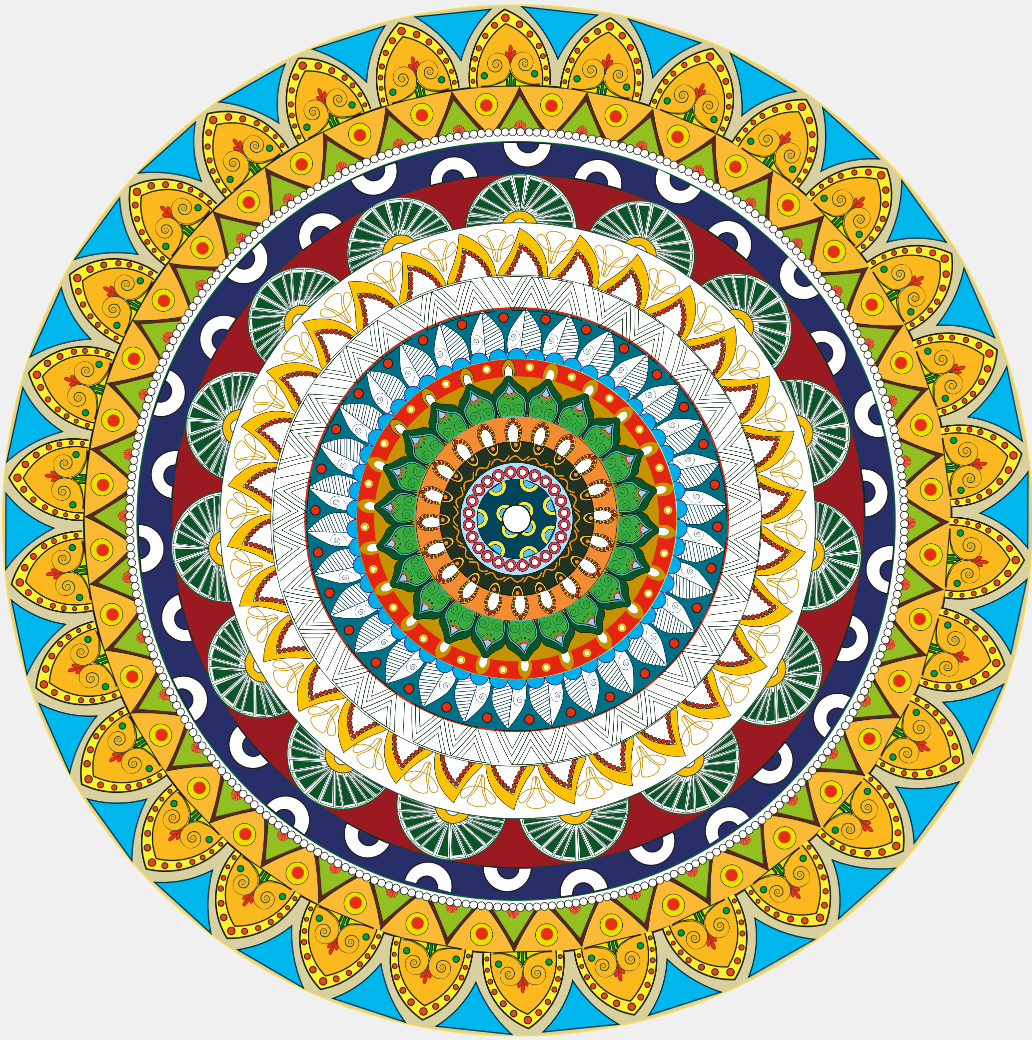
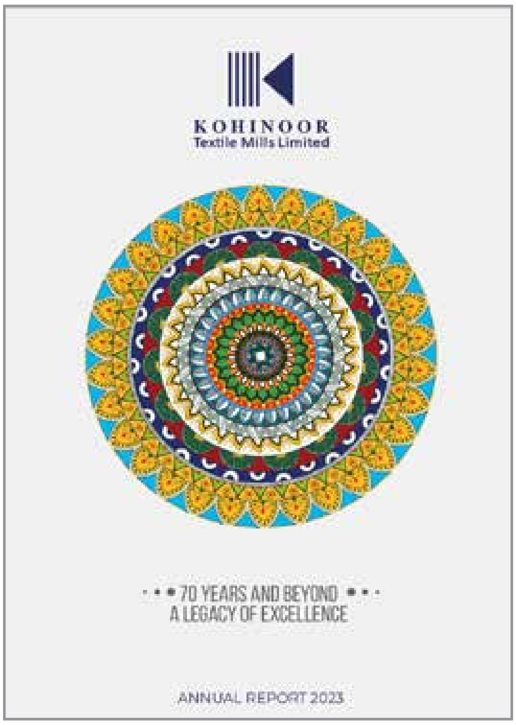
KOHINOOR
Textile Mills Limited



70 YEARS AND BEYOND
A LEGACY OF EXCELLENCE

ANNUAL REPORT 2023



70 YEARS AND BEYOND - LEGACY WOVEN IN EXCELLENCE

Kohinoor Textile Mills Limited (KTM) has stood as a pioneering force in Pakistan's textile industry for seven remarkable decades. Committed to spearheading textile innovation, our vertically integrated divisions, encompassing spinning, weaving, processing, and stitching, have consistently delivered the epitome of quality. With a global presence, cutting-edge technology, and a highly skilled workforce, we perpetually surpass international market standards.

