is June 30, 2023. Summarised financial highlights of YEL as at reporting date and the related share of the Company are as follows:

	2023	2022
	(Rupees in '000)	
Total assets	14,084,647	14,038,659
Total liabilities	(5,088,087)	(5,795,603)
Net assets	8,996,560	8,243,056
Company's share of net assets	1,798,412	1,647,787
Revenue	4,084,270	3,976,754
Profit for the year	2,031,405	2,295,826
Company's share of profit	406,078	458,936
Other comprehensive (loss) / income for the year	(54,850)	890
Company's share of other comprehensive (loss) / income	(10,965)	178

Note

### 9. STORES, SPARES AND LOOSE TOOLS

Stores	524,998	426,477
Spares in		
- hand	605,664	428,302
- transit	175,870	82,021
Loose tools	1,685	2,014
	1,308,217	938,814
Less: Provision for slow moving stores, spares and loose tools	(41,357)	(41,357)
	1,266,860	897,457

9.1

9.1 Balance as at July 01	41,357	37,594
Amount incurred against the provision - net	-	3,763
Balance as at June 30	41,357	41,357

### 10. STOCK-IN-TRADE

Raw material in		
- hand	14,991,278	10,174,730
- transit	4,450,885	5,118,838
- feed	75,855	34,300
	19,518,018	15,327,868
Work-in-process	986,146	649,453
Finished goods		
- Yarn	2,433,978	1,976,680
- Knitted fabric	272,343	332,640
- Waste	195,428	94,727
- Unprocessed milk	2,166	14
	2,903,915	2,404,061
	23,408,079	18,381,382

## 11. TRADE DEBTS

	Note	2023 ----- (Rupees in '000) -----	2022 -----
<b>- Considered good</b>			
Foreign - Secured		883,693	1,928,785
Local - Secured		175,960	56,691
Local - Unsecured	11.2	1,912,433	1,765,919
		<u>2,972,086</u>	<u>3,751,395</u>
<b>- Considered doubtful</b>			
Local - Unsecured		97	97
Provision for loss allowance		(97)	(97)
		<u>-</u>	<u>-</u>
		<u>2,972,086</u>	<u>3,751,395</u>

11.1 The Company has recognised a loss allowance of Rs. 0.09 million (2022: Rs. 0.09 million) against all local trade debts.

11.2 The balance includes trade balances outstanding from associated companies as follows:

	2023 ----- (Rupees in '000) -----	2022 -----
Lucky Textile Mills Limited	4,613	4,610
Lucky Knits (Private) Limited	-	171
	<u>4,613</u>	<u>4,781</u>

11.3 The maximum amount due from related parties, at the end of any month during the year were Rs. 160.04 million (2022: Rs.584.49 million). The transactions with associated companies are carried on agreed terms.

11.4 Following are the details of debtor in relation to export sales:

Jurisdiction	Category	Note	2023 ----- (Rupees in '000) -----	2022 -----
Asia	Letter of credit		277,116	203,382
Europe	Letter of credit		-	53,718
	Contract		299,976	726,484
Central America	Contract		-	538,403
North America	Contract		306,601	442,046
Total	Letter of credit		277,116	257,100
	Contract		606,577	1,706,933

## 12. LOANS AND ADVANCES

### - Unsecured - considered good

Current portion of long term loans	7	27,908	39,305
Advances to employees		12,408	12,934
Advance to suppliers and contractors		113,124	456,072
Letters of credit, fee and expenses		4,079	4,136
Subordinated loan	12.1	19,525	16,930
Advance against shares	12.2	9,763	360
LC margin		548,619	4,973
		<u>735,426</u>	<u>534,710</u>

## 12.1 Subordinated loan

	Note	2023 ----- (Rupees in '000) -----	2022 -----
Tricom Solar Power (Private) Limited		12,104	10,703
Yunus Wind Power Limited		7,421	6,587
	12.3	<u>19,525</u>	<u>16,930</u>

## 12.2 Advance against shares

Tricom Solar Power (Private) Limited	12.3	<u>9,763</u>	<u>360</u>
--------------------------------------	------	--------------	------------

12.3 As part of strategic investments, the Company had given subordinated loan and advance against shares to Tricom Solar Power (Private) Limited and Yunus Wind Power Limited, shares in respect of which will be issued in due course in accordance with the regulatory requirements.

Upon expiry of initial 12 months period from previous approval dated April 13, 2018 for the investment, the Company obtained extension from the shareholders in EOGM dated March 20, 2019 for a period of four years or till the Project achieves commercial operations, whichever is later.

## 13. OTHER RECEIVABLES

	Note	2023 ----- (Rupees in '000) -----	2022 -----
<b>- Considered good</b>			
Sales tax refundable including carried forward input tax		2,787,373	1,244,218
Rebate receivable on export sales		37,003	37,003
Claims receivable		186,249	104,812
Others		4,530	723
		<u>3,015,155</u>	<u>1,386,756</u>
<b>- Considered doubtful</b>			
Claims receivable	23.1.2	20,000	20,000
Sales tax		-	52,439
Others	13.1	5,600	5,600
		<u>25,600</u>	<u>78,039</u>
Provision for doubtful other receivables		(25,600)	(78,039)
		<u>-</u>	<u>-</u>
		<u>3,015,155</u>	<u>1,386,756</u>

13.1 The Company received a demand cum show cause notice for the amount of Rs. 28.22 million from Custom Authorities vide order dated October 19, 2010, deleting their Manufacturing Bond Entry for import of Polyester Staple Fiber (PSF). The Company has paid Rs. 5.60 million under protest against the demand and also made provision for the same amount. Since the goods were imported for re-export, the FBR has rectified the anomaly through S.R.O. 688(I)/2010 dated July 27, 2010. Last year, the matter has been decided in favour of the Company from the Honorable Peshawar High Court but has been challenged before the Supreme Court of Pakistan by the department. Management believes that no further provision is required for the remaining amount and the amount so paid shall become refundable.



#### 14 CASH AND BANK BALANCES

	Note	2023 ----- (Rupees in '000) -----	2022
Cash in hand		11,984	8,185
Cash with banks			
- current account	14.1	21,326	60,816
- time deposits	14.2	231,867	90,840
		253,193	151,656
		265,177	159,841

14.1 It includes balances in foreign currency bank accounts amounting to US Dollars 61,276.17 equivalent to Rs. 17.56 million (2022: US Dollars 44,098 equivalent to Rs. 9.06 million).

14.2 These carry markup at the rates ranging from 6.75% to 20.31% per annum (2022: 5.50% to 15.62% per annum).

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

2023 ----- (Number of Shares) -----	2022		2023 ----- (Rupees in '000) -----	2022
6,000,000	6,000,000	Ordinary shares of Rs. 10 each fully paid in cash	60,000	60,000
17,437,500	17,437,500	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	174,375	174,375
4,592,083	4,592,083	Ordinary shares of Rs. 10 each issued as fully paid pursuant of amalgamation	45,921	45,921
28,029,583	28,029,583		280,296	280,296

15.1 As at June 30, 2023, Y.B. Holdings (Private) Limited (the Holding Company) hold 19,499,741 (2022: 19,499,741) ordinary shares of Rs. 10 each.

15.2 The Company has one class of ordinary shares which carries no right to fixed income. The holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

#### 16. RESERVES

	2023 ----- (Rupees in '000) -----	2022
<b>Capital Reserves</b>		
Share premium	103,125	103,125
Amalgamation reserves	34,416	34,416
Against long-term Investments, capacity expansion and BMR	16,500,000	-
	16,637,541	137,541
<b>Revenue Reserves</b>		
General reserve	1,000,000	1,000,000
Amalgamation reserves	727,333	727,333
Unappropriated profit	2,046,032	15,857,979
	3,773,365	17,585,312
	20,410,906	17,722,853

16.1 The Board of Directors of the Company in its meeting held on June 22, 2023 decided to earmark a sum of Rs. 16.5 billion as not available for distribution by way of dividend on account of long-term investments, capacity expansions and BMR to more accurately reflect the nature of these reserves. The said decision was disclosed to the PSX by the Company vide notice dated June 23, 2023. Based on this decision, the reserves against long-term investments, capacity expansions and BMR amounting to Rs. 16.5 billion have been separately disclosed as capital reserve not available for distribution in these financial statements.

One of the group Company has also approached the Securities and Exchange Commission of Pakistan (SECP) for clarification on the said matter. The SECP through its letter dated July 27, 2023 has informed that the matter is under review and any view adopted by SECP shall be communicated in due course.

#### 17 LONG TERM FINANCE

Note	2023 ----- (Rupees in '000) -----	2022	
<b>Banking companies - secured</b>			
Long term finance facility	17.1	3,637,839	3,741,950
Term loan	17.2	5,623,323	-
Salary refinance scheme	17.3	-	274,467
Temporary economic refinance facility	17.4	837,418	755,164
Less: Current portion of long term finance		(666,994)	(763,011)
		9,431,586	4,008,570

17.1 The Company has entered into a long term finance agreement with commercial banks, with an approved limit of Rs. 12.11 billion (2022: Rs. 6.07 billion). The facility carries a mark-up ranging from SBP Base Rate + 0.10% to 2% payable on a quarterly basis (2022: SBP Base Rate + 0.10% to 0.75% payable on a quarterly basis). The tenure of this facility is 10 years including grace period of 2 years.

17.2 This represent term loan obtained under the long term finance facility from various commercial banks having markup ranging from KIBOR + 0.20% to 0.75%.

The above financing agreement is secured by pari passu charge over plant and machinery of the Company.

17.3 During the year the Company has repaid the SRF. The approved limit of the loan was Rs. 0.80 billion with the mark up of SBP Base Rate + 0.40%. For this facility, the SBP base rate was 0.00% as advised by SBP circular no. 7 dated April 22, 2020. The tenure of this facility was 2.5 years including grace period of 6 months

17.4 The Company has entered into a TERF agreement with commercial banks, with an approved limit of Rs. 1.072 billion (June 30, 2022: Rs. 1.19 billion). The facility carries a mark up of SBP Base Rate + 0.50% to 0.75% (June 30, 2022: SBP Base Rate + 0.50% to 0.75%). The tenure of this facility is 10 years including grace period of 2 years.

#### 18. DEFERRED GOVERNMENT GRANT

Note	2023 ----- (Rupees in '000) -----	2022	
Deferred government grant against salary refinance scheme	17.1	-	6,672
Deferred government grant against temporary economic refinance facility	17.2	235,221	236,183
Current portion of deferred government grant		(54,879)	(56,327)
		180,342	186,528

18.1 Deferred government grant relates to the financing obtained at below market mark-up rates i.e. difference between the fair value and actual proceed of SRF loan obtained under SBP's Refinance scheme for payment of salaries. It is being amortised over the period of next two and a half year from the date of loan disbursement with an amount equal to the difference between the finance cost that would have been charged to statement of profit or loss at market rate and the interest paid at SBP's defined rate as per the scheme.

18.2 Deferred government grant relates to the financing obtained at below market mark-up rates i.e. difference between the fair value and actual proceed of TERF loan obtained under SBP's refinance scheme. It is being amortised over the period of ten years from the date of loan disbursement with an amount equal to the difference between the finance cost that would have been charged to statement of profit or loss at market rate and the interest paid as per the scheme.

## 19 RETIREMENT BENEFIT OBLIGATION

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
Retirement benefit obligation	19.2	1,008,944	820,993

### 19.1 Retirement benefit obligation

The Projected Unit Credit method based on following significant assumptions was used for valuation of the scheme. The basis of recognition together with details as per actuarial valuation are as under:

	2023	2022
Valuation discount rate	16.25%	13.25%
Salary increase rate (Long term)	16.25%	13.25%
Salary increase rate (Short term)	20.00% for 1 year	10.00% for 1 year
Mortality rate	SLIC 2001-05	SLIC 2001-05

### 19.2 Liability recognised in the statement of financial position

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
Present value of retirement benefit obligation	19.3	1,008,944	820,993

### 19.3 Movement in liability during the year

	Note	2023	2022
Balance as at July 1		820,993	714,068
Expense recognised in the statement of profit or loss	19.4	337,818	276,924
Total remeasurements loss / (gain) recognised in the statement of comprehensive income	19.5	27,879	(20,591)
Benefits paid		(177,746)	(149,408)
Balance as at June 30		1,008,944	820,993

### 19.4 Expense recognised in the statement of profit or loss

	2023	2022
Current service cost	241,698	213,270
Interest cost	96,120	63,654
	337,818	276,924

### 19.5 Total remeasurements recognised in the statement of comprehensive income

	2023	2022
Actuarial loss / (gain) on liability arising on		
- financial assumptions	44,073	40,179
- experience adjustments	(16,194)	(60,770)
	27,879	(20,591)

### 19.6 Sensitivity analysis

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:tt

	Change in assumption %	Increase / (decrease) in defined benefit obligation Increase in assumption Decrease in assumption ----- (Rupees in '000) -----
Discount rate	1	(10,600) 10,821
Salary growth rate	1	(14,817) 14,710

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the Projected Unit Credit method at reporting date, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

### 19.7 The gratuity scheme exposes the Company to the following risks:

**Longevity risk:** The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

**Salary increase risk:** The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual salaries are higher than expectation and impacts the liability accordingly.

**Withdrawal risk:** The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

### 19.8 The weighted average duration of defined benefit obligation as at June 30, 2023 is 33.88 years (2022: 33.16 years).

### 19.9 Expected maturity analysis of undiscounted retirement benefit plans

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
Undiscounted payments			
Year 1		287,302	213,300
More than 1 year		930,308	747,486

## 20 DEFERRED TAX LIABILITIES

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
Balance as at June 30	20.1	1,415,003	756,100

### 20.1 Deferred tax liability comprises of taxable / (deductible) temporary differences in respect of following:

	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
Deferred credits / (debits) arising due to:		
- Accelerated tax depreciation on property, plant and equipment	951,321	512,442
- Provision against retirement benefit obligation	(162,011)	(91,954)
- Provision against long term advance	(7,137)	(7,468)
- Provision against stores, spares and loose tools	(6,641)	(4,632)
- Provision against doubtful other receivables	(4,111)	(8,741)
- Gain arising from changes in fair value of livestock	277,706	93,678
- Tax asset on unused tax credit	(429,678)	-
- Share of profit from associates	795,554	262,775
	1,415,003	756,100

## 20.2 Movement in Deferred Tax

	Note	2023 (Rupees in '000)	2022
Opening Balance		756,100	780,817
Charge for the year		656,249	(26,577)
Charge on OCI		2,654	1,860
Closing Balance		1,415,003	756,100

## 21 TRADE AND OTHER PAYABLES

Creditors		1,633,285	1,307,978
Foreign bills payable		1,858,117	3,534,500
Advance from customers	21.1	182,691	202,252
Accrued liabilities		4,967,426	4,266,995
Withholding income tax		16,241	19,431
Sales tax payable		65,538	39,844
Workers' welfare fund		176,335	176,335
Workers' profit participation fund	21.2	251,698	154,189
Others		126,832	96,699
		9,278,163	9,798,223

**21.1** During the year the performance obligation underlying the opening contract liability (advance from customers) of Rs. 202.252 million were satisfied in full. Accordingly the said liability was recorded as revenue during the year.

### 21.2 Workers' profit participation fund

	Note	2023 (Rupees in '000)	2022
Balance as at July 01		154,189	16,662
Provision made during the year	29	251,698	366,304
Interest on funds utilised in business	28	2,144	1,305
Payments made during the year		(156,333)	(230,082)
Balance as at June 30		251,698	154,189

## 22 SHORT TERM BORROWINGS

### Banking companies - secured

Running finance under mark-up arrangements	22.1	12,928,971	4,775,100
Money market	22.2	500,000	-
Export refinance	22.3	2,033,421	1,342,871
		15,462,392	6,117,971

**22.1** Facilities for running finance, import finance, export finance and export refinance are available from various commercial banks upto Rs. 38.11 billion (2022: Rs. Rs. 36.81 billion). For running finance facility, the rates of mark-up range between KIBOR + 0.05% to KIBOR + 1.00% per annum (2022: KIBOR + 0.05% to KIBOR + 1.00% per annum). These are secured against hypothecation of stock, receivables and plant and machinery.

**22.2** This represents short term finance facilities including money market loan under sub-limit of the facilities mentioned in note 22.1 from various commercial banks having mark-up ranging between KIBOR + 0.00% to KIBOR + 0.22% per annum. (2022: KIBOR 0.00% to KIBOR + 0.05% per annum). These are secured against hypothecation of stock, charge on receivables and plant and machinery.

**22.3** The rate of mark-up on export refinance is SBP Base Rate + 0.50% to SBP Base Rate + 1.00% (2022: SBP Base Rate 0.50% to SBP Base Rate + 1.00%).

## 23. CONTINGENCIES AND COMMITMENTS

### 23.1 Contingencies

**23.1.1** Outstanding guarantees given on behalf of the Company by commercial banks in normal course of business amounting to Rs. 2.82 billion (2022: Rs. 1.83 billion).

**23.1.2** In prior years, Sui Northern Gas Pipeline Limited (SNGPL) charged the Company with an amount of Rs. 168 million on account of under billing of gas. The Company lodged a complaint with the Appellate Authority (the Authority) against SNGPL and on January 21, 2010, the Authority partly admitted the plea of the Company and allowed partial relief of Rs. 53.89 million. The Company has paid Rs.113.63 million in prior years. Subsequent to the decision of the Authority, both the Company (to claim additional relief) and SNGPL (against the relief provided) have filed appeals with higher authorities against the decision. Management is of the view that no further liability will arise as it is expected that the final outcome of this case will be in its favour.

**23.1.3** Previously, the Company had filed a suit before the Sindh High Court, challenging the applicability of Gas Infrastructure Development Cess (GIDC) Act, 2011 which was eventually decided upon by the Supreme Court of Pakistan declaring GIDC Act, 2011 as invalid that being a fee-imposing enactment, it could not be introduced through Money Bill as a tax.

Thereafter the GIDC Ordinance 2014 was introduced to circumvent the decision of SC. However, in May 2015, the Government passed the GIDC Act, 2015.