We find ourselves at the threshold of a future characterized by sustainable growth and an enduring legacy as we celebrate 70 years of unwavering dedication to excellence. Our journey has bridged centuries, where the traditional heritage of humanistic skill meets the demands of modern achievements. The transition from bygone eras to the zenith of contemporary accomplishments has seen technical prowess ascend to paramount importance. Kohinoor Textile Mills Limited represents a harmonious fusion of timeless traditions and cutting-edge modernity. Our story is one of indomitable spirit and unwavering commitment, weaving together the threads of innovation, quality, and sustainability. As we step into the future, we do so with pride, knowing that our legacy is not just a testament to our past, but a foundation for the industry's future.

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IN THIS REPORT

ABOUT THE REPORT

KOHINOOR TEXTILE MILLS LIMITED (KTML) corporate Annual Report 2023 covers the period from 1st July 2022 to 30th June 2023. All the activities and performance related data is related to KTML and its subsidiaries Maple Leaf Cement Factory Limited, Maple Leaf Capital Limited, Maple Leaf Power Limited & Maple Leaf Industries Limited and does not include any information or data related to its associated companies unless where required by legal and corporate regulations.

Annual Report 2023 gives an introduction & overview about the principal activities of the Company. A very brief and comprehensive information has been provided about business review, future outlook of the Company along with Governance structure, risk management framework, Performance and future strategies of the Company. Economic, environmental and corporate social responsibility data is also presented for the better understandability of users of financial statements about the operations of the Company.

Financial statements that are an integral part of Annual Report 2023 have been prepared in compliance with provisions and directives of Companies Act, 2017 and Code of Corporate Governance Regulations, 2019. Independent auditor's report is also part of Annual Report 2023. There has been no change in the reporting period, boundary and scope of the Report.

This Annual Report is also available at www.kmlg.com

KOHINOOR
Textile Mills Limited

70 YEARS AND BEYOND
A LEGACY OF EXCELLENCE

01

ORGANISATION OVERVIEW

AND EXTERNAL ENVIRONMENT

ORGANISATION OVERVIEW AND EXTERNAL ENVIRONMENT

WWW.KMLG.COM/KTML

COMPANY PROFILE & PRINCIPAL BUSINESS ACTIVITIES

Kohinoor Textile Mills Limited ("The Company") commenced Textile Operations in 1953 as a Private Limited Company and transited into a Public Limited Company in 1968.

In pursuit of sustainable growth, the Company has strategically embraced a policy of horizontal integration encompassing weaving, processing, and home textiles activities with the aim of addressing the dynamic challenges posed by market. At present, the Company's spinning production facilities comprise 180,144 ring spindles, 384 MVS Spindles (another 384 MVS spindles will be installed by the end of September 2023), 2,712 open end rotors (another 936 rotors installed subsequent to year-end) capable of spinning a diverse range of yarn counts using cotton and synthetic fibers at Rawalpindi and Gujjar Khan along with 384 looms at Raiwind capable of weaving a wide range of greige fabrics. The processing facilities at the Rawalpindi unit are capable of dyeing and printing fabrics intended for the home textile market. The stitching facilities contribute to the production of a diverse range of home textiles for export. Both the dyeing and stitching facilities are being augmented to take advantage of greater market access. Moreover, all three sites are fully equipped laboratory facilities for quality control and process optimization.

At Kohinoor Textile Mills Limited, we are steadfastly committed to sustainability initiatives. One of our flagship projects involves the construction of another rainwater harvesting lake. This endeavor signifies our dedication to responsible water management, allowing us to harness nature's gift for our operational needs. By capturing and storing rainwater, we aim to reduce our reliance on external water sources and contribute to conserving this precious resource.

On the other hand, in terms of reducing carbon footprint, producing 14.45MW of electricity through solar energy rather than furnace oil leads to an estimated decrease of around 330 Million pounds (equivalent to 8,852 tons) of carbon dioxide emissions annually.

LEADING EDGE PRODUCTION CAPABILITIES

The Company has been investing heavily in Information Technology, training of its human resources and preparing its management to meet the challenges of market integration. The Company continues to ensure that its current competitive position is maintained as well as supporting the ongoing improvement process in an endeavor to maintain world's best manufacturing practice. Operations of the Company are subject to different environmental and labour laws. The Company is fully complying with all applicable environmental, labour, corporate and other relevant legal laws.

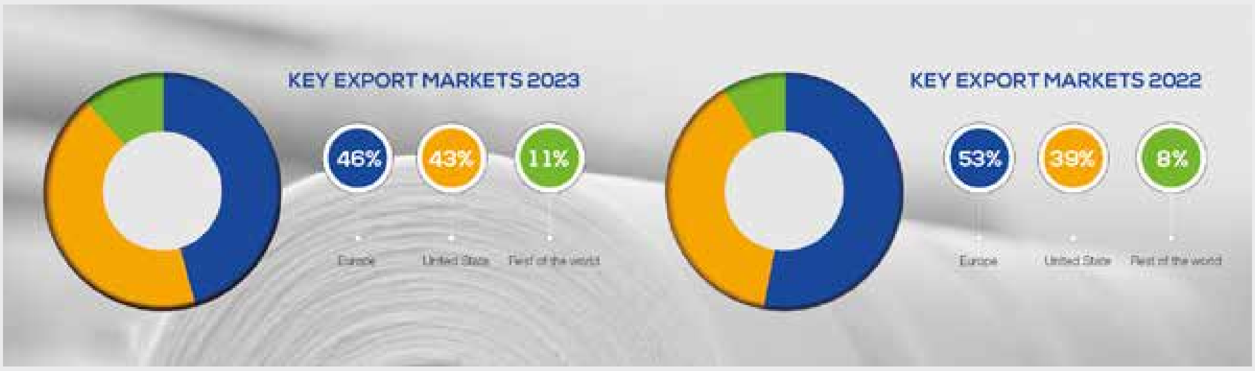
OUR PRODUCTS

Product Portfolio – To cater the varying needs of the market, the Company produces the following products:

i) Yarn
ii) Greige Fabric
iii) Dyed and Printed Fabric
iv) Home Textile Products (Bed Linen, Quilting, Embroidery, Curtains, etc)

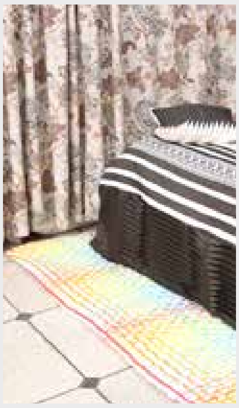
The Company sells its products to local as well as international markets. Finished products of home textile business are exported to mainly Europe, America, Canada, Australia, Asia and Africa.

YARN

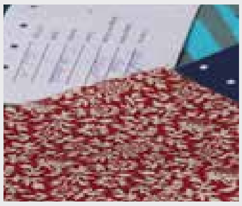


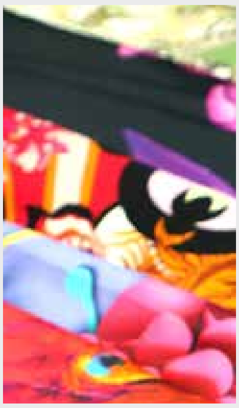
GREIGE FABRIC

HOME TEXTILES





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COMPANY INFORMATION

Board of Directors

Mr. Tariq Sayeed Saigol	Chairman
Mr. Taufique Sayeed Saigol	Chief Executive
Mr. Sayeed Tariq Saigol	
Mr. Waleed Tariq Saigol	
Mr. Danial Taufique Saigol	
Ms. Jahanara Saigol	
Syed Muhammad Shabbar Zaidi	
Mr. Zulfikar Monnoo	
Syed Mohsin Raza Naqvi	

Audit Committee

Syed Muhammad Shabbar Zaidi	Chairman
Mr. Zulfikar Monnoo	Member
Mr. Sayeed Tariq Saigol	Member
Mr. Waleed Tariq Saigol	Member

Human Resource & Remuneration Committee

Mr. Zulfikar Monnoo	Chairman
Mr. Sayeed Tariq Saigol	Member
Mr. Danial Taufique Saigol	Member

Chief Financial Officer

Syed Mohsin Raza Naqvi

Company Secretary

Mr. Muhammad Ashraf

Chief Internal Auditor

Mr. Zeeshan Malik Bhutta

Auditors

M/s. Riaz Ahmad & Company,
Chartered Accountants

Legal Adviser

Mr. Muhammad Younas,
Advocate High Court

Bankers of the Company

Al Baraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
PAIR Investment Company Limited
SAMBA Bank Limited
Silk Bank Limited
The Bank of Khyber
The Bank of Punjab
United Bank Limited

Share Registrar

Vision Consulting Limited
5-C, LDA Flats,
Lawrence Road, Lahore
Tel: (00-92-42) 36283096-97
Fax: (00-92-42) 36312550
E-Mail: shares@vcl.com.pk

Registered Office

42-Lawrence Road, Lahore.
Tel: (00-92-42) 36302261-62
Fax: (00-92-42) 36368721

Mills:

Peshawar Road, Rawalpindi
Tel: (0092-51) 5495328-32
Fax: (0092-51) 5495304

Gulyana Road, Gujar Khan,
District Rawalpindi
Tel: (0092-51) 3564472-74

8 K.M., Manga Raiwind Road, District Kasur
Tel: (0092-42) 32560683-85,
Fax: (0092-42) 32560686-87

Website:

www.kmlg.com/ktml

Note: KTML's Financial Statements are also available at the above website.

VISION

The Kohinoor Textile Mills Limited stated vision is to achieve and then remain as the most progressive and profitable Company in Pakistan in terms of industry standards and stakeholders interest.

VISIO

MISSION

The Company shall achieve its mission through a continuous process of having sourced, developed, implemented and managed the best leading edge technology, industry best practice, human resource and innovative products and services and sold these to its customers, suppliers and stakeholders.

MISSION

VISION, MISS

ON

EMPATHY

We share each others' feelings and emotions, making us a stronger, more cohesive team; we communicate effectively and approach challenges collectively.

INTEGRITY

We ensure adherence to moral and ethical principles; we act with honesty, we do not compromise our values.