The Company challenged the GIDC Act, 2015 and filed writ petition in the Peshawar High Court (PHC) challenging the vires and legality of the levy and demand of GIDC including its retrospective application. On May 31, 2017, PHC dismissed the said petition, however, the Company obtained interim relief against the payment of GIDC imposed through monthly bills from PHC on the ground that GIDC is not leviable as the Company has not added GIDC impact in its price and has not collected from its customer. Further, the Company filed Civil Petition for Leave to Appeal (CPLA) in SC, against the adverse judgment of PHC. On August 13, 2020, the SC upheld the legality of GIDC Act, 2015.

Further, the Apex Court in its judgement validated the GIDC Act, 2015 which contains Section 8 in particular. Whilst examining Section 8 (2) (1st proviso), the legislature has explicitly stated that the cess shall not be collected from industries where it has not been collected by the Gas companies in terms of GIDC Act, 2011 and the GIDC Ordinance 2014. Further, while comparing two categories i.e. industrial and domestic consumers, the Hon'ble Court has specifically stated that GIDC shall be applicable only on those companies which have passed the burden on to its consumers/clients (Clause 37). Management maintains that since the Company has not passed on the burden to its consumers/clients, it is not liable to pay GID Cess, by whatever name charged. Accordingly, the Company filed the review petition in the Supreme Court of Pakistan against the above judgement of SC.

The SC in its judgment dated November 03, 2020, while dismissing all review petitions filed against its earlier judgement dated August 13, 2020, clearly stated that as the SC held the Act to be intra-vires therefore all the sections are to be applied and that the question pertaining to the applicability of Section 8(2) and its proviso has not been agitated and its relief lies elsewhere and that the companies claiming any relief under GIDC Act, 2015 may approach the right forum. Meanwhile, the Company's writ petition which was pending before the PHC with the plea that the Company did not pass on the GIDC burden to their end consumers and seeking relief under Section 8 (2) of the GIDC Act, 2015, was referred by PHC to OGRA, being the relevant authority, on which OGRA subsequently showed its inability to decide the matter. Accordingly, the Company filed a fresh writ petition before the PHC challenging Section 8(2) of GIDC Act, 2015, which PHC dismissed on June 15, 2022 with the plea of non-maintainability with the directions to approach the right forum. Accordingly, the Company filed a writ petition at Trial Court Peshawar which allowed a stay order restraining SNGPL from collection of GIDC and any adverse action against the Company. The management maintains that since the Company has not passed on the burden to its consumers / clients, it is not liable to pay GIDC, by whatever name charged as it clearly falls within the ambit of the exemption in line with Section 8(2) of the GIDC Act, 2015.



**23.1.4** National Accountability Bureau (NAB) had filed a reference before the Accountability Court- Peshawar on February 2, 2016 where the NAB has alleged that the Company has illegally sold the electricity to Peshawar Electric Supply Corporation (PESCO) at higher rates as compared to purchase price of electricity being supplied to the Company from PESCO. In this regard, the management believes that the said allegations are false, unsubstantiated and unfounded and the case is devoid of merits as the Company sold the electricity after required approvals and at price on which all captive power plants were selling electricity to distribution companies in accordance with approved policy of Government of Pakistan. Moreover, the Court has recently decided the case vide order dated February 23, 2022 whereby the Court has declared that the case is not maintainable on account of the recent amendment made in the NAB Law via National Accountability (Second Amendment Ordinance), 2021 and the Court has directed to NAB to initiate the inquiry along with the relevant regulatory authorities in order to determine the realization of alleged colossal financial loss to the government treasury.

Against the decision of Accountability Court, the NAB has filed the appeal before the Peshawar High Court (PHC). Simultaneously, the Company has also filed appeal in PHC against the direction of the Accountability Court where the management believes that Court cannot give any direction to initiate the inquiry against the Company, rather it only needs to decide the case.

**23.1.5** The Income Tax return of Fazal Textile Mills Limited (FTML) (previously merged with the Company in the year 2015) for Tax year 2013 was amended under section 122(5A) by the Additional Commissioner Income Revenue (ACIR) vide its order dated March 4, 2014 on account of certain disallowances primarily against Workers Welfare Fund (WWF). The Company filed an appeal against the amended order against which Commissioner Inland Revenue Appeals (CIRA) allowed some relief to the Company. The Company being dissatisfied had filed an appeal in the Appellate Tribunal which is pending for adjudication. Thereafter, the department has selected the said return for Audit proceedings under sections 177 and 214C of the Ordinance. In pursuance to the aforementioned audit, the amended assessment order was further amended by the Deputy Commissioner Inland Revenue (DCIR) making additions of Rs 1.63 million on account of certain disallowed expenses, levied WWF of Rs. 9.16 million and also restricted tax refundable to the amount of advance tax thereby reducing it by Rs. 48.89 million. The Company had filed an appeal before Commissioner Appeals (CIRA) against the said audit proceedings on the grounds that the assessment was prejudicially re-amended without evaluating the current status. The said appeal is pending adjudication.

The management believes that the aforementioned matters will ultimately be decided in the favour of the Company. Accordingly, no provision is required to be made against the said amounts in these financial statements.

**23.1.6** The Assistant Commissioner Inland Revenue (ACIR), Peshawar, passed an assesment order for Tax Year 2015 dated December 13, 2016 after completion of audit proceedings amounting to Rs. 2,696 Million. The Company proceeded to file an appeal before the Commissioner Appeals (CIRA) against the frivolous demand created by the ACIR where after the CIRA gave partial relief and demanded tax was reduced to Rs. 462 million. Subsequently, the Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) for relief of remaining unjustified additions where ATIR has decided the case in favour of the company on the ground that it lacks audit observation which is the mandatory requirement of the law and therefore allowed the appeal of the Company. Accordingly, the tax department has issued the appeal effect order in favour of the Company.

Currently, the department has filed the Reference application before the Peshawar High Court (PHC) against the decision of ATIR which is still pending for adjudication.

**23.1.7** The Collector of Customs has passed an order dated November 11, 2021 for recovery of the differential amount of advance tax at 4% (5%-1%) related to import of cotton during the period April 2013 to March 2014 alleging that the benefit of reduce rate of advance tax under section 148 of the Ordinance shall be available only to the textile sector involve in the spinning sector onwards and demanded tax of Rs. 71.58 million along with the penalty of Rs. 500,000. The Company previously filed appeal before the Custom Tribunal against the said order of Collector of Customs which was decided against the Company. The Company then filed an appeal against said order of Custom Tribunal before the Sindh High Court and the said matter is still pending at Sindh High Court. Although the similar nature of case had been decided in favour of the taxpayer by the High Court.

**23.1.8** Apart from the legal cases disclosed in these financial statements, no other major cases are pending having impact on the Company's financial statements

## 23.2 Others

Note	2023	2022
	(Rupees in '000)	
Export bills discounted with recourse	-	195,240
Local bills discounted	354,141	330,574
Post-dated cheques in favour of Collector of Customs against imports	9,215,650	1,884,666

## 23.3 Commitments

Letters of credit opened by banks for:		
Plant and machinery	4,473,213	8,112,840
Raw materials	3,909,703	5,094,800
Stores and spares	146,897	90,272

## 24. SALES - net

### Export

- Yarn	2,921,671	7,163,366
- Knitted fabric	5,958,613	5,457,233
- Waste	147,439	370,510
	9,027,723	12,991,109
Commission on direct export sales	(191,643)	(195,186)
	8,836,080	12,795,923

### Indirect export

- Yarn	23,920,055	27,951,444
- Waste	741,118	-

### Local

- Yarn	30,456,201	18,598,907
- Knitted fabric	-	14,408
- Waste	2,137,470	2,418,292
	57,254,844	48,983,051

Commission on local / Indirect export sales	(168,320)	(183,729)
Sales tax	(8,464,354)	(7,179,124)
	48,622,170	41,620,198

Sale of milk	538,990	412,026
	57,997,240	54,828,147

**24.1** Included herein exchange gain of Rs. 388 million (2022: Rs. 479 million) on account of foreign debtors.

## 25. COST OF SALES

Note	2023	2022
	(Rupees in '000)	
Opening stock - finished goods	2,404,061	1,428,476
Cost of goods manufactured	52,329,249	47,462,975
Closing stock - finished goods	(2,903,915)	(2,404,061)
	51,829,395	46,487,390

## 25.1 Cost of goods manufactured

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
Raw material consumed	25.1.1	41,125,169	36,620,082
Salaries, wages and benefits	25.1.2	3,112,353	2,874,094
Stores, spares and loose tools		1,251,612	1,150,392
Packing material		1,126,060	1,025,429
Rent, rates and taxes		3,567	4,150
Doubling charges		12,322	13,430
Dyeing, stitching and knitting charges		583,603	583,934
Mixing charges		60,736	67,535
Depreciation	4.1.1	1,083,390	936,413
Fuel and power	25.1.3	4,013,122	4,125,688
Repairs and maintenance		25,215	46,253
Printing and stationery		203	217
Legal and professional		4,837	2,866
Entertainment		12,288	8,196
Fee and subscriptions		9,759	9,873
Insurance		132,836	79,392
Travelling and conveyance		10,262	4,949
Vehicle running and maintenance		62,503	31,756
Communication		5,324	4,219
Other manufacturing expenses		30,781	32,242
		<u>52,665,942</u>	<u>47,621,110</u>
Work-in-process			
Opening stock		649,453	491,318
Closing stock	10	(986,146)	(649,453)
		<u>(336,693)</u>	<u>(158,135)</u>
Cost of goods manufactured		<u>52,329,249</u>	<u>47,462,975</u>

### 25.1.1 Raw material consumed

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
Opening stock		15,327,868	8,957,476
Purchases - net		45,315,319	42,990,474
Closing stock	10	(19,518,018)	(15,327,868)
		<u>41,125,169</u>	<u>36,620,082</u>

25.1.2 Salaries, wages and benefits include Rs. 272.92 million (2022: Rs. 239.12 million) in respect of retirement benefit obligation.

25.1.3 This includes depreciation expense of Rs. 85.34 million (2022: Rs. 82.60 million).

## 26. DISTRIBUTION COST

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
Logistic and related charges		683,800	1,317,969
Loading and others		35,151	31,215
Fee and subscriptions		12,306	16,038
Salaries, wages and benefits	26.1	78,472	63,699
Bank charges on export documents		9,340	17,079
Travelling and conveyance		10,743	15,241
Vehicles running and maintenance		7,636	4,696
Insurance		4,286	6,133
Communication		2,041	1,639
Entertainment		19	7
Printing and stationery		584	654
Repairs and maintenance		128	374
Others		1,537	12,213
		<u>846,043</u>	<u>1,486,957</u>

26.1 Salaries, wages and benefits include Rs. 14.78 million (2022: Rs. 11.25 million) in respect of retirement benefit obligation.

## 27. ADMINISTRATIVE EXPENSES

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
Salaries, wages and benefits	27.1	305,290	215,207
Legal and professional		17,053	9,677
Depreciation	4.1.1	36,461	36,700
Travelling and conveyance		14,929	13,990
Electricity		18,995	15,589
Fee and subscriptions		8,315	8,228
IT related services		2,965	4,011
Vehicles running and maintenance		30,975	16,859
Insurance		12,144	16,366
Communication		9,280	7,737
Entertainment		4,014	2,861
Secretarial expenses		2,342	2,267
Auditors' remuneration	27.2	2,084	1,500
Printing and stationery		4,403	3,672
Repairs and maintenance		3,764	3,305
Advertisement		535	228
Rent, rates and taxes		525	320
Books and periodicals		37	44
Others		4,086	2,935
		<u>478,197</u>	<u>361,496</u>

27.1 Salaries, wages and benefits include Rs. 50.12 million (2022: Rs. 26.52 million) in respect of retirement benefit obligation.

## 27.2 Auditors' remuneration

Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
Statutory audit and other certification fees	1,884	1,350
Half yearly review	200	150
	<u>2,084</u>	<u>1,500</u>

## 28. FINANCE COST

Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
Mark-up / interest on:		
Long term finance	744,336	115,552
Short term borrowings	1,766,762	403,437
Workers' profit participation fund	2,144	1,305
	<u>2,513,242</u>	<u>520,294</u>
Bank and other financial charges	67,761	44,861
	<u>2,581,003</u>	<u>565,155</u>
Borrowing cost capitalised	(432,373)	(18,934)
	<u>2,148,630</u>	<u>546,221</u>

28.1 Borrowing cost is capitalised at weighted average borrowing capitalisation rate of 17.85% per annum (2022: 10.72% per annum).

## 29. OTHER OPERATING EXPENSES

Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
Workers' profit participation fund	251,698	366,304
Workers' welfare fund	-	41,716
Loss on sale of biological assets	36,228	17,618
Others	976	642
	<u>288,902</u>	<u>426,280</u>

## 30. OTHER INCOME

Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>Income from Financial Asset</b>		
Profit on deposit accounts	20,610	5,042
Realised gain on short term investments	23,369	15,687
Interest on subordinated loan	2,235	1,294
<b>Income from Non-Financial Asset</b>		
Scrap sales	101,394	84,572
Insurance claim	6,400	3,874
Reversal of impairment provision	22,222	-
Gain arising from changes in fair value of livestock	452,390	166,469
Exchange gain on foreign currency transactions - net	11,471	3,109
Gain on disposal of property, plant and equipment - net	46,370	14,541
	<u>686,461</u>	<u>294,588</u>

## 31. TAXATION

Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
Current		
- for the year	863,319	1,250,451
- prior year	(29,152)	(19,380)
	<u>834,167</u>	<u>1,231,071</u>
Deferred	656,249	(26,577)
	<u>1,490,416</u>	<u>1,204,494</u>

## 31.1 Relationship between tax expense and accounting profit

Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
Profit before taxation	4,782,283	6,918,066
Tax at applicable rate of 29% (2022: 29%)	1,386,862	2,006,239
Impact of adjustment of prior period minimum tax	-	(278,180)
Tax effect of permanent differences	153	(345)
Tax impact of rate difference on deferred tax	582,727	(137,985)
Effect of prior year tax	(29,152)	(19,380)
Tax effect of final tax regime	(537,758)	(783,262)
Others	87,584	417,407
	<u>1,490,416</u>	<u>1,204,494</u>

31.2 Management has a practice of recording tax expense based on the generally accepted interpretation of tax laws and accordingly sufficient provision in respect of taxation for last three years has been provided in these financial statements.

## 32. EARNINGS PER SHARE - Basic and Diluted

There is no dilutive effect on the basic earnings per share of the Company which is based on:

Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
Profit for the year (Rupees in '000)	3,291,867	5,713,572
Number of ordinary shares	28,029,583	28,029,583
Earnings per share (Rupees)	<u>117.44</u>	<u>203.84</u>

## 33. CASH (USED IN) / GENERATED FROM OPERATIONS

Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
Profit before taxation	4,782,283	6,918,066
<b>Adjustments for:</b>		
Depreciation	1,205,189	1,055,712
Gain on disposal of property, plant and equipment	(46,370)	(14,541)
Gain arising from changes in fair value of livestock	(452,390)	(166,469)
Loss on sale of animals	36,228	17,618
Finance cost	2,148,630	546,221
Share of profit from associates	(1,689,749)	(1,103,675)
Profit on deposits and short term investments	(43,979)	(5,042)
Reversal of Impairment	(22,223)	-
Provision for slow moving stores and spares	-	3,763
Provision for retirement benefit obligation	337,818	276,924
Working capital changes	(6,963,559)	(6,024,367)
	<u>(5,490,405)</u>	<u>(5,413,856)</u>
<b>Cash (used in) / generated from operations</b>	<u>(708,123)</u>	<u>1,504,210</u>



### 33.1 Working capital changes

	2023	2022
	----- (Rupees in '000) -----	
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	(366,403)	(253,366)
Stock-in-trade	(5,026,697)	(7,504,112)
Trade debts	779,309	286,977
Loans and advances	(212,113)	(288,327)
Trade deposits and short term prepayments	9,124	25,968
Other receivables	(1,626,719)	(989,316)
	(6,443,499)	(8,722,176)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	(520,060)	2,697,809
Working capital changes	(6,963,559)	(6,024,367)

### 34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in respect of remuneration and other benefits paid to Chief Executive and Executives of the Company were as follows:

	----- 2023 -----		----- 2022 -----	
	Chief Executive	Executives	Chief Executive	Executives
	----- (Rupees in '000) -----			
Remuneration	20,167	84,110	13,200	70,147
House rent	5,500	25,233	3,600	21,044
Utilities	1,833	8,411	1,200	7,015
Bonus	1,943	10,439	3,000	17,470
Medical	-	8,411	-	7,015
Other benefits	1,500	10,830	1,500	7,628
	<u>30,943</u>	<u>147,434</u>	<u>22,500</u>	<u>130,319</u>
	----- (In Numbers) -----			
Persons	<u>1</u>	<u>19</u>	<u>1</u>	<u>19</u>

34.1 The Company also provides vehicles for use to Chief Executive and Executives as per Company policy.

34.2 No remuneration has been paid to Directors of the Company except for meeting fee of Rs.2.84 million (2022: Rs. 1.41 million).

### 35. PRODUCTION CAPACITY

	2023	2022
Spindles installed (Number)	367,704	351,032
Shifts worked per day (Number)	3	3
Days worked (Number)	365	365
Shifts worked (Number)	1,095	1,095
Spindles worked (Number)	380,324,501	375,491,420
Installed capacity after conversion into 20's (Kgs) - as at reporting date	164,519,384	146,151,941
Actual production after conversion into 20's (Kgs)	155,400,312	142,767,792
Actual production (Kgs)	74,984,979	82,107,089
Knitting machines installed (Number)	12	12
Average number of days worked (Number)	-	-
Installed capacity (Kgs)	1,485,000	1,485,000

It is difficult to describe precisely the production capacity in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed, twist per inch, raw material used, etc.

The knitting capacity has not been used during the year because the Company outsourced its knitting production in order to achieve lower cost of production.