PASSION

It's about growth & success; we chase our goals and objectives (personal & professional) with the highest level of energy and enthusiasm.

VALUES

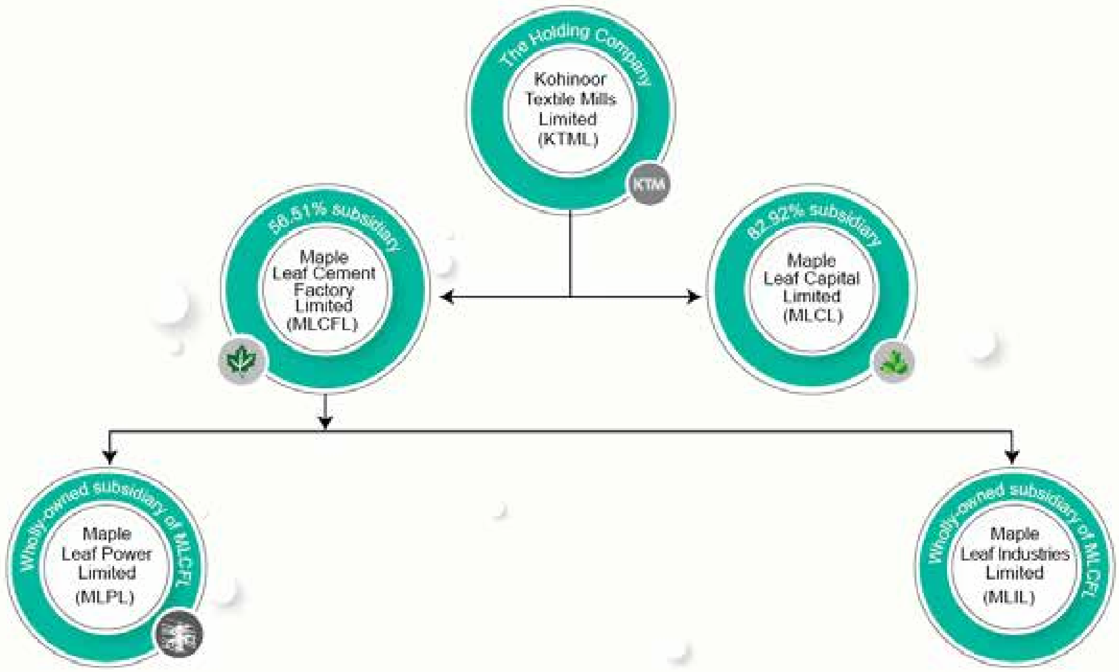
VALUES

Committed to leading textile innovation, we aim to leave an enduring mark on the industry worldwide. Cheers to the next chapter, built on a foundation of seven decades of unmatched quality and progress.

ION, VALUES

GROUP STRUCTURE

The Company is a part of Kohinoor Maple Leaf Group (KMLG). KMLG structure comprises of two listed public limited companies i.e. Kohinoor Textile Mills Limited (KTML) and Maple Leaf Cement Factory Limited (MLCFL) and three unlisted public limited companies i.e. Maple Leaf Capital Limited (MLCL), Maple Leaf Power Limited (MLPL) and Maple Leaf Industries Limited (MLIL).



Kohinoor Textile Mills Limited is a parent Company of other four below mentioned Companies. The initial capacity of its Rawalpindi Unit comprised 25,000 spindles. Later, fabric processing facilities were added and spinning capacity was augmented. Additional production facilities were acquired on the Raiwind-Manga Road near Lahore in District Kasur and on the Gulyana Road near Gujar Khan, by way of merger.

Maple Leaf Cement Factory Limited (MLCFL) was incorporated in Pakistan on 13 April 1960 under the Companies Act, 1913 (now the Companies Act, 2017) as a public company limited by shares. The Company is listed on Pakistan Stock Exchange. The cement factory is located at Iskanderabad District Mianwali in the province of Punjab. The principal activity of the Company is production and sale of cement. The Company is a subsidiary of Kohinoor Textile Mills Limited ("the Holding Company").

Maple Leaf Power Limited (MLPL)a wholly owned subsidiary of MLCFL, an unlisted public limited company, has established a 40 MW Coal Fired Power Plant at Iskanderabad, District Mianwali which has successfully started its commercial production on 12th October 2017. The project was completed within budget and as per the planned timelines. The principal activity of MLPL is to generate, purchase, transform, distribute and supply electric power to MLCFL. The project has added another reliable and inexpensive source of power compared to the national grid and has reduced dependency on the same. Project has provided a cushion against current bullish trend in furnace oil prices and is the cheapest source of electricity after waste heat recovery plant.

Maple Leaf Capital Limited (MLCL) was incorporated in Pakistan on 25 April 2014 under the Companies Ordinance 1984 (now the Companies Act, 2017) as a public company limited by shares. The principal object of MLCL is to buy, sell, hold or otherwise acquire or invest its capital in any sort of financial instruments. MLCL is a subsidiary of KTML.

Maple Leaf Industries Limited (MLIL) was incorporated in Pakistan on 21 September 2022 as a public company limited by shares under the Companies Act, 2017. It is wholly owned subsidiary of MLCFL, which is subsidiary of the Holding Company. MLIL's objective is to produce, manufacture, prepare, treat, process, refine, and deal in all kinds of cement and its allied products. The Registered Office of MLIL is located at 42-Lawrence Road, Lahore. MLIL has not yet commenced its commercial operations.

GEOGRAPHICAL PRESENCE

Regional Office
25-West Wharf Road, Karachi

Mills
Gulyana Road, Gujar Khan, Rawalpindi

Mills
Peshawar Road, Rawalpindi

Head office
42 - Lawrence Road, Lahore

Mills
8 K.M., Manga Raiwind Road, District: Kasur

ORGANIZATION CHART

Legends

CFO : Chief Financial Officer
GM : General Manager
Sr. : Senior
BPR : Business Process Re-engineering
TQM : Total Quality Management
SOP : Standard Operating Procedure

Administrative Reporting
Functional Reporting

VALUE CHAIN ANALYSIS

KTML's principal business activity is to produce and sell yarn, grey cloth and home textile products. Manufacturing in textile involves blending of cotton, yarn, cloth, dyes & chemicals and various types of stitching accessories through various processes to achieve the desired output. To maintain machines operative at plant throughout the year, electricity is a vital component. KTML has its own captive power generation unit to supply electricity without any disruption. Power generation in KTML has diversified portfolio ranging from National grid, Gas/HFO based generations as well as solar based power generation. On the upstream part of value chain, raw material for manufacturing includes local and imported cotton and man-made fibre etc, which are mainly arranged from best cotton producing areas in the country and from international markets as well. Being a leading textile based group in Pakistan, KTML enjoys very strong relationships with suppliers in both markets.

KTML has invested heavily in maintaining a smooth flow of operations. The company has implemented a proactive approach to mitigate its risk of disruptions in the production process. Project Management Committee (PMC) is specialized in using various maintenance techniques such as predictive, preventive and proactive maintenance to keep in pace all the machinery and equipment for their adequate functionality and to increase cost effectiveness, machine uptime, and a greater understanding of the level of risk that the organization is presently managing. At KTML, the production and quality inspection processes are strictly monitored by highly qualified specialists, to ensure that the best possible products are manufactured for our valued customer. Facilitating downstream along the value chain, KTML has an efficient marketing team which has close ties with our valued customers. Customers are always our first priority. We obtain regular feedback from them regarding our products and for complaints/ suggestions if any, and these are addressed by top management directly.

CUSTOMER LANDSCAPING AND MARKET POSITIONING

Threat of new competition

Threat of new competition is high as Pakistan is a country which has its major dependency in textile. Furthermore, threats from international markets are also high. In order to remain competitive, it is compulsory for the organization to remain updated in respect of newer technologies and customers' requirements to produce high quality products at minimum cost.

Threat from substitute products

To say that, textiles has decorated the world today won't be an overstatement. The beauty and colours which we find around us is just because of innovative and attractive textile products. From a commercial perspective there are no direct substitutes to textile, so threat from substitute products is not present at the moment.

Bargaining power of customers

Bargaining power of customers is high as there is an intense threat of competition. Further technology and ever changing fashion trends has made operations of the textile more complex. In such rapid changing circumstances, only that venture may succeed who react proactively. In order to tap this risk factor, KTML has established an in house product development department who have the expertise to offer new designs and various types of product formations to address the changing customers' requirements in an efficient way.

Bargaining power of suppliers

It is common practice for large manufacturing concerns to enjoy a wide supplier base who are eager to do business with it, KTML being no exception. The company has been doing business with a huge list of approved vendors, having a history of professional business ethics, to maintain a healthy competition. Thus the Company enjoys the healthy bargaining powers keeping the business norms intact. The Company has an extensive vendor selection process in place which is supervised by the Audit Department to ensure transparency and fairness. It is against policy to accept goods or services from unapproved vendors.

Raw material is obtained from local as well as from international markets. Extensive LC lines are opened to facilitate ease of business with foreign parties, whereas fuel and other input costs are undertaken after extensive market research and negotiations to protect Company's interests.

Intensity of competitive rivalry

Competitive forces are fairly strong in the textile sector which consists of rival companies aggressively competing with one another on price and market share. The textile companies are geographically situated all over in Pakistan that results in intensification of competition as far as market share and price are concerned. KTML has been working a lot to maintain its brand loyalty, market expansion, efficient supply chain and being the first preference of customers regarding its superior quality products.

EFFECT OF SEASONALITY ON BUSINESS IN TERMS OF PRODUCTION AND SALES

The Company's major business is derived from the manufacturing and sale of yarn. During this year, the demand and supply in the cotton and related markets noticed significant fluctuation from time to time, but the management met this fluctuation by efficient procurement of local & imported cotton, including utilization of synthetic fiber as an alternate of organic cotton.

In export business, the sales get uplift during certain international events including Christmas, Easter and Halloween etc. however, the marketing team is engaged in executing regular trend analysis to pursue upcoming demand well before these international festivals.

The Company also manages seasonality through proper inventory management and production.

KEY ELEMENTS OF BUSINESS MODEL

KTML's principal business activity is manufacturing of yarn and cloth, processing and stitching the cloth and trade of textile products. Following are the key elements of the business model.