Actual production varies based on market demand

### 36. NUMBER OF EMPLOYEES

	----- 2023 -----			----- 2022 -----		
	Factory	Others	Total	Factory	Others	Total
	----- (Number) -----					
- At June 30	4,034	149	4,183	4,736	138	4,874
- Average during the year	4,385	144	4,529	4,757	139	4,896

### 37. RELATED PARTY TRANSACTIONS

Transactions between the Company and the related parties are carried out as per agreed terms duly approved by Board of Directors. Transactions with related parties, other than remuneration and benefits to key management personnel under the term of their employment as disclosed in note 34 are as follows:

Name of Related Party	Basis of Relationship	% of share-holding	Nature of Transaction	2023	2022
				(Rupees in '000)	
Y.B. Holdings (Private) Limited	Holding Company	-	Reimbursement of expenses to the Company Dividend paid	3,117 389,995	1,900 233,997
Lucky Core Industries Limited formerly ICI Pakistan Limited	Associate	7.21%	Purchase of fiber Purchase of silage Purchase of soda Dividend received	3,409,406 72,924 4,099 166,372	1,867,883 50,833 1,253 266,195
Yunus Energy Limited	Associate	19.99%	Reimbursement of expenses to the Company Dividend received	651 244,546	976 168,125
Lucky Holdings Limited	Associate	1.00%	Dividend received	2,042	3,552
Lucky Cement Limited	Associated Company	-	Purchase of cement Reimbursement of expenses from the Company Reimbursement of expenses to the Company	162,056 2,301 1,569	70,976 1,742 1,536
Lucky Knits (Private) Limited	Associated Company	-	Yarn sold Purchase of goods and services Purchase of Store	3,076,711 127,344 39	2,627,346 121,506 151
Yunus Textile Mills Limited	Associated Company	-	Yarn sold Sale of comber noil Sale of raw material	331,449 49,069 -	2,634,239 344,444 19,596
Lucky Textile Mills Limited	Associated Company	-	Yarn sold Sale of fabric Sale of comber noil Processing charges Reimbursement of expenses to the Company Reimbursement of expenses from the Company Sale of raw material Purchase of raw material	5,205,554 - 363,061 423 8,325 320 469 29,999	6,219,273 5,343 - 35 4,237 - - -
Lucky Energy (Private) Limited	Associated Company	-	Purchase of electricity / steam Reimbursement of expenses to the Company Reimbursement of expenses from the Company	1,713,348 2,505 273	1,638,915 1,330 -
Tricom Solar Power (Private) Limited	Associated Company	-	Advance against shares Interest income on subordinated loan	9,763 1,402	360 806
Yunus Wind Power Limited	Associated Company	-	Interest income on subordinated loan	833	488
Lucky Entertainment (Private) Limited	Associated Company	-	Servicing charges	-	800
Lucky Motor Corporation Limited	Associated Company	-	Purchase of vehicle Purchase of spare parts	36,316 -	23,159 62
YB Engineering Limited	Associated Company	-	Engineering services	14,687	-

37.1 Associate / Associated Companies comprise of related parties due to common directorship.

## 38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### 38.1 Financial instruments by category

#### Financial assets at amortized cost

	2023	2022
	(Rupees in '000)	
Loans to employees	65,852	85,451
Long term deposits	39,136	34,742
Trade debts	2,972,086	3,751,395
Loans and advances	31,933	29,864
Other receivables	227,782	142,538
Cash and bank balances	265,177	159,841
	<u>3,601,966</u>	<u>4,203,831</u>

#### Financial liabilities at amortized cost

	2023	2022
Long term finance	10,098,580	4,771,581
Trade and other payables	8,585,660	9,206,172
Unclaimed dividend	34,504	26,392
Accrued mark-up	921,539	203,782
Short term borrowings	15,462,392	6,117,971
	<u>35,102,675</u>	<u>20,325,898</u>

### 38.2 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. The responsibility includes developing and monitoring the Company's risk management policies. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures. The Company's exposure to the risks associated with the financial instruments and the risk management policies and procedures are summarised as follows:

#### 38.2.1 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company does not have any significant exposure to customers from any single country or single customer.

Credit risk of the Company arises principally from trade debts, loans, advances, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2023	2022
	(Rupees in '000)	
Loan to employees	65,852	85,451
Long term deposits	39,136	34,742
Trade debts	2,972,086	3,751,395
Loans and advances	31,933	29,864
Other receivables	227,782	142,538
Bank balances	253,193	151,656
	<u>3,589,982</u>	<u>4,195,646</u>

The trade debts are due from foreign and local customers for export and local sales respectively. Management assesses the credit quality of local and foreign customers, taking into account their financial position, past experience and other factors. For bank balances, financial institutions with strong credit ratings are accepted. Credit risk on bank balances is limited as these are placed with banks having good credit ratings. Loans to employees are secured against their gratuity balances.

The Company always measures the loss allowance for trade debts at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on local trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company has recognised a loss allowance of Rs. 0.09 million (2022: Rs. 0.09 million) against all local trade debts.

### 38.2.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The following are the contractual maturities of financial liabilities excluding the impact of netting agreements:

June 30, 2023	Within 1 year	2 - 5 years	More than 5 years	Total
	(Rupees in '000)			
<b>Financial liabilities</b>				
Long term finance	721,873	6,860,451	2,751,477	10,333,801
Trade and other payables	8,585,660	-	-	8,585,660
Unclaimed dividend	34,504	-	-	34,504
Accrued mark-up	921,539	-	-	921,539
Short term borrowings	15,462,392	-	-	15,462,392
	<u>25,725,968</u>	<u>6,860,451</u>	<u>2,751,477</u>	<u>35,337,896</u>

June 30, 2022	Within 1 year	2 - 5 years	More than 5 years	Total
	(Rupees in '000)			
<b>Financial liabilities</b>				
Long term finance	819,338	2,660,431	1,534,667	5,014,436
Trade and other payables	9,206,172	-	-	9,206,172
Unclaimed dividend	26,392	-	-	26,392
Accrued mark-up	203,782	-	-	203,782
Short term borrowings	6,117,971	-	-	6,117,971
	<u>16,373,655</u>	<u>2,660,431</u>	<u>1,534,667</u>	<u>20,568,753</u>

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by maintaining sufficient cash and bank balances and availability of financing through banking arrangements, which includes short term borrowings and discounting of foreign receivables. Total unavailed facility balances as at June 30, 2023 are as reported in note 22.1 to these financial statements.

### 38.2.3 Market risk

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

#### Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As at June 30, 2023 the Company is not exposed to price risk.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate risk arises from long and short term borrowings from financial institutions. At the reporting date the interest rate risk profile of the Company's interest-bearing financial instruments is:

	2023	2022
	(Rupees in '000)	
<b>Variable rate instruments</b>		
Financial liabilities		
- KIBOR / SBP base rate	<u>25,796,193</u>	<u>11,132,407</u>

### Fair value sensitivity analysis for fixed rate instruments

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

### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in KIBOR / SBP base rate, financial liabilities at the reporting date would have increased / (decreased) equity and profit or loss by Rs.257.96 million (2022: Rs. 111.32 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as in previous year.

### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions entered in foreign currencies. The Company is exposed to foreign currency risk on sales, purchases and borrowings, which, are entered in a currency other than Pak Rupees. As at reporting date, the financial assets and liabilities exposed to currency risk are as follows:

	2023	2022	2023	2022
	(USD)		(Rupees in '000)	
Trade debts	3,083,368	9,408,084	883,693	1,928,785
Foreign currency bank balances	61,276	44,098	17,562	9,062
Foreign bills payable	(6,472,020)	(17,157,767)	(1,858,117)	(3,534,500)

The following significant exchange rates applied during the year:

	Average rates		Reporting date rates	
	2023	2022	2023	2022
US Dollars to PKR	<u>247.60</u>	177.95	<u>287.10 / 286.60</u>	206.00 / 205.50

As at June 30, 2023, if the Pakistani Rupee had weakened / strengthened by 10% against the US Dollars with all variables held constant, profit or loss for the year would have been lower / higher by Rs. 95.53 million (2022: Rs. 158.74 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as in previous year.

## 39. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values.



### Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- **Level 1**  
fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2**  
fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3**  
fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2023, the Company has no financial instruments that falls into any of the above category except for biological assets which are classified in level 2 above.

There were no transfers between Level 1 and 2 in the year.

## 40. CAPITAL RISK MANAGEMENT

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

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares. During the year, the Company's strategy was to maintain leveraged gearing. The gearing ratio as at 30 June 2023 was as follows:

	2023	2022
	(Rupees in '000)	
Total Borrowings	25,796,193	11,132,407
Cash and Bank Balances	(265,177)	(159,841)
Net Debt	25,531,016	10,972,566
Total Equity	20,691,202	18,003,149
Total Capital	46,222,218	28,975,715
Gearing Ratio	55%	38%

## 41. OPERATING SEGMENTS

### Basis of segmentation

A business segment is a group of assets and operations engaged in providing products that are subject to risks and returns that are different from those of other business segments. Management has determined the operating segments based on the information that is presented to the Board of Directors of the Company for allocation of resources and assessment of performance. Based on internal management reporting structure and products produced and sold, the Company is organised into the following three operating segments:

- Spinning segment: manufacturing and sale of yarn;
- Manufacturing and sale of knitted bedding products; and
- Unallocated segments includes production and sale of milk

Management monitors the operating results of the above-mentioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in table below, is measured differently from the statement of profit or loss in these financial statements. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. All non current assets of the Company as at June 30, 2023 are located in Pakistan.

All the unallocated (including dairy segment) results and assets are reported to the Board of Directors at entity level. The following are the reportable segments as per IFRS 8 'Operating Segments', the operating results information and asset information regarding operating segments for the respective years as at reporting date are as follows:

### 41.1

	2023				2022			
	Spinning	Knitted Bedding Product	Unallocated	Total	Spinning	Knitted Bedding Product	Unallocated	Total
	(Rupees in '000)							
<b>Segment Revenues</b>								
Export	3,049,349	5,786,731	-	8,836,080	7,479,463	5,316,460	-	12,795,923
Indirect export	21,048,994	-	-	21,048,994	23,769,165	-	-	23,769,165
Local	27,513,143	60,033	538,990	28,112,166	17,770,665	80,366	412,026	18,263,057
<b>Profit Before Tax</b>	1,296,607	1,573,377	1,912,299	4,782,283	4,891,007	833,672	1,193,387	6,918,066
<b>Finance Cost</b>	2,024,834	74,805	48,991	2,148,630	504,533	22,691	18,997	546,221
<b>Depreciation</b>	1,108,016	43,104	54,069	1,205,189	975,813	28,598	51,301	1,055,712
<b>Segment Assets</b>								
Property, plant and equipment	15,735,509	593,813	4,913,804	21,243,126	9,855,155	426,567	735,029	11,016,751
Other non-current assets	-	-	6,327,788	6,327,788	-	-	4,679,873	4,679,873
Current assets	28,744,846	2,753,181	170,575	31,668,602	23,016,030	2,018,052	92,402	25,126,484
Other non-current liabilities	8,772,130	79,043	3,184,702	12,035,875	5,371,696	41,421	359,074	5,772,191
Current liabilities	21,574,649	2,275,774	2,661,724	26,512,147	15,024,472	1,485,953	537,343	17,047,768

### 41.2 Reconciliations of reportable segment net turnover, cost of sales, assets and liabilities

#### 41.2.1 Net Turnover

	2023	2022
	(Rupees in '000)	
Total net turnover for reportable segments	60,468,124	57,421,900
Elimination of inter-segment net turnover	(2,470,884)	(2,593,755)
Total net turnover	57,997,240	54,828,145

#### 41.2.2 Cost of sales

	2023	2022
	(Rupees in '000)	
Total cost of sales for reportable segments	54,300,279	49,081,145
Elimination of inter-segment purchases	(2,470,884)	(2,593,755)
Total cost of sales	51,829,395	46,487,390

#### 41.2.3 Assets

Total assets for reportable segments	47,827,349	35,315,804
Other unallocated amounts	11,411,875	5,507,304
Total assets	59,239,224	40,823,108

#### 41.2.4 Liabilities

Total liabilities for reportable segments	32,701,596	21,923,542
Unallocated liabilities	5,846,426	896,417
Total liabilities	38,548,022	22,819,959

#### 42. CORRESPONDING FIGURES

Corresponding figures have been reclassified / rearranged wherever necessary for better presentation.

#### 43. GENERAL

These financial statements has been rounded off to the nearest thousand rupees.

The Board of Directors proposed a final dividend for the year ended June 30, 2023 of Rs. Nil per share (2022: Rs. 20 per share) amounting to Rs. Nil (2022: Rs. 560.59 million).


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



**JAWED YUNUS TABBA**  
Director



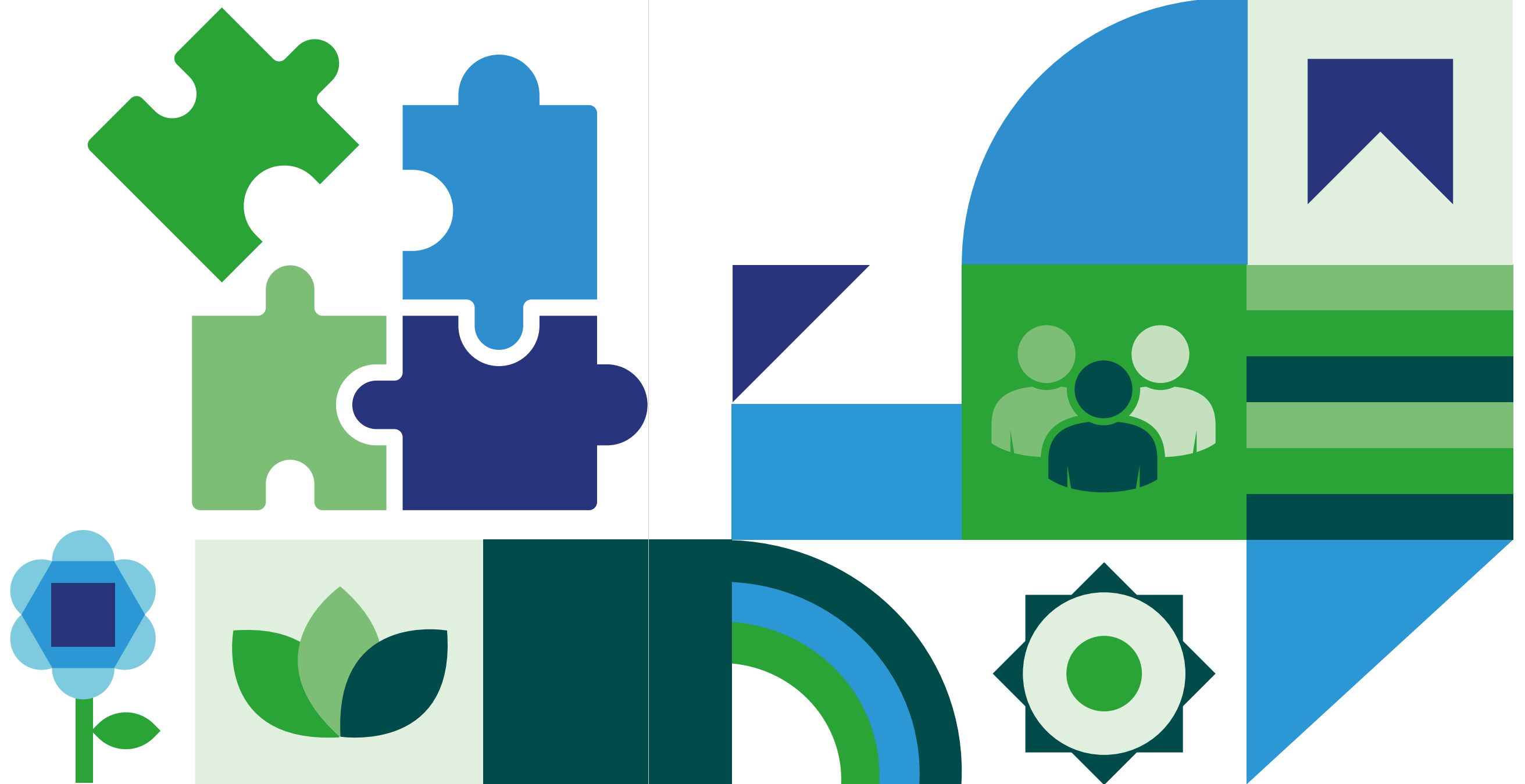
**MUHAMMAD SOHAIL TABBA**  
Chief Executive Officer



**MUHAMMAD IMRAN MOTEN**  
Chief Financial Officer



# Sustainability that empowers





# Pattern of Shareholding

As at June 30, 2023

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
725	1	100	26,891
691	101	500	161,564
325	501	1,000	257,612
192	1,001	5,000	461,357
37	5,001	10,000	291,596
8	10,001	15,000	98,216
9	15,001	20,000	157,222
6	20,001	25,000	144,700
2	25,001	30,000	54,100
2	35,001	40,000	74,606
1	45,001	50,000	49,000
2	60,001	65,000	122,267
1	70,001	75,000	73,500
2	75,001	80,000	160,000
1	90,001	95,000	95,000
1	120,001	125,000	120,711
2	15,5001	160,000	318,647
1	175,001	180,000	178,000
1	255,001	260,000	257,000
1	325,001	330,000	326,803
2	405,001	410,000	813,350
1	560,001	565,000	563,522
1	650,001	655,000	654,194
1	730,001	735,000	730,991
1	1,055,001	1,060,000	1,056,600
1	1,280,001	1,285,000	1,282,393
1	19,495,001	19,500,000	19,499,741
2,018			28,029,583

Shareholders' Category	Number of Shareholder	Number of Shares Held	Percentage (%)
<b>A) Director and Spouse(s)</b>			
Mr. Muhammad Ali Tabba	1	3,173	0.01
Mr. Muhammad Sohail Tabba	1	3,673	0.01
Mr. Imran Yunus Tabba	1	3,673	0.01
Mr. Jawed Yunus Tabba	1	3,673	0.01
Ms. Zulekha Tabba Maskatiya	1	3,673	0.01
Mr. Muhammad Hassan Tabba	1	500	0.00
Syed Muhammad Shabbar Zaidi	1	500	0.00
Mr. Moin M. Fudde	1	500	0.00
<b>B) Associated Companies, Undertaking and Related Parties</b>			
Y.B. Holdings (Private) Limited	1	19,499,741	69.57
<b>C) Executives</b>			
	-	-	-
<b>D) Public Sector Companies and Corporations</b>			
	-	-	-
<b>E) Banks, NBFC, Insurance, Joint Stock Companies, Pension Funds, Charitable Trusts and REIT management</b>			
	37	2,641,481	9.42
<b>F) Mutual Funds</b>			
	2	161,247	0.58
<b>G) General Public</b>			
a - Local	1,952	5,530,586	19.73
b - Foreign	15	95,428	0.34
Foreign Companies	2	80,562	0.29
Others	1	1,173	0.00
Total	2,018	28,029,583	100.00

# Notice of 36th Annual General Meeting

Notice is hereby given that the 36th Annual General Meeting (the "AGM") of Gadoon Textile Mills Limited (the "Company") will be held on Tuesday, September 26, 2023 at 3:00 p.m., at the registered office of the Company at 200-201, Gadoon Amazai Industrial Area, Gadoon Amazai, District Swabi, Khyber Pakhtunkhwa and through video link to transact the following business:

## Ordinary Business

1. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2023, together with the Chairman's Review, Directors' and Auditor's report thereon.
2. To appoint auditors of the Company and fix their remuneration for the year ending June 30, 2024. The present Auditors, M/s. Yousuf Adil, Chartered Accountants, retire and being eligible, have offered themselves and consented for re-appointment, and the Board of Directors has recommended their appointment.