Key Elements of Our Business Model Relevance with Our Business Processes

Key Elements of Our Business	Model Relevance with Our Business Processes
Input Raw material	Cotton, Cotton Waste
Business Process	Spinning, Processing and Stitching
Output	Yarn, Cloth, Home Textiles
Outcomes	Social and Economic Benefits and active contribution towards UN SDGs.

FACTORS EFFECTING EXTERNAL ENVIRONMENT

FACTOR	IMPACT	KTML RESPONSE
P POLITICAL	• Changes in Government's macroeconomic policies, applicable rules & regulations and political instability may adversely impact the Company's business.	• Strategic impact of changes in political horizon is carefully monitored by the management of the Company. • Business analysis / projections are made on continuous basis so that operational decisions may be made more effectively. • Corporate briefings and roadshows are conducted, both at national and international level, to mitigate the impact of Government policies and actions on the market capitalization of the company.

FACTOR	IMPACT	KTML RESPONSE
E ECONOMIC	• Exchange rate fluctuation, Price hikes in major input materials, comparatively low production of local cotton crop and increasing cost of energy may adversely impact the Company's business. • The staggering rise in policy rates has significantly elevated both financial risk and finance cost.	• The Company met price hikes in input costs by efficient procurement of local & imported cotton, including utilization of synthetic fibre as an alternate of organic cotton to maintain core competitiveness. • Investment into alternate energy sources like solar based power generation, including renewable energy sources to mitigate the effect of high energy prices. • In addition various energy conservation measures, waste heat recovery boilers are also utilized. • Effective inventory management by meticulously reviewing inventory holding periods. • Deployed various cost reduction initiatives to control production and non-production related fixed costs. • KTML have managed the financial risk via working capital management.

FACTOR	IMPACT	KTML RESPONSE
S SOCIAL	• Stakeholders show a preference for organizations that uphold CSR standards. • Companies providing accessible healthcare and education facilities tend to experience improved employee retention rates. • There is a noticeable shift in attitudes towards prioritizing the well-being of the wider public.	• The company is dedicated to meeting the standards of Corporate Social Responsibility. • The Board has sanctioned the establishment of Al-Aleem Medical College within the Ghulab Devi Educational Complex, emphasizing the company's commitment to providing educational resources to the public. • Additionally, the company has actively participated in medical social service initiatives. Notably, it generously endowed the Gulab Devi Chest Hospital in Lahore with a cutting-edge cardiac facility, known as the Sayeed Saigol Cardiac Complex.

FACTOR	IMPACT	KTML RESPONSE
T TECHNO-LOGY	• Outdatedness of production facilities in terms of technology. • Presence of information technology structures and Management Information Systems (MIS) software.	• Company has always given priority to latest technological developments and kept investing on BMR to avoid any risk of technical obsolescence. • Company continuously invests in the robust hardware and software for system up-gradation and MIS. • The Company has installed Oracle EBS Suit which facilitates financials and supply chain.

FACTOR	IMPACT	KTML RESPONSE
L LEGAL	• Perspective on and endorsement of renewable energy sources. • Addressing air pollution and the depletion of underground water reserves. • Increasing emphasis on environmentally-conscious behaviors	• Operating efficient wastewater treatment plant for safe industrial effluent discharge. • Enhancing operational efficiencies with solar-based power generation. • Implementing tree planting initiatives to reduce harmful gas emissions and maintain groundwater levels. • Certified to ISO 14001 and ISO 18001 standards for effective Environmental Management System (EMS) and Occupational Health and Safety Assessment.

FACTOR	IMPACT	KTML RESPONSE
E ENVIRONM-ENTAL	• Attitude towards and support for renewable energy. • Air pollution & Lowering of underground water belt. • Growing attention towards “green” attitudes	• Company is successfully operating waste water treatment plant to ensure the safe discharge of industrial effluents. • Solar based power generation has also augmented the operational efficiencies of the Company. • Planting trees to limit the emission of harmful gases in the atmosphere and to ensure maintenance and lifting up the underground water level by reducing the evaporation process. • The company has been approved to the standards of ISO 14001 and ISO 18001 for complying with an effective Environmental Management System (EMS) and Occupational Health and Safety Assessment Series (OHSAS) requirements.

Note: In connection with risk and opportunities pertaining to the Company, Board’s efforts for determining level of risk, Board’s statement regarding robust assessment of risks, information about default in payment of any debt and inadequacy in capital structure have been covered in the Directors’ Report.

SWOT ANALYSIS

At Kohinoor Textile Mills Limited (KTML), we employ the SWOT analysis as a strategic tool to align our strengths with potential opportunities and mitigate weaknesses to mitigate market and other external threats. The management at KTML regards the following aspects of the SWOT analysis as pertinent to our operations.

STRENGTHS

- Cutting-edge equipment for top-tier quality.
- Experienced, skilled management.
- Customer-centric approach.
- Strong local and global branding.
- Vertically integrated units for efficiency.
- Diverse fuel mix for optimal operation.
- Captive power production.
- Solar energy utilization.
- Efficient information systems.