## Special Business

3. To consider and, if deemed fit, pass the following resolutions, as special resolutions, to ratify and approve (as the case may be) related party transactions / arrangements conducted / to be potentially conducted by the Company, in terms of Sections 207 and / or 208 of the Companies Act, 2017 (to the extent applicable), with or without modification:

**"RESOLVED THAT** the transactions carried out by the Company with different related parties during the year ended June 30, 2023, as disclosed in note 37 of the financial statements of the Company for the said period, be and are hereby ratified and confirmed.

**FURTHER RESOLVED THAT** the Company be and is hereby authorized to enter into arrangements and / or carry out transactions from time to time including, but not limited to, for the purchase and sale of goods, commodities and materials, including yarn, polyester, cement, cloth, power, electricity, steam, garments, textiles, vehicles, plant & machinery, other ancillary machinery and / or relevant parts, or availing or rendering of services, with different related parties from time to time to the extent of Rs. 20 billion to be undertaken from time to time during the financial year ending June 30, 2024. The members have noted that for the aforesaid arrangements and transactions some or a majority of the Directors may be interested. Notwithstanding the same, the members hereby grant an advance authorization and approval to the Board of Directors of the Company (irrespective of the composition of the Board), including under Sections 207 and / or 208 of the Companies Act, 2017 (to the extent applicable) to review and approve all related party transactions.

**FURTHER RESOLVED THAT** the related party transactions, for the period ending June 30, 2024, shall be deemed to have been approved by the members, and shall subsequently be placed before the members in the next Annual General Meeting for ratification and confirmation."

4. To consider, and if thought fit, alter the Articles of Association of the Company in accordance with Section 38 and other applicable provisions of the Companies Act, 2017 (the "Act"), and in that connection to pass the following resolutions as special resolutions, with or without modification:

**"RESOLVED THAT** Articles 118 and 119 of the existing Articles of Association of the Company be substituted to read as follows:

118. The Board of Directors shall be empowered and may resolve that any part of the amounts for the time being standing to the credit of any reserves, or other special accounts, or the profit and loss account, or representing premiums received on the issue of shares and standing to the credit of the share premium account, or capital reserves, including arising from realized or unrealized appreciation of the assets or goodwill of the Company or from any acquisition / sale of interest in other undertakings, or amounts otherwise available for distribution, be capitalized and distributed amongst the Members as would be entitled thereto if the same were if distributed by way of dividend and in the same proportions on the condition that the same be not paid in cash (subject to Article 119) but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such Members respectively, or paying up in full unissued shares or debentures of the Company to be allotted and distributed credited as fully paid up to and amongst such Members in the proportion aforesaid, or partly in the one way and partly in the other.

119. Whenever such a resolution as aforesaid has been passed by the Board of Directors, the Directors shall make all appropriations and applications of the undistributed profits, reserves etc. (as the case may be) resolved to be capitalized thereby, and all allotments and issues of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto, with full power to the Board of Directors to make such provisions (including by payment in cash) as they think fit for the case of shares or debentures becoming distributable in fractions and also to authorize any person(s) to enter on behalf of all the Members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalization, or (as the case may require) for the payment up by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such Members.

**FURTHER RESOLVED THAT** the Chief Executive and / or the Company Secretary be and are hereby severally authorized to prepare, finalize, execute and file all necessary documents, and take all necessary steps, fulfil necessary formalities and legal procedures, and to do all such acts, deeds and things for and on behalf of, and in the name of the Company, as may be necessary or required as they may think fit for, or in connection with, or incidental for, the purposes of the abovementioned resolution, as well as carry out any other act or step which may be ancillary and / or incidental to, and necessary to fully achieve the objects of the aforesaid resolution, including without limitation, filing of requisite documents with the Securities and Exchange Commission of Pakistan."

5. To consider and, if thought fit, pass, with or without modification(s), the following resolution to enable and authorize the Company to circulate the Annual Report (including the audited financial statements, Auditors' report, Directors' report, Chairman's review report) to the members of the Company through QR enabled code and weblink, in accordance with Section 223(6) of the Act read with S.R.O. 389(I)/2023 dated March 21, 2023, instead of old technology which has become obsolete for transmission through CD/DVD/USB.

**"RESOLVED THAT** the Company be and is hereby authorized to circulate its annual report, including annual audited financial statements, Auditors' report, Directors' report, Chairman's review report and other reports contained therein, to the members of the Company through QR enabled code and weblink, in accordance with S.R.O. 389(I)/2023 issued by the Securities and Exchange Commission of Pakistan, and that the practice of circulation of the annual report through CD / USB be discontinued."

## OTHER BUSINESS:

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

(Attached to this Notice is the Statement of Material Facts covering the above-mentioned Special Businesses, as required under Section 134(3) of the Companies Act, 2017.)

Karachi: September 05, 2023

By order of the Board



MUHAMMAD UMAIR  
Company Secretary

## Notes

### 1. CLOSURE OF SHARE TRANSFER BOOKS

The Share Transfer Books of the Company will remain closed from Tuesday, September 19, 2023 to Tuesday, September 26, 2023 (both days inclusive). Transfer request received in order at our Share Registrar/Transfer agent, CDC Share Registrar Services Limited (the "CDCSRSL"), CDC House, 99-B, S.M.C.H. Society, Main Shahrah-e-Faisal, Karachi 74400, at the close of business on Monday, September 18, 2023 will be treated in time for the purpose of attending and voting at AGM.

### 2. PARTICIPATION IN THE MEETING

- i) All shareholders of the Company shall authenticate his/her identity by showing his/her original CNIC or original passport at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the representative shall be produced at the time of the meeting.

A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend, speak and vote in at the meeting.

#### For appointing proxies

- i) A member shall not be entitled to appoint more than one proxy. If a member appoints more than one proxy and more than one form of proxy are deposited by a member with the Company, all such forms of proxy shall be rendered invalid. Proxy must be a member of the Company.
- ii) Instrument appointing a proxy must be received at the Registered Office of the Company duly signed at least 48 hours before the time of the meeting.
- iii) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- iv) The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.
- v) Attested copies for CNIC or the passport of the beneficial owners and of the proxy shall be furnished with the proxy form.

### 3. Participation in AGM through Video Link

Pursuant to circular 4 of 2021 issued by SECP, Shareholders who wish to participate virtually in the AGM are requested to share below information at [agm\\_2023@gadoontextile.com](mailto:agm_2023@gadoontextile.com) at least seven days prior to the date of the meeting.

Name of Shareholder	CNIC Number	Folio / CDC Account Number	Registered email Address	Cell Number

Video conference link details and login credentials shall be shared with those shareholders whose information are received through their registered e-mail address within specified time. Furthermore, the said facility shall be login from the registered email address only.

### 4. NOTIFY THE CHANGES IN ADDRESSES OF SHAREHOLDERS

The shareholders of the Company are requested to promptly notify changes in their mailing addresses (if any), to our share registrar/transfer agent.

### 5. SUBMISSION OF COPIES OF CNIC (MANDATORY)

Individual shareholders are once again reminded to submit a copy of their valid CNIC, if not provided earlier to the Company's Share Registrar. In case of non-availability of a valid CNIC in the records of the Company, the Company shall withhold the dividend unclaimed till date, under the provisions of Section 243 of the Act which will be released by the Share Registrar only upon submission of a valid copy of the CNIC.

### 6. PAYMENT OF CASH DIVIDEND ELECTRONICALLY (E-DIVIDEND MECHANISM)

In accordance with Section 242 of the Act, cash dividend can only be paid through electronic mode directly into the respective bank account designated by the entitled shareholder. Shareholders are requested to provide their complete bank details along with 24-digit International Bank Account Number (IBAN) directly to our share registrar (for physical shares) or to their respective participant/broker (for CDS shares) as the case may be for the dividends which are unclaimed till date. Shareholders are advised to ensure that title of bank account must be in the name of the shareholder. The subject Form is available at Company's website i.e. <http://gadoontextile.com/investor-info/>. The Company has already communicated through its letters addressed to the shareholders individually along-with newspapers publications requesting to provide IBAN.

### 7. TRANSMISSION / DISPATCH OF ANNUAL FINANCIAL STATEMENTS THROUGH CD / DVD / USB

The Company has circulated annual financial statements to its members through CD complying with SRO.470(I)/2016 dated May 31, 2016 at their registered address. Printed copy of above referred statements can be provided to members upon request. Request Form is available on the website of the Company i.e., <http://gadoontextile.com/investor-info/>

### 8. TRANSMISSION OF AUDITED FINANCIAL STATEMENTS / NOTICES THROUGH EMAIL

Pursuant to the provisions of section 223(6) of the Act, all listed companies are permitted to circulate their annual financial statements, along with Auditor's Report, Directors' Report along with notice of Annual General Meetings ("Annual Report"), to its shareholders through email subject to the written consent of the shareholders.

Shareholders who wish to receive the Company's Annual Report by email are requested to provide the completed Consent Form available on the Company's website <http://gadoontextile.com/investor-info/>, to the Company's Share Registrar.

### 9. AVAILABILITY OF AUDITED FINANCIAL STATEMENTS ON COMPANY'S WEBSITE

The audited financial statements of the Company for the year ended June 30, 2023 have been placed on the website of the Company <http://gadoontextile.com/financial-reports/>

### 10. REQUIREMENT OF COMPANIES (POSTAL BALLOT) REGULATIONS 2018

Pursuant to the Companies (Postal Ballot) Regulations, 2018 read with Sections 143 and 144 of the Companies Act, 2017, Members will be allowed to exercise their right to vote through postal ballot, that is voting by post or electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations.

### 11. UNCLAIMED DIVIDENDS AND / OR SHARES

As per the provision of section 244 of the Act, any shares issued or dividend declared by the Company which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable are required to be deposited with the SECP for the credit of Federal Government after issuance of notices to the shareholders to file their claim. A notice in this respect was sent to shareholders dated January 31, 2018 and the final notice was published in the newspapers dated May 02, 2018.

Shareholders, whose dividends still remain unclaimed and/or undelivered share certificates are available with the Company, are hereby once again requested to approach the Company on priority to claim their outstanding dividend amounts and/or undelivered share certificates.

### 12. DEPOSIT OF PHYSICAL SHARES INTO CDC ACCOUNTS

In accordance with the requirement of section 72 of the Act, every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the SECP, within a period not exceeding four years from the commencement of this Act.

In this regard, a notice was sent dated June 17, 2021 to the shareholders of the Company holding physical shares wherein detailed guidelines were provided for the shareholder to open the CDC sub-account with any of the broker or investor account



directly with CDC to place their physical shares into scrip-less form. This will facilitate the shareholders to streamline their information in members' register enabling the Company to effectively communicate with the shareholders and timely disburse any entitlements.

### 13. CONSENT FOR VIDEO CONFERENCE FACILITY

Pursuant to Section 134(1)(b) of the Act, if Company receives consent form from shareholders holding aggregate 10% or more shareholding residing at a geographical location to participate in the meeting through video conference at least seven days prior to the date of the meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility, please provide the following information and submit to the registered office of the Company:

**Consent Form for Video Conference Facility**

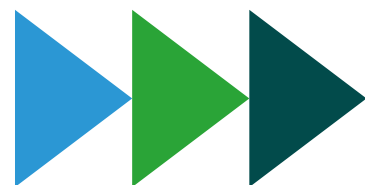
I / We \_\_\_\_\_ of \_\_\_\_\_ being a shareholder of Gadoon Textile Mills Limited, holder of \_\_\_\_\_ ordinary share(s) as per Register Folio / CDC Account No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.

Signature of Member(s)

According to Section 119 of the Act and Regulation 19 of the Companies (General Provisions and Forms) Regulations, 2018, all physical shareholders are advised to provide their mandatory information such as CNIC numbers, address, email address, contact mobile/telephone number, International Bank Account Number ("IBAN"), etc., to our Share Registrar at their below address immediately to avoid any non-compliance of law or any inconvenience in future:

CDC Share Registrar Services Limited, CDC House, 99-B, S.M.C.H. Society, Main Shahrah-e-Faisal, Karachi 74400. Tel: Toll Free: 0800-23275, Email: info@cdcsrsl.com, website: www.cdcsrsl.com

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# Statement Under Section 134(3) of the Companies Act, 2017

## Pertaining to Agendas of Special Business

This statement sets out the material facts pertaining to the special business items to be transacted at the AGM of the Company to be held on September 26, 2023.

### Agenda Item No. 3

The Company routinely enters into arrangements and carries out transactions with its related parties in accordance with its policies and the applicable laws and regulations. Certain related party transactions, in which a majority of the Directors are interested, would require members' approval under Sections 207 and / or 208 (to the extent applicable) of the Companies Act, 2017, read with Regulation 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

As some / majority of the Directors of the Company may be deemed to be interested in certain arrangements / transactions with related parties, including due to their shareholding or common directorships in related entities / parties, and to promote transparency, an approval from the members was sought during the 35th AGM of the Company, where the members authorized the Board of Directors to approve such related party transactions conducted by the Company from time to time (and on a case to case basis) during the financial year ended June 30, 2023, and such transactions were deemed to be approved by the members. All the related party transactions have been disclosed in Note 37 to the financial statements for the year ended June 30, 2023. Such transactions were to be placed before the members in next AGM for their ratification / confirmation. Accordingly, these transactions are being placed before the AGM for ratification / confirmation by the members.

The Company carries out transactions and enters into arrangements with its related parties primarily on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. All transactions / arrangements entered into with related parties require the periodic review of the Board Audit Committee, which is chaired by an independent director of the Company. Upon the review and recommendation of the Board Audit Committee, such arrangements / transactions are placed before the Board of Directors for approval.

Transactions entered into with the related parties include, but are not limited to, for the purchase and sale of goods, commodities and materials, including yarn, polyester, cement, cloth, power, electricity, steam, garments, textiles, vehicles, plant & machinery, other ancillary machinery and / or relevant parts, or availing or rendering of services.

The nature of relationship with these related parties has also been indicated in Note 37 to the financial statements of the Company for the year ended June 30, 2023. The Directors are interested in the resolution only to the extent of their common directorships and shareholdings (to the extent applicable) in such related parties.

Accordingly, the members are requested to ratify and confirm the transactions with related parties as disclosed in the financial statements of the Company for the year ended June 30, 2023.

Furthermore, the Company will be entering into arrangements and conducting transactions with its related parties including, but not limited to, those stipulated in the resolution, during the year ending June 30, 2024. As some or a majority of the Directors of the Company may be deemed to be interested in certain arrangements or transactions, inter alia, due to their shareholding or common directorships in related entities, and in order to promote transparent business practices, an approval from the members is being sought to authorize the Company to conduct such related party transactions and enter into arrangements with related parties, and further to authorize and grant power to the Board of Directors to approve related party transactions to be conducted by the Company during the financial year ending June 30, 2024 (irrespective of composition of the Board and interest of the Directors). The related party transactions as aforesaid for the year ending June 30, 2024 shall be deemed to have been approved by the members.

The members should note that it is not possible for the Company or the Directors to accurately predict the nature of related party arrangements / transactions, or the specific related parties with whom the transactions will be carried out. The transactions that may be carried out by the Company include, but are not limited to, the purchase and sale of goods, commodities and materials, including yarn, polyester, cement, cloth, power, electricity, steam, garments, textiles, vehicles, plant & machinery, other ancillary machinery and / or relevant parts, or availing or rendering of services.

The related parties include, but are not limited to, the following:

- |   |   |
|---|---|
| 1 Lucky Cement Limited                  | 2 Lucky Core Industries Limited         |
| 3 Lucky Energy (Private) Limited        | 4 Lucky Entertainment (Private) Limited |
| 5 Lucky Holdings Limited                | 6 Lucky Knits (Private) Limited         |
| 7 Lucky Motor Corporation Limited       | 8 Lucky Landmark (Private) Limited      |
| 9 Lucky Renewables (Private) Limited    | 10 Lucky Textile Mills Limited          |
| 11 Lucky Wind Power Limited             | 12 Yunus Wind Power Limited             |
| 13 Tricom Solar Power (Private) Limited | 14 Y. B. Engineering Limited            |
| 15 Y. B. Holdings (Private) Limited     | 16 Y. B. Pakistan Limited               |
| 17 Yunus Energy Limited                 | 18 Yunus Textile Mills Limited          |

The members should also note that, for the Special Resolutions described in the Notice of AGM, it is not possible for the Company to predict the quantum of related party transactions / arrangements to be undertaken in the period ending June 30, 2024, however, the members are requested to authorize the Board of Directors to carry out the transactions / arrangements to the extent of Rs.20 billion to be undertaken from time to time for the period ending June 30, 2024. The Company will present the actual figures for subsequent ratification and confirmation by the members, at the next AGM. Furthermore, the Company and the Board continuously serve to protect the interests of the shareholders of the Company and the said transactions are entered into in order to benefit the Company and its stakeholders.

Based on the aforesaid the members are requested to pass the Special Resolutions (with or without modification) as stated in the Notice.

#### Agenda Item No. 4

The Board of Directors of the Company has resolved and recommended to the members to alter (by way of substitution) the existing provisions of Article 118 of the Articles of Association of the Company to enable the Board of Directors to approve the capitalization of reserves, undistributed profits etc. of the Company. This will empower the Board of Directors from time to time to capitalize (fully or in part) such amounts standing to the credit of any of the Company's reserve funds or which may be available with the Company for distribution, including by way of issuance of bonus shares in favor of the members. In light of the same, corresponding amendments are also required to Article 119 of the Articles of Association of the Company.

The existing and proposed Articles 118 and 119 of the Articles of Association of the Company are as follows:

Article 118 of the Articles of Association	
Existing	Proposed
The company in General Meeting may upon the recommendation of the Directors resolve that it is desirable to capitalize any part of the amount for the time being standing to the credit of any reserve or the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution, amongst Members who would be entitled thereto if the same were distributed by way of dividend and in the same proportions on condition that the same be not paid in cash but be applied in paying up in full unissued shares or debentures of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportion aforesaid, or partly in one way and partly in the other and the Directors shall give effect to such resolution.	The Board of Directors shall be empowered and may resolve that any part of the amounts for the time being standing to the credit of any reserves, or other special accounts, or the profit and loss account, or representing premiums received on the issue of shares and standing to the credit of the share premium account, or capital reserves, including arising from realized or unrealized appreciation of the assets or goodwill of the Company or from any acquisition / sale of interest in other undertakings, or amounts otherwise available for distribution, be capitalized and distributed amongst the Members as would be entitled thereto if the same were if distributed by way of dividend and in the same proportions on the condition that the same be not paid in cash (subject to Article 119) but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such Members respectively, or paying up in full unissued shares or debentures of the Company to be allotted and distributed credited as fully paid up to and amongst such Members in the proportion aforesaid, or partly in the one way and partly in the other.

Article 119 of the Articles of Association	
Existing	Proposed
Whenever such a resolution as aforesaid shall have been passed the Directors shall make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and all allotments and issue of fully paid shares or debentures, if any and generally shall do all acts and things required to give effect thereto, with full power to the Directors to make provisions by payment in cash or otherwise as they think fit in the case of shares or debentures becoming distributable and also to authorize any persons to enter on behalf of all the Members entitled thereto into an agreement with the Company providing for the allotment to them may be entitled upon such capitalization and any agreement made by such authority shall be effective and binding on all such Members.	Whenever such a resolution as aforesaid has been passed by the Board of Directors, the Directors shall make all appropriations and applications of the undistributed profits, reserves etc. (as the case may be) resolved to be capitalized thereby, and all allotments and issues of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto, with full power to the Board of Directors to make such provisions (including by payment in cash) as they think fit for the case of shares or debentures becoming distributable in fractions and also to authorize any person(s) to enter on behalf of all the Members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalization, or (as the case may require) for the payment up by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such Members.

# BCR (Best Corporate Reporting) Checklist 2023

The Board of Directors of the Company has confirmed that the proposed alterations to the Articles of Association of the Company are in line with the applicable provisions of the law and regulatory framework.

None of the Directors of the Company have any interest in the aforesaid special businesses, except in their capacity as Directors and members (where applicable) of the Company.

## Agenda Item No. 5

In view of technological advancements, and taking into account that old technology is becoming obsolete, the Securities and Exchange Commission of Pakistan ("SECP") has, vide S.R.O. 389(I)/2023 dated March 21, 2023, allowed listed companies to circulate the Annual Report (including the audited financial statements, Auditors' report, Directors' report, Chairman's review report) to the members of the Company through QR enabled code and weblink. The SECP has also permitted that the circulation of annual financial statements through CD/DVD/USB may be discontinued.

In accordance with the aforesaid SRO, the same is subject to the approval of the members of the Company.

Considering the optimum use of advancements in technology and in order to fulfil the Company's corporate social responsibility to the environment and sustainability, the Company seeks to discontinue the circulation of the Annual Report through CDs in the future. Consequently, the Board of Directors of the Company has recommended that the special resolution, as set out in the notice, be passed by the members for the circulation of the Annual Report (including annual audited financial statements and other reports contained therein) to the members of the Company through QR enabled code and weblink.

This arrangement will help all members wherever they are located to access the financial statements of the Company. Additionally, it will also reduce unnecessary expenditure for making CDs.

It is pertinent to mention that if any member seeks to obtain a hard copy of the Annual Report, such member(s) will be provided a printed version of the same free of cost in accordance with the aforementioned SRO. No change to that right / privileged is being proposed.

None of the Directors of the Company have any personal interest in the aforesaid special business, except in their capacity as members and Directors of the Company.

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# Annexure

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# Glossary

ACCA	Association of Chartered Certified Accountants
ACIR	Additional Commissioner Income Revenue
ACIR	Assistant Commissioner Inland Revenue
AGM	Annual General Meeting
AI	Artificial Intelligence
AIG	American International Group
AOBP	Audit Oversight Board of Pakistan
APCMA	All Pakistan Cement Manufacturing Association
ATF	Aziz Tabba Foundation
ATIR	Appellate Tribunal Inland Revenue
ATS	Applicant Tracking System
B.S.	Bachelor of Science
B2B	Business-to-Business
BA	Bachelors of Arts
BCI	Better Cotton Initiative
BCP	Business Continuity Plan
BCR	Best Corporate Report
BIA	Business Impact Analysis
BMR	Balancing, Modernization, and Replacement
BOD	Board of Directors
CAPEX	Capital Expenditure
CC	Cubic Capacity
CCG	Code of Corporate Governance
CD	Compact Disc
CDC	Central Depository Company of Pakistan Limited
CDCSRSL	CDC Share Registrar Services Limited
CDS	Central Depository System
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CFPP	Coal-Fired Power Plant
CIA	Chief Internal Auditor
CIO	Chief Information Officer
CIRA	Commissioner Inland Revenue Appeals
CNIC	Computerized National Identity Card
COVID-19	Coronavirus Disease 2019
CPLA	Civil Petition for Leave to Appeal
CPP	Captive Power Producer
CSR	Corporate Social Responsibility
DC	Domain Controller
DCIR	Deputy Commissioner Inland Revenue
DLTL	Drawback of Local Taxes and Levies
DPS	Dividend Per Share
DR	Democratic Republic
DRP	Disaster Recovery Plan
DTP	Director's Training Program

DVD	Digital Versatile Disk
EBDA	Earnings Before Depreciation and Amortization
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest Tax Depreciation and Amortization
ECL	Expected Credit Losses
EOGM	Extra Ordinary General Meeting
EPS	Earnings Per Share
ERP	Enterprise Resource Planning
ESG	Environmental, Social and Governance
ESP	Electrostatic Precipitators
ESS	Employee Self Service
ETP	Effluent Treatment Plant
EVA	Economic Value Added
EWS	Early Warning System
FAIR	Federation of Afro Asian Reinsurers Pools
FBR	Federal Board of Revenue
FCF	Free Cash Flow
FEAS	Federation of European and Asian Stock Exchanges
FEC	Family Entertainment Center
FGD	Flue Gas Desulphurisation
FMCG	Fast-Moving Consumer Goods
FTML	Fazal Textile Mills Limited
FVTOCI	Fair Value Through Other Comprehensive Income
FVTPL	Fair Value through Profit or Loss
FY	Financial Year
FZCO	Free Zone Company
FZE	Free Zone Establishment
GDR	Global Depository Receipts
GIDC	Gas Infrastructure Development Cess
GP	Gross Profit
GRI	Global Reporting Initiatives
GSP+	Generalized Scheme of Preferences Plus
GTML	Gadoon Textile Mills Limited
HIA	Head of Internal Audit
HOD	Head of Department
HR	Human Resource
HR&R	Human Resource and Remuneration
HR&RC	Human Resource and Remuneration Committee
HA	High Availability
HSE	Health, Safety and Environment
IAAPA	International Association of Amusement Parks and Attractions
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBAN	International Bank Account Number
ICAEW	Institute of Chartered Accountants in England and Wales

ICAP	Institute of Chartered Accountants of Pakistan
ICIP	ICI Pakistan Limited
ICMAP	Institute of Cost and Management Accountants of Pakistan
IFAC	International Federation of Accountants
IFC	International Finance Corporation
IFRIC	IFRS Interpretations Committee
IFRS	International Finance Reporting Standards
IIRF	International Integrated Reporting Framework
IMF	International Monetary Fund
IMP	Incident Management Plan
IoD	Institute of Directors
IR	Integrated Reporting
IS	Information System
ISAs	International Standards on Auditing
ISO	International Organization for Standardization
IT	Information Technology
ITGC	Information Technology Application Controls Review
ITMA	International Textile Machinery Association
ITMS	IT Management System
KG	Kilo Gram
KIBOR	Karachi Inter-Bank Offer Rate
KP	Karachi Project
KPI	Key Performance Indicators
KPK	Khyber Pakhtunkhwa
KSBL	Karachi School of Business and Leadership
KSE	Karachi Stock Exchange
LAPL	Lucky Air (Private) Limited
LC	Letter of Credit
LCI	Lucky Core Industries Limited
LCL	Lucky Cement Limited
LCPL	Lucky Commodities (Private) Limited
LEL	Lucky Entertainment (Private) Limited
LEPCL	Lucky Electric Power Company Limited
LEPL	Lucky Energy (Private) Limited
LEXL	Lucky Exim (Private) Limited
LFPL	Lucky Foods (Private) Limited
LHL	Lucky Holdings Limited
LKL	Lucky Knits (Private) Limited
LLPL	Lucky Landmark (Private) Limited
LMCL	Lucky Motor Corporation Limited
LOPL	LuckyOne (Private) Limited
LRPL	Lucky Renewables (Private) Limited
LTML	Lucky Textile Mills Limited
MBA	Masters of Business Administration
MD	Managing Director

MENA	Middle East and North Africa
MENALAC	Middle East and North Africa Leisure Attractions Council
MIS	Management Information System
MMBTU	Metric Million British Thermal Unit
MRM	Management Review Meeting
MT	Million Tons
MTPA	Million Tons Per Annum
MVS	Murata Vortex Spinning
MW	Mega Watt
NAB	National Accountability Bureau
NBFC	Non-Banking Finance Company
NEPRA	National Electric Power Regulatory Authority
NEQS	National Environmental Quality Standards
NFO	National Finance Olympiad
NGO	Non-Governmental Organization
NPO	Non-Profit Organization
NRV	Net Realizable Value
NTN	National Tax Number
NYA	Nyumba Ya Akiba S. A.
NZ	New Zealand
OCI	Other Comprehensive Income
OGRA	Oil and Gas Regulatory Authority
OPD	Out Patient Department
OS	Operating System
PAT	Profit After Tax
PBC	Pakistan Business Council
PCGA	Pakistan Cotton Ginners Association
PD	Probability of Default
PESCO	Peshawar Electric Supply Company
PHC	Peshawar High Court
PICG	Pakistan Institute of Corporate Governance
PKR	Pakistani Rupee
PSF	Polyester Staple Fiber
PSTD	Pakistan Society of Training and Development
PSX	Pakistan Stock Exchange
QR	Quick Response
R&D	Research and Development
RDF	Refuse Derived Fuel
REIT	Real Estate Investment Trust
RMF	Risk Management Framework
RMP	Risk Management Policy
RO	Reverse Osmosis
ROE	Return on Equity
RPA	Robotic Process Automation
SBA	Standby Agreement



SBP	State Bank of Pakistan
SC	Supreme Court
SCOR	Supply-Chain Operations Reference
SDG	Sustainable Development Goals
SECMC	Sindh Engro Coal Mining Company
SECP	Securities and Exchange Commission of Pakistan
SHC	Sindh High Court
SIM	Subscriber Identity Module
SIUT	Sindh Institute of Urology & Transplantation
SME	Small Medium Enterprise
SMS	Safety Management System
SNGPL	Sui Northern Gas Pipeline Limited
SoP	Share of Profits
SOP	Standard Operating Procedure
SOS	Save Our Souls
SPLY	Same Period Last Year
SPV	Special Purpose Vehicle
SRF	Salary Refinance Scheme
SRO	Statutory Regulatory Orders
STS	Street to School
SUPIMA	Superior Pima
SUV	Sports Utility Vehicle
SWOT	Strengths, Weaknesses, Opportunities, and Threats
TDF	Tyre Derived Fuel
TERF	Temporary Economic Refinance Scheme
THI	Tappa Heart Institute
TKI	Tappa Kidney Institute
TWPPL	Tricom Wind Power (Private) Limited
UDIN	Unique Document Identification Number
UNGC	United National Global Compact
USA	United States of America
USB	Universal Serial Bus
USD	United States Dollar
VAPT	Vulnerability Assessment and Penetration Testing
VPN	Virtual Private Network
W.E.F	With Effect From
WAC	Weighted Average Cost
WACC	Weighted Average Cost of Capital
WEF	World Economic Forum
WHO	World Health Organization
WHRP	Waste Heat Recovery Plant
WHRSG	Waste Heat Recovery Steam Generator
WIBCON	Women in Business and Leadership Conference
WPPF	Workers' Profit Participation Fund
WTG	Wind Turbine Generators

WWF	Workers Welfare Fund
WWF	World Wide Fund
YBG	Yunus Brothers Group
YBHPL	YB Holdings (Private) Limited
YBPL	Y.B. Pakistan Limited
YEL	Yunus Energy Limited
YGL	Young Global Leader
YPO	Young President Organization
YTML	Yunus Textile Mills Limited

# Form of Proxy

The Company Secretary,  
GADOON TEXTILE MILLS LIMITED  
200-201, Gadoon Amazai Industrial Estate.  
Distt, Swabi, Khyber Pakhtunkhwa.

I / We \_\_\_\_\_ of  
(full address) \_\_\_\_\_

being member of Gadoon Textile Mills Limited and holder of \_\_\_\_\_  
ordinary shares as per Share Register Folio No. \_\_\_\_\_  
and / or CDC Participant I.D. No. \_\_\_\_\_  
and Sub- Account No. \_\_\_\_\_

hereby appoint \_\_\_\_\_  
of (full address) \_\_\_\_\_  
or failing him/her \_\_\_\_\_  
of (full address) \_\_\_\_\_

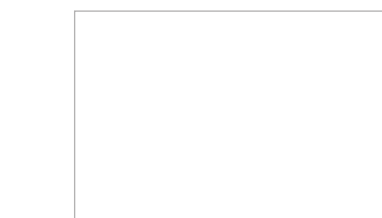
who is also a member of Gadoon Textile Mills Limited, as my/our proxy in my/our absence to attend and to vote and act for me/us and on my/our behalf at the 36th Annual General Meeting of the Company to be held on Tuesday, September 26, 2023 at 03:00 p.m. and at any adjournment thereof.

Signature this \_\_\_\_\_ day of \_\_\_\_\_ 2023

## Witness

1) Signature : \_\_\_\_\_  
Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
CNIC No. : \_\_\_\_\_

2) Signature : \_\_\_\_\_  
Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
CNIC No. : \_\_\_\_\_



Signature of members should match with the specimen signature registered with the company

## Note:

- Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting. Proxy must be a member of the Company.
- CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card with this proxy form before submission to the Company.
- For representatives of corporate members, Board of director's resolution / power or attorney and the specimen signature of the nominee must be deposited along with the proxy form. The representative shall produce his/her original CNIC at the time of meeting.

## تشکیل نیابت داری

جناب کمپنی سیکریٹری

گدون ٹیکسٹائل ملز لمیٹڈ،

200-201، گدون امازئی انڈسٹریل اسٹیٹ،

ڈسٹرکٹ صوابی، خیبر پختونخواہ۔

میں/ہم \_\_\_\_\_ ساکن \_\_\_\_\_ بحیثیت رکن گدون ٹیکسٹائل ملز لمیٹڈ اور حامل \_\_\_\_\_ عام حصص،  
برطانیہ شیئر رجسٹرڈ فولیو/سی ڈی سی شراکتی آئی ڈی نمبر \_\_\_\_\_ اور ذیلی کھاتہ نمبر \_\_\_\_\_ مسمیٰ/مسماة \_\_\_\_\_  
ساکن \_\_\_\_\_ فولیو/سی ڈی سی شراکتی آئی ڈی نمبر \_\_\_\_\_ اور ذیلی کھاتہ نمبر \_\_\_\_\_ یا بصورت  
دیگر مسمیٰ/مسماة \_\_\_\_\_ ساکن \_\_\_\_\_ فولیو/سی ڈی سی شراکتی آئی ڈی نمبر \_\_\_\_\_  
اور ذیلی کھاتہ نمبر \_\_\_\_\_ کو اپنی جگہ بطور نمائندہ (پراسی) مقرر کرتا ہوں تاکہ وہ میری/ہماری طرف سے کمپنی کے (36th) چھتیسواں سالانہ اجلاس عام جو کہ بتاریخ 26 ستمبر 2023

بروز منگل بوقت دوپہر 03:00 بجے منعقد ہو رہا ہے میں، یا، اسکے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

دستخط رکن \_\_\_\_\_ بروز \_\_\_\_\_ 2023

(اراکین کے دستخط، کمپنی کے پاس درج دستخطی نمونے کے مطابق ہونے چاہیے)

دستخط گواہ نمبر 1 \_\_\_\_\_ دستخط گواہ نمبر 2 \_\_\_\_\_

نام \_\_\_\_\_ نام \_\_\_\_\_

پتہ \_\_\_\_\_ پتہ \_\_\_\_\_

شناختی کارڈ نمبر \_\_\_\_\_ شناختی کارڈ نمبر \_\_\_\_\_

### نوٹ:

- تشکیل نیابت داری کی درخواست، اجلاس سے کم از کم ۴۸ گھنٹے قبل کمپنی کو موصول ہو جانی چاہیے۔ پراسی کا کمپنی کارکن ہونا ضروری ہے۔
- سی ڈی سی شیئر ہولڈرز اور ان کے نمائندوں سے درخواست ہے کہ پراسی فارم کے ساتھ اپنے سی این آئی سی کی مصدقہ نقول فراہم کریں۔
- بصورت کاروباری ادارے، اجلاس میں شرکت کے وقت بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ بمعہ نامزد کردہ شخص کے دستخط کے نمونے ظاہر کرنا لازم ہیں۔

AFFIX  
CORRECT  
POSTAGE

The Company Secretary,  
**GADOON TEXTILE MILLS LIMITED**  
200-201, Gadoon Amazai Industrial Estate.  
Distt, Swabi, Khyber Pakhtunkhwa.