OPPORTUNITIES

- Rupee devaluation is poised to enhance export revenue.
- There is an opportunity to diversify product offerings in emerging markets, both locally and abroad.
- A growing population is a catalyst for increased fabric demand.
- The Government's commitment ensures utilities are provided at controlled rates.
- The export refinancing scheme, along with reduced interest rates on long-term finances, is available.
- Consideration is given to the reutilization of treated effluent.

WEAKNESSES

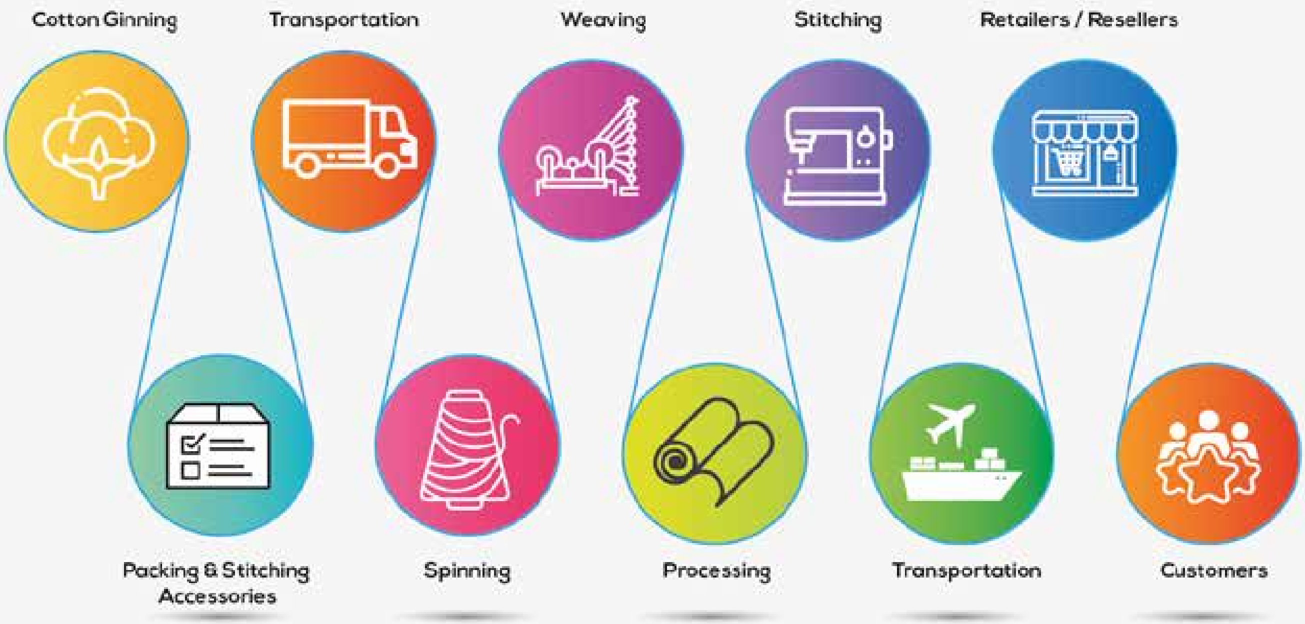
- Operating leverage is significant due to the capital-intensive nature of the industry.
- Challenges arise from delays in refund processing by regulatory departments.
- The efficiency of labor productivity is a key consideration.
- Infrastructure issues affect our operations.

THREATS

- Elevated costs for imported raw materials.
- Limited access to premium local cotton.
- Intense competition from textile-centric nations.
- A high tax burden on operations.
- Concerns over potential fuel price escalation.
- Economic and political instability poses a challenge.
- Reduced business activity due to stringent tax measures by the federal board of revenue.

POSITION IN VALUE CHAIN

Kohinoor Textile Mills Limited (KTML) operates as a vertically integrated unit, dedicated to providing superior-quality products to our valued customers. Upstream in our value chain are the activities involved in sourcing raw materials for production, while downstream operations focus on delivering finished goods to meet customer expectations. As the oldest textile manufacturer in Pakistan, KTML enjoys robust and mutually beneficial relationships with all critical stakeholders in the value chain. This places our company in the following position:



UPSTREAM

- Cotton Ginning
- Vendors of Allied Supplies (Packing & Stitching Accessories)
- Transportation

OPERATIONS

- Spinning
- Weaving
- Processing
- Stitching

DOWNSTREAM

- Transportation
- Retailers / Resellers
- Customers

CODE OF BUSINESS CONDUCT AND ETHICAL PRINCIPLES

The following principles constitute the code of conduct which all Directors and employees of Kohinoor Textile Mills Limited are required to apply in their daily work and observe in the conduct of Company's business.

While the Company will ensure that all employees are fully aware of these principles, it is the responsibility of each employee to implement the Company's policies. Contravention is viewed as misconduct.

The code emphasizes the need for a high standard of honesty and integrity which are vital for the success of any business.

ETHICAL PRINCIPLES

1. Directors and employees are expected not to engage in any activity which can cause conflict between their personal interest and the interest of the Company such as interest in an organization supplying goods/ services to the Company or purchasing its products. In case a relationship with such an organization exists, the same must be disclosed to the Management.

2. Dealings with third parties which include Government officials, suppliers, buyers, agents and consultants must always ensure that the integrity and reputation of the Company are not in any way compromised.

3. Directors and employees are not allowed to accept any favours or kickbacks from any organization dealing with the Company.