## ڈائریکٹرز کی تربیت

کمپنی کے ڈائریکٹرز اپنے فرائض منصبی کی بجا آوری کیلئے ہر لحاظ سے تربیت یافتہ ہیں اور کمپنیز ایکٹ 2017 اور پاکستان اسٹاک ایکسچینج رول بک کے مطابق اپنی ذمہ داریوں اور اختیارات سے بخوبی آگاہ ہیں۔

## آڈیٹرز

موجودہ آڈیٹرز میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹس مالی سال اختتامیہ 30 جون 2023 کے سلسلے میں سالانہ آڈٹ مکمل کر چکے ہیں اور اس آڈٹ کے نتیجے میں ان کی جانب سے کلین رپورٹ پیش کی گئی ہے۔ موجودہ آڈیٹرز رواں مالی سال کے عام سالانہ اجلاس کے ساتھ ہی ریٹائر ہو جائیں گے اور اپنی اہلیت کی بنیاد پر ان کی جانب سے ایک مرتبہ پھر اپنی خدمات پیش کی گئی ہیں۔ آڈٹ کمیٹی کی جانب سے تجویز کئے جانے کے بعد، بورڈ کی جانب سے بھی تجویز دی گئی ہے کہ موجودہ آڈیٹرز کو ہی کمپنی کے اگلے مالی سال 30 جون 2024 کیلئے ایک مرتبہ پھر تعینات کر لیا جائے۔

## مستقبل کی پیش بینی

مقامی اور عالمی دونوں سطح پر معاشی نقطہ نظر موروثی طور پر غیر یقینی ہے۔ حکومت کی جانب سے پالیسیوں میں سختی، سیلاب کی تباہ کاریوں کے اثرات، درآمدات میں تخفیف اور غیر یقینی سیاسی صورتحال کی وجہ سے معاشی بدحالی نے معیشت کا پیرہ روک دیا ہے۔ جیسے جیسے اکتوبر 2023 میں ہونے والے عام انتخابات قریب آ رہے ہیں، اقتصادی اور سیاسی منظر نامے میں تبدیلیوں کی توقع ہے۔ اسی مناسبت سے، ہم توقع کرتے ہیں کہ نئی حکومت اس اقتصادی بحران پر قابو پانے کے لیے نظام کی اصلاحات پر توجہ دے گی اور ان بنیادی خامیوں کو دور کرے گی جو بار بار آنے والے معاشی بحرانوں کا باعث بنتی ہیں اور ساتھ ہی ساتھ علاقائی تقابلی سطحوں پر مطلوبہ خدمات اور سہولیات کی فراہمی مستقل اور کفایتی انداز میں جاری رکھی جائیں گی تاکہ صنعت اور مجموعی معیشت کی طویل مدتی ترقی کو یقینی بنایا جاسکے۔

آئی ایم ایف کے ساتھ 3 ارب امریکی ڈالر کے حالیہ لہس بی اے نے بگڑتی ہوئی معیشت کو سانس لینے کی جگہ فراہم کی ہے، جس سے مارکیٹ کا اعتماد کچھ حد تک بحال ہوا ہے اور وطن عزیز میں معاشی سرگرمیوں کی بحالی کا باعث بنا ہے۔ لہس بی اے کے باعث دیگر کثیرالہجتی مالیاتی اتحادیوں اور دو طرفہ ذرائع سے مزید فنڈز کے اجراء کے امکانات بھی بڑھ گئے ہیں۔ مزید یہ کہ غیر ملکی ادائیگیوں کو پورا کرنے کے حوالے سے جو قریب المدت غیر یقینی کے بادل منڈلا رہے تھے وہ بھی نہ صرف کم ہوں گے بلکہ ملک کے زر مبادلہ کے ذخائر پر مثبت اثر پڑے گا۔ آئی ایم ایف کے ساتھ لہس بی اے کے بعد، درجہ بندی کرنے والے ادارے "ٹفج" نے "بہتر بیرونی سیلاب پیریوری اور قرضوں کی دستیابی کو مد نظر رکھتے ہوئے پاکستان کی درجہ بندی کو "CCC" سے "CCC" تک بہتر کر دیا ہے۔

ملک کی ٹیکسٹائل صنعت کے لیے ایک اہم پیش رفت یہ ہے کہ اس سال کپاس کی مقامی فصل کی آمد پچھلے سالوں کے مقابلے میں نہ صرف جلد ہوئی بلکہ معیار کے لحاظ سے بھی بہتر ہے۔ پاکستان کپاس جزر ایسوسی ایشن (پی سی جی اے) کی اشاعت مورخہ 15 جولائی 2023 کے مطابق ملک میں موجود جزیر (روٹی دھننے کے کارخانے) کو 0.858 ملین کپاس کی گانٹھیں موصول ہوئی ہیں،

جبکہ موجودہ سیزن کے لیے 12.7 ملین گانٹھوں کے پُر جوش پیداواری ہدف کا تعین کیا گیا ہے۔ اگر ملک میں موسمی حالات سازگار رہتے ہیں اور پیداوار کا ہدف حاصل کر لیا جاتا ہے تو اس سے نہ صرف کپاس کی قیمتوں میں استحکام آئے گا، مقامی ٹیکسٹائل کی صنعت کو بچھلنے پھولنے میں مدد ملے گی بلکہ ملک کو نمایاں زرمبادلہ کمانے میں بھی مدد ملے گی۔

ملک کی ٹیکسٹائل برآمدات میں نمایاں کمی واقع ہوئی ہے، جو گزشتہ مالی سال کے 19.33 ارب امریکی ڈالر کے مقابلے میں 14.6 فیصد کی کمی کے بعد اس سال 16.50 ارب امریکی ڈالر رہ گئی ہیں۔ کسی بھی ملک کے لیے پائیدار ترقی کے حصول کے لیے ضروری ہے کہ تجارتی خسارے کو مؤثر طریقے سے قابو میں رکھا جائے۔ برآمدات اور زرمبادلہ کے ذخائر کو فروغ دینے اور برآمد کنندگان کو بین الاقوامی سطح پر مسابقت کے قابل بنانے کی کاوشوں کے تحت حکومت کو ٹیکسٹائل صنعت سمیت برآمدات پر مبنی شعبوں کو ترجیح دینی ہوگی۔ اس میں خام مال، پرزہ جات اور اضافی لوازمات کی درآمد میں سہولت فراہم کرنا اور بجلی کے نرخوں کو معقول بنانا شامل ہے۔ موجودہ شرح سود کسی بھی کاروبار کو برقرار رکھنے کے لیے بہت زیادہ ہے جس کے مستقبل قریب میں مزید بڑھنے کی امید ہے۔ تاہم حکومت کی جانب سے اس کو مناسب سطح پر منظم کرنے کے لیے ایک مضبوط سمت اور کوششوں کی ضرورت ہے تاکہ صنعت کو رواں دواں رکھا جاسکے۔

عالمی معیشت کے حوالے سے کچھ حد تک بحالی کی پیش بینی ہے جس کے ساتھ افراط زر کے دباؤ میں کمی، سلسلہ تریبل کی رکاوٹیں اور مال برداری کے اخراجات بھی بتدریج کم ہو رہے ہیں۔ تاہم، جغرافیائی سیاسی تناؤ، اور سخت مالیاتی پالیسیوں کی وجہ سے، عالمی تجارت میں اضافے کی رفتار سست رہنے کی توقع ہے۔ وطن عزیز، عالمی معیشت اور خاص طور پر چین کی بحالی سے فائدہ اٹھا سکتا ہے جس کے لئے ضروری ہے کہ برآمدات کو فروغ دینے کے لیے پالیسیاں وضع کی جائیں تاکہ ملک کے لیے انتہائی ضروری زرمبادلہ حاصل کیا جاسکے۔

مالی سال کے دوران، فیڈرل بورڈ آف ریونیو (ایف بی آر) نے اب تک کا سب سے زیادہ محصول 7,170 ارب روپے جمع کیا، تاہم، باوجود اچھی کارکردگی کے، گل و صولیائی نظر ثانی شدہ محصول 7,200 ارب روپے کے ہدف سے کم رہی۔ یہ کمی درآمدات میں نمایاں کمی، اقتصادی سست روی، جیٹولیم مصنوعات پر صفر ریٹنگ، اور سیلاب کے اثرات جیسے عوامل کی وجہ سے ہوئی۔ حکومت کا اپنے اگلے سالانہ ہدف 9,200 ارب روپے کے حصول کے لئے درآمدات میں نرمی سمیت غیر دستاویزی شعبے اور ٹیکس نہ دینے والوں کو بھی ٹیکس دائرے میں لانے جیسے اقدامات اٹھانا ہو سکتے۔

جہاں تک کمپنی کے کاروباری افعال کا تعلق ہے، کمپنی کی جانب سے اپنی پیداواری گنجائش کو زیادہ سے زیادہ زیر استعمال لاکر، پیداواری لاگت میں کمی لاکر اور خریداری کی مؤثر حکمت عملی بنا کر کمپنی اس بات کو یقینی بن رہی ہے کہ پیداؤں آمدن کے عمل کو مؤثر بنایا جائے تاکہ کمپنی کے حصص داران کی دولت اور فلاح میں اضافہ ممکن ہو سکے۔ علاوہ ازیں، فروخت کیلئے پیش کی جانے والی مصنوعات کے امتزاج کو طلب و رسد کی بنیاد پر بہتر بنایا جائے گا تاکہ منافع کی شرح کو بڑھایا جاسکے۔

مزید برآں، اپنے صارفین کی تعداد میں اضافہ کرنے کے ساتھ ساتھ ویلیو ایڈڈ شعبے کی مجموعی کارکردگی کو بڑھانے کے سلسلے میں کارکردگی کو بہتر بنانے کیلئے کمپنی کی جانب سے اس سلسلے میں توجہ مرکوز کی جا رہی ہے تاکہ کمپنی نہ صرف اپنی پیداواری صلاحیت میں اضافہ کر سکے بلکہ پیداواری لاگت میں بھی کمی لاسکے، تاہم، بڑھتی ہوئی تمویل اور توانائی کی لاگت کی باعث کمپنی کا مجموعی منافع دباؤ میں رہے گا۔

## منافع منقسمہ کی پالیسی

روپے کی قدر میں کمی اور حد سے زیادہ شرح سود نے مالیاتی اخراجات میں اضافے کے ذریعے نہ صرف کمپنی کے خالص منافع کو متاثر کیا ہے بلکہ خام مال کی بڑھتی ہوئی قیمتوں اور مجموعی طلب میں کمی کی وجہ سے کاروباری سرمائے کی گردش (ورکنگ کپیکل سائیکل) کو بھی متاثر کیا ہے۔ لہذا، کمپنی کے بورڈ آف ڈائریکٹرز نے اس سال منافع منقسمہ نہ دینے کی تجویز دی ہے۔ اس سے کمپنی کو اپنے ان قرضوں کو کم کرنے میں مدد ملے گی جن میں کاروباری سرمائے (ورکنگ کپیکل) کی ضروریات کے پیش نظر اضافہ ہوا ہے۔

کمپنی پر عزم ہے کہ اپنے حصص یافتگان کو دیرپا اور مستقل بنیادوں پر منافع فراہم کیا جائے اور آنے والے برسوں میں کمپنی وافر منافع کو یقینی بنائے گی۔

## مابعد واقعات

رواں مالی سال کے اختتام سے رپورٹ ہذا کی تیاری کے درمیان تک ایسے کوئی اہم واقعات پیش نہیں آئے اور نہ ہی کمپنی پر ایسی کوئی ذمہ داریاں ہیں جن کے اثرات کمپنی کی مالیاتی پوزیشن پر مرتب ہوں۔

## اظہار تشکر

ڈائریکٹرز کی جانب سے کمپنی کے تمام ملازمین، عملے اور منتظمین کی کارکردگی کو خراج تحسین پیش کرتے ہوئے اسے قلم بند کیا جاتا ہے۔

برائے و محتاج بورڈ



جناب محمد سہیل صاحب  
چیف ایگزیکٹو آفیسر



جناب جاوید یونس صاحب  
ڈائریکٹر

بمقام کراچی: مورخہ 05 اگست 2023

### ڈائریکٹرز کے مشاہرے سے متعلق تفصیلات

ذیل میں دوران سال کمپنی کے چیف ایگزیکٹوی (بحیثیت Deemed ڈائریکٹر) کو ادا کئے گئے مشاہرے سے متعلق تفصیلات درج کی جا رہی ہیں

	2022	2023	
	----- Rupees in '000	-----	
مشاہرہ	13,200	20,167	
گھر کارایہ	3,600	5,500	
یوٹیلیٹیز	1,200	1,833	
یونس	3,000	1,943	
دیگر فوائد	1,500	1,500	
	<b>22,500</b>	<b>30,943</b>	

کسی بھی غیر انتظامی ڈائریکٹر کو کوئی مشاہرہ ادا نہیں کیا گیا ماسوائے اجلاسوں میں شرکت کی فیس کے جو 2.84 ملین روپے بنتی ہے(2022میں یہ فیس 1.41 ملین روپے تھی)۔

#### اہم خدشات اور غیر یقینی صورتحال

ہر کاروبار کو کئی قسم کے خطرات اور غیر یقینی صورتحال کا سامنا رہتا ہے، اگر ان مسائل سے مناسب انداز سے نہ نمٹا جائے تو یہ کمپنی کیلئے سنجیدہ مسائل اور نقصانات کا باعث بن سکتے ہیں۔ کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کو لاحق ممکنہ اندرونی اور بیرونی خطرات کی باقاعدہ نگرانی کی جاتی ہے اور ان کا گہرائی کے ساتھ تجزیہ بھی کیا جاتا ہے۔ ذیل میں ایسے چند خطرات کا ذکر کیا جا رہا ہے جن سے کمپنی کو سابقہ رہتا ہے

- تیزی سے ترقی کرتی ہوئی ٹیکنالوجی کمپنی کیلئے قومی اور بین الاقوامی سطح پر تقابل ایک بڑا چیلنج ہے؛

- بین الاقوامی حمادآرائی کی وجہ سے برآمدات پر بنی فروخت میں کمی (امریکہ /چین تجارتی حمادآرائی، یوکرین /روس جنگ)اور عالمی سطح پر کساد بازاری کے باعث تیزی سے گرتی ہوئی طلب؛

- عالمی اور علاقائی سطح پر مؤثر بہ لاگت ہونے کی بڑھتی ہوئی مسابقت؛

- کرنسی کی غیر یقینی صورتحال اور روپے کی تیزی سے گرتی ہوئی قدر، نتیجتاً درآمد شدہ خام مال کی بڑھتی ہوئی قیمتیں؛

- کپاس اور مصنوعی ریشے کی درآمد پر کسٹم ڈیوٹی /ریگیولیٹری ڈیوٹی کے نفاذ کے باعث خام مال کی لاگت میں اضافہ؛

- لاگت تبادلہ کا بڑھتا ہوا رجحان، ڈیول /گیس کی بڑھتی ہوئی قیمتوں کی وجہ سے توانائی کی بڑھتی قیمت اور افراط زر کے دیگر اثرات؛

- کابُور کی بڑھتی ہوئی شرح اور نتیجتاً تمویلِ لاگت میں اضافہ؛

- غیر معین محصولات بشمول سُبُر ٹیکس کا نفاذ۔ مزید برآں اکم ٹیکس اور سیلز ٹیکس ریفرنڈز کی کارروائی میں تاخیر اور اس کے باعث کمپنی کی نقد سیال پذیری میں زوال؛

- افراط زر کی بڑھتی ہوئی شرح عام آدمی کی قوت خرید کو متاثر کرتی ہے جس کے سبب کمپنی کی مصنوعات کی مانگ میں بھی کمی واقع ہوتی ہے۔

#### کاروبار کی نوعیت میں تبدیلی

زیر نظر مالی سال کے دوران کمپنی سے متعلق بنیادی کاروباری افعال میں کوئی قابل ذکر تبدیلی واقع نہیں ہوئی ہے۔

#### ترتیب حصص داری

ترتیب حصص داری بتاریخ 30جون 2023 اور دیگر اضافی معلومات کو آپ کی کمپنی کی سالانہ رپورٹ کا حصہ بنا دیا گیا ہے۔ منسلکہ کمپنیاں اور پبلک سیکٹر کمپنیاں 69.57 فیصد، بینک /انشورنس کمپنیاں / میڈچل فنڈز 10.00 فیصد، ڈائریکٹرز 0.07فیصد اور انفرادی طور پر افراد 20.36 فیصد حصص کے مالک ہیں۔

#### قرضوں کی ادائیگیاں

آپ کی کمپنی میں ایک مؤثر حکمت عملی برائے ترسیل نقد رقوم موجود ہے جس کے تحت وصول اور خرچ کی جانے والی نقد رقوم کی باقاعدگی کے ساتھ کڑی نگرانی کی جاتی ہے۔ اس جامع حکمت عملی کی وجہ سے آپ کی کمپنی اپنے واجبات کی ادائیگی میں ہمیشہ مستعد ثابت ہوئی ہے اور امید ہے کہ اس سلسلے میں کسی بھی چیلنج سے نبرد آزما ہونے کیلئے آپ کی کمپنی ہمہ وقت تیار ہے۔ مذکورہ بالا نظام کے تحت آپ کی کمپنی کی ہمیشہ یہ کوشش رہی ہے کہ تمویلِ لاگت ایک معقول حد سے آگے نہ بڑھ پائے، اس مقصد کے حصول کیلئے ذرائع تمویل میں ایک مناسب امتزاج اور مالیات کے مؤثر انتظام کو ترجیح دی جاتی ہے۔

کمپنی کی یہ روایت رہی ہے کہ اپنے ذمے واجب الادا واجبات کو بروقت ادا کیا جائے اور اسی مناسبت سے کمپنی کی تاریخ بشمول سال رواں میں کبھی ایسا نہیں ہوا کہ کمپنی کو اپنی ادائیگیوں کے سلسلے میں ناہندہ قرار دیا گیا ہو۔

#### مؤثر اندرونی مالیاتی کنٹرول

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے ایک مؤثر اندرونی مالیاتی نظام مرتب کیا گیا ہے۔ اس نظام کے تحت تمام کاروباری امور کو مستعد اور مؤثر انداز سے چلایا جاتا ہے اور اس بات کو ممکن بنایا جاتا ہے کہ کسی بھی قسم کی بدعنوانی، فریب اور غلطیوں کی نشاندہی کی جاسکے اور ان کا تدارک بھی کیا جائے، کمپنی کے اثاثوں کی حفاظت کو ممکن بنایا جائے، تمام قواعد و ضوابط کی پاسداری کو ممکن بنایا جائے، محاسبی کے تمام کھاتے ہر لحاظ سے مکمل اور صحیح ہوں اور بروقت ایسی مالیاتی دستاویزات تیار کی جائیں جو معاملات کی حقیقی عکاس ہوں۔

اندرونی مالیاتی نظام پر وقتاً فوقتاً نظر ثانی کی جاتی ہے تا کہ اس بات کو ممکن بنایا جاسکے کہ نظام مؤثر انداز سے کام کرنے کے ساتھ ساتھ نئے نئے قوانین و ضوابط کی روشنی میں وقت کے تقاضوں پر بھی پورا اتر رہا ہے۔

#### صحت، حفاظت اور ماحولیات

ملک کے ایک معروف گروپ سے منسلک ہونے کے ناطے، ہم نہ صرف اپنے ملازمین کی صحت اور حفاظت کے بارے میں خود کو ذمہ دار سمجھتے ہیں بلکہ ان لوگوں کی ذمہ داری کا احساس بھی کرتے ہیں جو ہمارے کارخانوں کے اردگرد آباد ہیں۔ مزید برآں،ماہر طبی عملے کے ساتھ اس مقصد کیلئے ایک کلینک /ڈسپنری وقف شدہ ہے جہاں بوقت ضرورت مستند ادویات فراہم کی جاتی ہیں۔

ہم اپنی صنعت سازی کے عمل کے دوران بھی اس بات کو مکمل طور پر یقینی بناتے ہیں کہ ہماری صنعت سازی میں ماحولیات کے تمام معیارات کا مکمل خیال رکھا جائے۔ ویسٹ ہیٹ ریکوری پلانٹ، صاف پانی کی فراہمی کے لئے آر او پلانٹ اور گرین انرجی پروجیکٹس میں کی جانے والی سرمایہ کاری اس کی مثالیں ہیں۔ ہمارے پیداواری عمل کے دوران مضر و فاضل مادوں کا اخراج نہیں کیا جاتا۔ تا ہم خارج ہونے والے فاضل مادوں کو ٹھکانے لگانے کیلئے ہماری جانب سے ایک مؤثر نظام نافذالعمل ہے۔

#### (CSR)کارپوریٹ معاشرتی ذمہ داری

کمپنی کی جانب سے کئے جانے والے سی ایلس آر اقدامات کمپنی کے عملے میں مقصد اور فخر کا احساس اجاگر کرتے ہیں، اور وہ ان سرگرمیوں کے مثبت اثرات کو محسوس کرتے ہیں جو مالی فوائد سے کہیں بڑھ کر ہیں۔ تاہم، انتظامیہ کا خیال ہے کہ CSR شفافیت اور احتساب کو فروغ دینے کے لیے ایک اہم کردار ادا کرتی ہے، کیونکہ ان سرگرمیوں کے باعث، اسٹیک ہولڈرز کو، کمپنی کی جانب سے سماجی اور ماحولیاتی میدان میں کی گئی کاوشوں اور ان سے وابستگی کے حوالے سے بخوبی آگاہی ملتی ہے۔

ان سرگرمیوں سے کمپنی کو نہ صرف پائیداری کو فروغ دینے بلکہ صنعت و حرفت سے وابستہ ایک سماجی طور پر انتہائی ذمہ دار آجر کے طور پر اپنے نظریے کا اظہار کرنے میں بھی مدد ملتی ہے۔ اس حوالے سے مالی سال کے دوران درج ذیل مختلف سرگرمیاں ترتیب اور سر انجام دی گئیں۔

- کمپنی کی جانب سے گلدون لٹرائی اور کراچی فیکٹری میں دوہزار سے زائد پودے لگائے گئے۔
- ضعیف العمر افراد کی این جی او کو بنیادی ضروریات کی فراہمی کی خاطر گلز شیلٹرز اور اولڈ ایج ہوم کا دورہ کیا گیا جہاں رضاکاروں نے بزرگ افراد کے ساتھ وقت گزارا اور ان سے گفتگو کرتے ہوئے ان کے تجربات سے استفادہ حاصل کیا۔

- کمپنی سیلاب متاثرین کی مدد اور سہارے میں بھی پیش پیش رہی اور ان کی دادرسی کے حوالے سے گروپ کی دیگر کمپنیوں کے ساتھ مل کر ایک مہم کا آغاز کیا جس کے تحت خیبر پختون خواہ کے مختلف علاقوں کے متاثرین کی محفوظ مقام پر منتقلی کے لئے افرادی قوت کے ساتھ ساتھ ذرائع نقل و حرکت کے انتظامات اور فراہمی کو یقینی بنایا گیا۔

- بنیادی تعلیم کے فروغ کے مقصد کے تحت، کمپنی نے روشنی پبلک اسکول کے ساتھ تعاون کرتے ہوئے کلاس روم میں لکڑی کی بچوں کا عطیہ دیا۔

- بچوں کے عالمی دن کو منانے کی غرض سے " اسٹریٹ اسکول" کا دورہ کیا گیا جس کا مقصد اسٹریٹ چلڈرن کی مدد کرنا تھا تا کہ یہ بچے ہر اعتبار سے ترقی کر سکیں۔ بچوں کے ساتھ ایک بھریپور دن گزارنے کے بعد کمپنی کی جانب سے اسکول کی انتظامیہ کو اسکول کی ضروری اشیاء بھی بطور عطیہ فراہم کی گئیں تا کہ سماجی خوشحالی اور تعلیمی بہبود کے کام کو فروغ دیا جاسکے۔

- کمپنی کی جانب سے ایلس او ایلس چلڈرن ویلج کا دورہ بھی کیا گیا تا کہ بچوں کی فلاح کے حوالے سے بین الاقوامی سطح پر اجتماعیت اور آگہی کو فروغ دیا جاسکے اور معیاری تعلیم کے فروغ کی اہمیت کو اجاگر کیا جاسکے۔

- خواتین کے عالمی دن کے موقع پر، ہماری ٹیم کی جانب سے "تیزاب کے حملوں" سے بچ جانے والی متاثرہ خواتین کے اعزاز میں "دی اسمائل اگین فاؤنڈیشن" کے ساتھ ایک خصوصی تقریب کا اہتمام کیا گیا جس کا مقصد خواتین کی ایک منفرد انداز میں حوصلہ افزائی اور انہیں باختیار بنانے کے ساتھ ساتھ ان کی قدر کے احساس کو اجاگر کرنا اور انہیں معاشرے میں برابری کی حیثیت سے شامل کرنا ہے۔

- ایک پائیدار مستقبل کے فروغ اور نمو کی خاطر، کمپنی نے اپنے عملے کے ساتھ مل کر ساحل سمندر پر صفائی کا اہتمام کیا، جس کا مقصد سمندری حیات اور حیاتیاتی تنوع کی اہمیت کے بارے میں آگاہی پیدا کرنا تھا۔

- کمپنی نے آغوش ہوم کراچی، ایک این جی او کے ساتھ تعاون کرتے ہوئے ایک پُر جوش افطار ڈرائیو–23 کا اہتمام کیا۔ کمپنی کے ایگزیکٹوز اور رضاکاروں نے یتیم اور بے گھر بچوں کے ساتھ وقت گزارا۔ اس تقریب کے بعد بچوں کے لیے افطار اور عید کے تحائف پیش کیے گئے تا کہ ان کے دن کو یادگار بنایا جاسکے۔

- ماحولیات کے عالمی دن کے موقع پر، ہماری سی ایلس آر ٹیم نے پائیدار ماحول کی اہمیت کو اجاگر کرنے کے لئے پیش قدمی کرتے ہوئے کراچی کے مقامی پارکوں کو صاف کرنے اور پلاسٹک سے پاک ماحول کے فروغ کے لیے اہتمام کیا۔

مزید برآں، سر سبز و شاداب ماحول کے قیام میں اپنا کردار ادا کرنے کے لئے کمپنی نے رواں برس اپنی فیکٹری کے احاطے میں 1.5 میگا واٹ کے شمسی توانائی نظام کی تنصیب کی اور مزید 5.5 میگا واٹ نظام کی تنصیب کا عمل جاری ہے۔ کمپنی کی انتظامیہ، مجموعی لاگت کے اثرات کو کم کرنے کے ساتھ ساتھ گُره ارض پر کاربن کے اخراج کو مؤثر اور پائدار انداز میں کم کرنے کے لئے پُر عزم ہے۔

## اہم ترین طویل المدت سرمایہ کاری کی نوعیت

رواں مالی سال کمپنی نے سرمایہ کاری کی حکمت عملی کے تحت ٹرائی کوم سولر پاور (پرائیویٹ) لمیٹڈ میں حصص اجراء کی مد میں پیسگی ادائیگی کے ذریعے مزید 9.763 ملین روپے کی سرمایہ کاری کی ہے۔

اس سے قبل، کمپنی اپنے حصص داران سے مورخہ 13 اپریل، 2018 کو ٹرائی کوم سولر پاور (پرائیویٹ) لمیٹڈ اور یونٹ وونڈ پاور لمیٹڈ میں سرمایہ کاری کی منظوری حاصل کر چکی تھی۔ سابقہ منظوری کے ابتدائی 12 ماہ کے بعد ان منظور یوں کی معیاد کے اختتام پر، کمپنی نے بتاریخ 20 مارچ، 2019 کو منعقدہ غیر معمولی اجلاس عام میں حصص داران سے سرمایہ کاری کی مدت میں توسیع کی منظوری حاصل کی جو کہ 4 سال کا عرصہ یا پروجیکٹ کے کمرشل آپریشن کے حصول تک ہے (جو بھی بعد میں وقوع پزیر ہو)۔

## بورڈ کی اسامی پر تعیناتی (Casual Vacancy)

• مورخہ 13 اکتوبر 2022 کو جناب محمد سہیل منہ صاحب نے منتخب ڈائریکٹرز کی حیثیت سے استعفیٰ دیا تاہم کمپنی کے چیف ایگزیکٹو کی طور پر اپنا کردار جاری رکھا۔ ان کی جگہ خالی ہونے والی اسامی کو بورڈ نے 14 اکتوبر 2022 کو جناب محمد حسن منہ صاحب کی بحیثیت غیر انتظامی ڈائریکٹر تقرری کے ذریعے پر کیا جو کہ بقیہ مدت تک اپنے فرائض سر انجام دیں گے۔

بقیہ مدت کیلئے بورڈ کا استرجاع درج ذیل ہے

تفصیلات	تعداد	نام
الف) خود مختار ڈائریکٹرز	02	سید محمد شہر زیدی جناب معین ایم فدا
ب) انتظامی (ایگزیکٹو) ڈائریکٹر	01	جناب محمد سہیل منہ
ج) دیگر غیر انتظامی (نان ایگزیکٹو) ڈائریکٹرز	04	جناب محمد علی منہ جناب عمران یونس منہ جناب جاوید یونس منہ جناب محمد حسن منہ
د) خواتین غیر انتظامی (نان ایگزیکٹو) ڈائریکٹر	01	محترمہ ڈلیجز منہ مسکا طیبہ

• جناب محمد یونس منہ کے انتقال پر ملال پر خالی ہونے والی اسامی کو بورڈ کی جانب سے 26 جنوری 2023 کو جناب عمران یونس صاحب کی بحیثیت غیر انتظامی ڈائریکٹر تعیناتی کے ذریعے پر کیا گیا جو کہ بقیہ مدت تک بطور ڈائریکٹر بھی اپنی ذمہ داریاں نبھائیں گے۔ علاوہ ازیں، ڈائریکٹرز کی جانب سے بقیہ مدت کیلئے جناب محمد علی منہ کو بطور چیئر مین بورڈ تعینات کیا گیا ہے۔

## بورڈ آف ڈائریکٹرز کی ترتیب

لسٹڈ کمپنیوں کے قواعد (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تحت کمپنی کی جانب سے بورڈ میں غیر جانبدار اور غیر انتظامی ڈائریکٹرز کی نمائندگی کو یقینی بنایا گیا ہے۔ اس کے علاوہ بورڈ میں صنفی متنوع نمائندگی کو بھی یقینی بنایا گیا ہے۔

بتاریخ 30 جون 2023 کمپنی کے بورڈ آف ڈائریکٹرز میں ڈائریکٹرز کی کل تعداد آٹھ ہے بشمول چیف ایگزیکٹو (بحیثیت Deemed ڈائریکٹر) جس کی تفصیل درج ذیل پر مشتمل ہے

آڈٹ کمیٹی	
1	سید محمد شہر زیدی
2	جناب معین ایم فدا
3	جناب محمد علی منہ
4	جناب جاوید یونس منہ
انسانی وسائل و ادائیگیوں کی کمیٹی	
1	جناب معین ایم فدا
2	جناب جاوید یونس منہ
3	محترمہ ڈلیجز منہ مسکا طیبہ
بجٹ کمیٹی	
1	جناب محمد علی منہ
2	جناب محمد سہیل منہ
3	جناب جاوید یونس منہ
4	سید محمد شہر زیدی

## غیر انتظامی ڈائریکٹرز کے مشاہرے سے متعلق پالیسی

- ڈائریکٹرز کو کمپنی کے بورڈ آف ڈائریکٹرز، بورڈ کی کمیٹیوں کے اجلاسوں یا کمپنی کے سالانہ اجلاس عام میں شرکت کیلئے کئے جانے والے سفری، قیام اور دیگر اخراجات کی ادائیگی کی جائے گی۔
- کوئی بھی ڈائریکٹر اگر کوئی ایسی خدمات سر انجام دے جو کہ بورڈ کی رائے میں قانوناً ڈائریکٹرز کی ذمہ داری نہیں ہے تو اس صورت میں ایسے ڈائریکٹر کو اضافی مشاہرہ بھی ادا کیا جا سکتا ہے۔
- ڈائریکٹرز کو کمپنی کے بورڈ آف ڈائریکٹرز، بورڈ کی کمیٹیوں کے اجلاسوں یا کمپنی کے سالانہ اجلاس عام میں شرکت کیلئے کئے جانے والے سفری، قیام اور دیگر اخراجات کی ادائیگی کی جائے گی۔
- بورڈ یا بورڈ کی کمیٹیوں کے اجلاس میں شرکت کیلئے ڈائریکٹرز کو ادا کی جانے والی فیس کا تعین وقت کی مناسبت سے بورڈ آف ڈائریکٹرز کی منظوری کے ساتھ کیا جائے گا۔
- انسانی وسائل و ادائیگیوں کی کمیٹی ڈائریکٹرز کی بورڈ یا بورڈ کی کمیٹیوں کے اجلاس میں شرکت کے مشاہرے کا تعین اور اس سے متعلق سفارشات پیش کرے گی جو کہ وقتاً فوقتاً بورڈ کی منظوری سے مشروط ہو گا۔ غیر انتظامی ڈائریکٹرز کا مشاہرہ، ان کی بورڈ یا بورڈ کی کمیٹیوں کے اجلاس میں حقیقی حاضری سے منسلک ہو گا۔



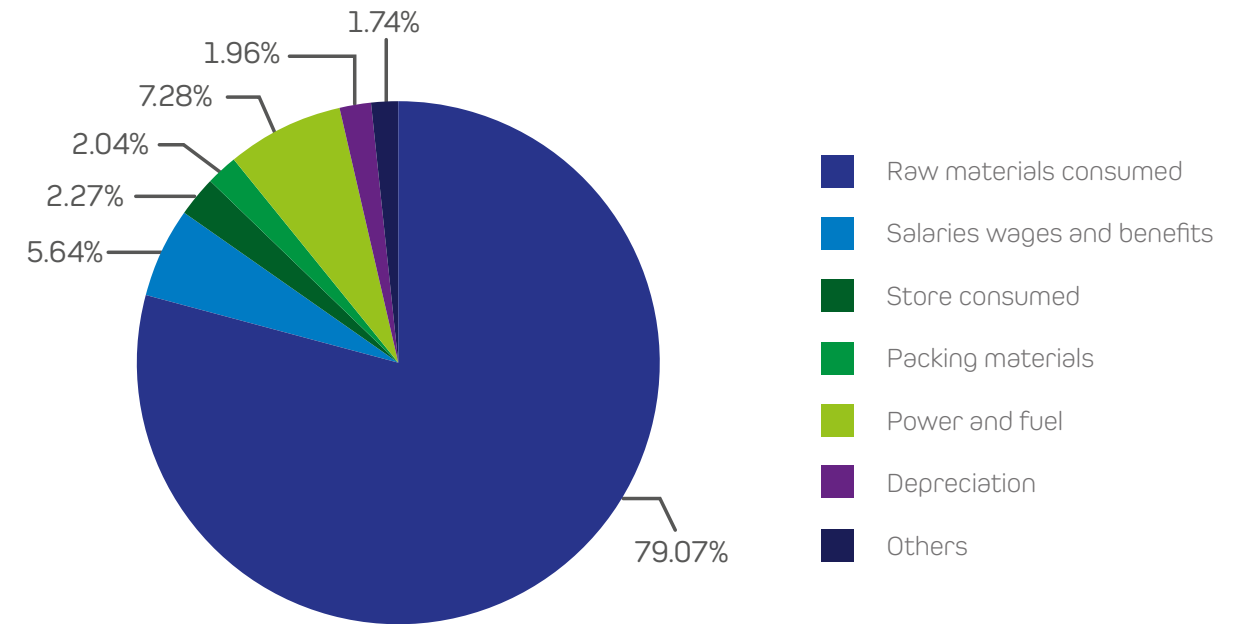
## مالیاتی کارکردگی

زیر نظر مالی سال اختتامیہ 30 جون 2023 سے متعلق کمپنی کے اہم مالیاتی نتائج کا موازنہ ذیل میں پیش خدمت ہے:

خلاصہ برائے نفع و نقصان	June 30, 2022	June 30, 2023
براہ راست برآمدات	12,795,923	8,836,080
بالواسطہ برآمدات	23,769,165	21,048,994
مقامی فروختگی	18,263,059	28,112,166
فروختگی (صافی)	54,828,147	57,997,240
خام منافع	8,340,757	6,167,845
لاگت برائے ترسیل مال	1,486,957	846,043
لاگت برائے انتظامی امور	361,496	478,197
تمویلی لاگت	426,280	288,902
دیگر آمدن	546,221	2,148,630
منافع قبل از ٹیکس	1,398,263	2,376,210
منافع بعد از ٹیکس	6,918,066	4,782,283
آمدن فی حصص (روپے)	5,713,572	3,291,867
	203.84	117.44

اگرچہ فروختگی کی قدر میں گزشتہ مالی سال کے مقابلے میں اضافہ ہوا، تاہم رواں برس میں سوت اور بنی ہوئی چادروں کی مجموعی فروخت میں بلحاظ حجم کمی واقع ہوئی جس کی بنیادی وجہ عالمی معیشت میں جاری سست روی ہے۔

لاگت برائے پیداوار کا تجزیہ ذیل میں پیش کیا جا رہا ہے:



لاگت برائے پیداوار کا اہم جز خام مال پر مشتمل ہے جو 79.07 فیصد بنتا ہے اور اس کے بعد توانائی کے اخراجات 7.28 فیصد ہیں جسے قابو میں رکھنا ہمیشہ سے انتظامیہ کے لئے تشویش کا باعث رہا ہے۔

گزشتہ مالی سال کے مقابلے میں خام منافع کی شرح میں کمی آئی جس کی بنیادی وجہ مہنگا خام مال، توانائی کی لاگت میں اضافہ (گیس کی قیمتوں میں اضافے اور بجلی کی قیمتوں کی مد میں دی جانے والی امداد کو ختم کرنے کی وجہ سے) اور کورژن کی بڑھتی ہوئی لاگت ہے۔

لاگت برائے پیداوار کو معقول حد تک رکھنے کیلئے انتظامیہ کی جانب سے دانش مندی کے ساتھ مقامی اور درآمد شدہ کاشن کو مناسب استخراج کے ساتھ خرید اگیلا۔ تاہم روپے کی گرتی ہوئی قدر خام مال بلخصوص کپاس کی قیمتوں میں تیزی سے اضافہ کی بنیادی وجہ بنی۔ کپاس پر انحصار کو کم کرنے کی خاطر انتظامیہ کی جانب سے مصنوعی ریشے کے استعمال میں اضافہ کیا گیا۔

جہاں تک توانائی کا تعلق ہے کمپنی اس بات کے لئے کوشاں ہے کہ بجلی کی زیادہ سے زیادہ پیداوار ایندھن کے سستے ذرائع کو استعمال میں لاتے ہوئے کی جائے مثلاً فرنس آئل کے بجائے قدرتی گیس اور موثر ہیزیز سے زیادہ سے زیادہ استفادہ حاصل کیا جائے۔ تاہم گیس کی قیمتیں جنوری 2023 سے 852 روپے فی ایم ایم ٹی یو سے بڑھا کر اب 1,100 روپے فی ایم ایم ٹی یو کی جا چکی ہیں اور ساتھ ہی ساتھ دوران مالی سال گیس کی فراہمی میں اچانک اور بغیر کسی اطلاع کے تخفیف اور تعطل نے توانائی کی مجموعی لاگت پر گہرا اثر ڈالا ہے۔

گزشتہ مالی سال کے مقابلے میں عالمی سطح پر تیل کی قیمت اور مال برداری کی لاگت میں کمی کے ساتھ ساتھ سوت اور بُنائی کی چادروں کی برآمدات میں آنے والی کمی جیسی وجوہات کی بناء پر لاگت برائے ترسیل مال میں 43.10 فیصد کمی واقع ہوئی ہے۔ علاوہ ازیں، معیشت پر افراط زر کے دباؤ کے نتیجے میں کمپنی کے انتظامی اخراجات میں گزشتہ مالی سال کے مقابلے میں اضافہ ہوا ہے۔

## مختلف شعبوں میں کاروباری کارکردگی کا جائزہ

آپ کی کمپنی میں کاروباری افعال کو بنیادی طور پر تین شعبوں میں منقسم کیا گیا ہے:

- سوت کٹائی کا شعبہ: سوت سازی اور فروخت
- بنائی کا شعبہ: کپڑے کی بُنائی اور بُنی ہوئی چادروں کی فروخت
- غیر مختص شعبہ جات بشمول دودھ کی پیداوار و فروخت

کمپنی کے مختلف شعبوں کی کارکردگی کا ذیل میں پیش کیا جا رہا ہے:

سوت کٹائی	بنائی کی مصنوعات	سوت کٹائی	بنائی کی مصنوعات
2022	2023	2022	2023
روپے ہزاروں میں			
51,611,486	5,846,764	49,019,295	5,396,826
1,296,607	1,573,377	4,891,007	833,672

زیر نظر مالی سال کے دوران، کمپنی اپنی مجموعی فروختگی (بلحاظ قدر) کو بڑھانے میں کامیاب رہی، تاہم مجموعی فروخت کے حجم میں کمی دیکھی گئی جس کی وجہ فروختگی کے استخراج میں آنے والی تبدیلی ہے۔ بُنائی کے شعبے کے صافی منافع میں قابل قدر اضافہ ہوا کیونکہ گزشتہ مالی سال کے مقابلے میں کمپنی کو رواں مالی سال میں بہتر قیمت فروخت حاصل ہوئی۔ تاہم، سوت کٹائی کے شعبے کا صافی منافع کمی کا شکار رہا جس کی وجوہات مندرج بالا سطور میں بیان کی جا چکی ہیں۔

تمویلی لاگت میں بھی گزشتہ مالی سال کے مقابلے میں 293.36 فیصد کا خاطر خواہ اضافہ ہوا ہے اور اس اضافے کے بعد یہ لاگت 2,148.63 ملین روپے بنتی ہے۔ اس اضافے کی بنیادی وجوہات میں مختلف عوامل کار فرما رہے بشمول پالیسی ریٹ کا بڑھنا جو کہ زیر نظر مالی سال میں 15 فیصد تا 22 فیصد رہا جبکہ گزشتہ مالی سال کے دوران یہ شرح 7 فیصد تا 14 فیصد تھی، اس کے علاوہ افراط زر اور روپے کی قدر میں کمی کے باعث کاروباری سرمائے (ورکنگ کیپٹل) کی ضرورت میں بھی اضافہ ہوا۔ مزید برآں ویلیو ایڈڈ ٹیکس کی توسیع اور نئی مشینری میں سرمایہ کاری کی خاطر رعایتی تمویل کی عدم دستیابی بھی ان عوامل میں شامل ہے جس کے باعث تمویلی لاگت میں اضافہ ہوا۔

کمپنی کی جانب سے مختلف النوع ذرائع میں کی جانے والی سرمایہ کاری کے باعث حاصل ہونے والی آمدن 1.68 ارب روپے رہی جبکہ گزشتہ مالی سال یہ آمدن 1.10 ارب روپے تھی، نتیجتاً اس مد میں حاصل ہونے والی آمدن میں 53.10 فیصد اضافہ درج کیا گیا۔ شریک کمپنی سے حاصل ہونے والے منافع میں اضافے کی بنیادی وجہ کلی کور انڈسٹریز لمیٹڈ کی جانب سے رواں مالی سال کے دوران ایک شریک کمپنی نیو ٹریکو مور بناگا (پرائیویٹ) لمیٹڈ میں اپنی 51 فیصد حصص داری کو جزوی فروخت کے ذریعے سے 24.5 فیصد تک کم کیا جاتا ہے۔ اس جزوی فروخت اور بقیہ حصص داری کی دوبارہ پیمائش کے تحت کلی کور انڈسٹریز لمیٹڈ نے 9.64 ارب روپے کا نفع درج کیا جس میں کمپنی کا حصہ 0.69 ارب روپے تھا۔

نتیجتاً، رواں مالی سال میں کمپنی کا صافی منافع گزشتہ مالی سال کے مقابلے میں 2.42 ارب روپے سے کم رہا

## ڈائریکٹرز رپورٹ برائے ممبران

### عزیز ممبران

5.78 فیصد کا قابل ذکر اضافہ ظاہر ہوتا ہے۔ اس کی بنیادی وجہ سوت کی قیمت فروخت میں اضافہ اور روپے کی قدر میں کمی ہے۔

تاہم فروختگی کی قدر میں حاصل اضافہ، افراط زر کے باعث منگنے خام مال اور کنورژن کی لاگت کی نذر ہو گیا اور اس کے علاوہ تمولی لاگت کے اثرات بھی اس سلسلے میں نمایاں ہیں۔ مزید برآں، شریک کمپنیز (لاسوس ایٹس) سے حاصل شدہ منافع 53.10 فیصد اضافے کے ساتھ 1.68 ارب روپے ہو گیا جس کی وجہ کلی کور انڈسٹریز لمیٹڈ کی جانب سے اپنی ذیلی کمپنی کی جزوی فروخت سے حاصل ہونے والا فائدہ ہے، جس کے باعث کمپنی کو گزشتہ مدت کے 5.71 ارب روپے کے مقابلے میں رواں برس میں 3.29 ارب روپے کا خالص منافع درج کرنے میں مدد ملی۔

### معاشی منظر نامہ

وطن عزیز پاکستان کی معیشت نے گھٹتے ہوئے غیر ملکی زر مبادلہ کے ذخائر، روپے کی قدر میں تیزی سے آنے والی کمی اور بلند افراط زر، اجناس کی بڑھتی ہوئی قیمتوں اور ملکی سطح پر سیاسی غیر یقینی صورتحال جیسے دشوار ترین چیلنجز سے نبرد آزما ہوتے ہوئے اپنی راہ ہموار کی۔ مذکورہ چیلنجز اب بھی برقرار ہیں تاہم، بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) کی جانب سے پاکستان کے لئے اپنے حالیہ 3 ارب امریکی ڈالر کے "اسٹینڈ بائی ارنجمنٹ" (ایس بی اے) پر منظوری کے بعد وطن عزیز کی کمزور معیشت نے راحت کا سانس لیا۔

زیر نظر مالی سال کے دوران درآمدی بلز 29 فیصد (بلحاظ امریکی ڈالر) سے کم ہو کر 60 ارب امریکی ڈالر رہ گئے ہیں جبکہ گزشتہ مالی سال کے دوران درآمدی بلز 84.49 ارب امریکی ڈالر تھے، درآمدی بلوں میں اس کمی کی بنیادی وجہ سخت مالیاتی پالیسی اور بینک دولت پاکستان (مرکزی بینک) کی جانب سے درآمدات میں کمی لانے کی حکمت عملی ہے تاکہ وسیع اقتصادی عدم توازن اور سرمایہ کاری سے متعلق درپیش چیلنجز سے نمٹا جاسکے۔ اگرچہ مرکزی بینک کے ان اقدامات کی باعث آخری سہ ماہی میں جاری کھاتوں کا توازن فاضل کی صورت میں سامنے آیا اور مجموعی جاری کھاتوں کا خسارہ گزشتہ مالی سال کی نسبت 14.9 ارب امریکی ڈالر (85 فیصد) سے کم ہوا۔ تاہم، درآمدات میں کمی کی پالیسی برآمدات کے لئے نقصان دہ ثابت ہوئی جو کہ گزشتہ مالی سال کے مقابلے میں (بلحاظ امریکی ڈالر) 11.07 فیصد سے کم ہو کر 35.21 ارب امریکی ڈالر ہو گئی۔ اسی طرح بیرون ملک سے آنے والی ترسیلات زر بھی گزشتہ مالی سال کے مقابلے میں (بلحاظ امریکی ڈالر) 22 فیصد کمی کے ساتھ 27 ارب امریکی ڈالر رہیں جس کی وجوہات عالمی معاشی نمو کا تاریخی طور پر کم ترین سطح پر ہونا اور شدید افراط زر کے باعث مالیاتی خدشات کا بھی بڑھ جانا ہیں۔

مالی سال کے دوران، وطن عزیز پاکستان نے گزشتہ ایک سال پہلے کے مقابلے میں اب تک کی سب سے بلند شرح افراط زر 37.97 فیصد درج کی اور مستقبل قریب میں یہ شرح بلند سطح پر رہنے کی توقع ہے۔ لہذا، افراط زر کی بڑھتی ہوئی شرح کو گام ڈالنے اور قیمتوں میں استحکام کو مد نظر رکھتے ہوئے، مرکزی بینک کے حالیہ بنگامی اجلاس میں شرح کوٹنی (ڈسکاؤنٹ ریٹ) کو 22 فیصد تک بڑھانے کا فیصلہ کیا گیا۔

آپ کی کمپنی کے ڈائریکٹرز انتہائی مسرت کے ساتھ 30 جون 2023 کو ختم ہونے والے مالی سال سے متعلق مالیاتی نتائج آپ کی خدمت میں پیش کر رہے ہیں۔

### بورڈ کے ممبر کا انتقال پُر ملال

آپ کی کمپنی، اسکے ملازمین، ورکروں اور بورڈ آف ڈائریکٹرز کی جانب سے جناب محمد یونس مہ (سابق چیئرمین بورڈ آف ڈائریکٹرز) کے انتقال پُر ملال مؤرخہ 2 جنوری 2023 پر گہرے افسوس کا اظہار کیا جاتا ہے۔

جناب محمد یونس مہ، یونس برادرز گروپ (وائی بی جی) کے بانی ممبران میں سے تھے اور آپ نے گروپ کو صنعت کاری، فروخت، انتظامیہ، مارکیٹنگ اور مجموعی انتظامی شعبوں میں ترقی کی منازل طے کرتے دیکھا۔ آپ نے اپنی مہارت اور متنوع تجربے کی بنیاد پر وائی بی جی کو اس مقام پر پہنچایا جسے مقامی اور بین الاقوامی کاروباری برادریوں میں سراہا جاتا ہے۔

آپ کو حکومت پاکستان کی جانب سے، سویلین سطح پر اعلیٰ ترین اعزاز "ستارہ امتیاز" سے نوازا گیا۔ مزید برآں آپ کو متاثر کن پیشہ ورانہ کیریئر کے دوران جتھے آف کامرس کی جانب سے کئی بار "بزنس مین آف دی لیئر" سے بھی نوازا گیا۔ اس ناقابل تلافی نقصان پر رنجیدگی کے ساتھ ہم پُر عزم ہیں کہ ان کے نقش قدم پر چلتے ہوئے ان کی میراث کو جاری رکھیں تاکہ اس مقصد کو حاصل کر سکیں جس کا تصور انھوں نے اپنے مرحوم بھائی جناب عبدالرزاق مہ کے ساتھ پچاس سال قبل اس سفر کے آغاز پر کیا تھا۔

### جائزہ

آپ کی کمپنی بنیادی طور پر سوتی دھاگے اور بننے ہوئے کپڑے کی مصنوعات کی تیاری و فروخت کے ساتھ دودھ کی پیداوار اور فروخت کے کاروبار سے منسلک ہے۔ اپنے صارفین کو سہولیات فراہم کرنے اور لاگت کے اثرات کو کم از کم سطح پر رکھنے کی غرض سے کمپنی کی جانب سے ایک حکمت عملی کے تحت اپنی صنعت سازی کے عمل کو شمالی اور جنوبی جغرافیائی محل وقوع میں منقسم کر رکھا ہے۔

زیر نظر سال کا آغاز عالمی معیشت میں غیر یقینی صورت حال کے ساتھ ہوا جس کی وجہ روس کے یوکریں پر حملے اور کووڈ 19 وبا کی مرض کے مجموعی اثرات ہیں۔ ان منفی واقعات نے عالمی تجارت پر تباہ کن اثرات مرتب کئے، سلسلہ تر سیل کو بری طرح متاثر کیا جس سے نہ صرف اجناس کی قلت واقع ہوئی بلکہ توانائی کی قیمتوں میں اضافہ ہوا۔ طلب میں کمی، رسد میں تاخیر اور اجناس کی قیمتوں میں ہوشربا اضافے کے باعث، پاکستان سمیت بہت سی معیشتوں میں افراط زر گزشتہ کئی دہائیوں کی بلند ترین سطح پر پہنچ چکا ہے۔

زیر نظر مالی سال نے وطن عزیز پاکستان کے لئے نئے چیلنجز پیش کئے جو دیرینہ ساختی کمزوریوں اور مبہم سیاسی صورتحال کی عکاسی کرتے ہیں۔ باوجود اس امر کے کہ کمپنی کی مجموعی فروختگی (بلحاظ حجم) کمی کا شکار رہی، کمپنی اپنی مجموعی فروختگی (بلحاظ قدر) کو اب تک کی بلند ترین سطح 57.99 ارب روپے پر پہنچانے میں کامیاب رہی، جس سے گزشتہ مالی سال کے مقابلے میں

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