4. Directors and employees are not permitted to divulge any confidential information relating to the Company to any unauthorized person. Nor should they, while communicating publicly on matters that involve Company business, presume to speak for the Company unless they are certain that the views that they express are those of the Company and it is the Company's desire that such views be publicly disseminated.

5. All employees share a responsibility for the Company's good public relations particularly at the community level. Their readiness to help with religious, charitable, educational and civic activities is accordingly encouraged provided it does not create an obligation that interferes with their commitment to the Company's best interests.

6. The Company has strong commitment to the health and safety of its employees and preservation of the environment and the Company will persevere towards achieving continuous improvement of its Health, Safety and Environment (HSE) performance by reducing potential hazards, preventing pollution and improving awareness. Employees are required to operate the Company's facilities and processes keeping this commitment in view.

7. Commitment and team work are key elements to ensure that the Company's work is carried out effectively and efficiently. Also all employees will be equally respected and actions such as sexual harassment and disparaging remarks based on gender, religion, race or ethnicity will be avoided.

SIGNIFICANT EVENTS THAT OCCURRED DURING THE YEAR AND AFTER THE REPORTING PERIOD

The significant events which occurred during the year ended June 30, 2023 and after the reporting period are as follows:

- Installation of another 384 MVS spindles in KTM Rawalpindi, which increased the capacity of spinning division.
- Addition of 936 open-end rotors in KTM spinning division.
- The installation of additional 2.1691MW solar based power generation capacity in Kohinoor Gujjar Khan division.
- Energy prices began to rise during the year, putting pressure on the profit margins.
- The company is facing heightened financial and operational risks due to uncertainty surrounding exchange rates and policy rates.
- During the period from March 13, 2023, to June 30, 2023, the company repurchased and cancelled 5.986 million of its own ordinary shares at prevailing market prices. This action was authorized by both the Board of Directors and the Shareholders in meetings held on February 6, 2023, and March 3, 2023, respectively. Additionally, after the year-end, the company further bought back and cancelled a total of 29.997 million issued ordinary shares, bringing the total to 30 million.
- Installation of 132/11.5KV B4 Industrial Grid Station.

THE LEGITIMATE NEEDS, INTERESTS OF KEY STAKEHOLDERS AND INDUSTRY TRENDS

Kohinoor Textile Mills Limited (KTML) takes specific measures to understand the needs and interests of all its stakeholders. Through its innovative and industry leading practices it sets the industry trends for understanding and meeting the stakeholders' needs.

To continuously exceed the expectations of its customers, KTML provides consistent quality of products. KTML has invested in in-house Quality Assurance department which ensures that its products meet all the relevant product standards.

To timely update the shareholders of Company's performance and emerging trends, the Company issues its periodic financial statements publically together with directors' comments on performance and future outlook, on a timely basis. It holds investors' briefing sessions which address all the queries of the analysts.

We have developed multiple sources for supply of cotton, cotton waste and other materials which ensure that the Company receives uninterrupted supply of raw materials required for the production process.

The Company designs its CSR activities to have maximum impact on the communities in which it operates.

The Company contributes to the national exchequer by paying its share of due taxes on timely basis. Being one of the largest exporters, the Company regularly brings foreign exchange in the country to strengthen the country's reserves.

THE LEGISLATIVE AND REGULATORY ENVIRONMENT IN WHICH THE ORGANIZATION OPERATES

Kohinoor Textile Mills Limited (KTML) operates in a tightly regulated environment due its scale of operations in a critical sector of the market and by virtue of being a publicly listed company. There are a plethora of regulatory compliances that have to be satisfied, and governmental authorities closely monitor the organization for any supposed infringements of the law.

Our Company usually deals with the following areas of the law on a regular basis:

- The Companies Act of 2017 which regulates the overall management of our Company.
- The Sales Tax Act of 1990 which regulates the rate of taxes on textile at the point of sale.
- The Federal Excise Act of 2005 which regulates the rate of excise duty on several products of textile.
- The Income Tax Ordinance of 2001 which levies taxes on the income generated from the business and operations of our Company.
- Labor and Employment laws which govern the rights of workers and obligations towards the employees of the Company.
- Various federal and provincial laws relating to the protection of Pakistan's environment.
- The Pakistan Stock Exchange Regulations which among other things regulates the workings of companies listed on the stock exchange, and the Listed Companies (Code of Corporate Governance) Regulations of 2017, which describe the procedures, formalities, composition, and technicalities of the management of publicly listed companies.

KTML prides itself on actively ensuring complete compliance with the law, and takes painstaking precautions to avert the risk of any liability arising due to a breach of any law.

THE POLITICAL ENVIRONMENT WHERE THE ORGANIZATION OPERATES AND OTHER COUNTRIES THAT MAY AFFECT THE ABILITY OF THE ORGANIZATION TO IMPLEMENT ITS STRATEGY

The political environment has an impact on the ability of any organization to implement its strategy. Political uncertainties negatively affect consumers, businesses, investors, financial markets and economic policymakers. Chronic political instability has hampered Pakistan's economic growth the most. Political compulsions under these circumstances have led to short-term macroeconomic policies and a more frequent change of policies than is desirable. The economic challenges facing the country including depleting foreign exchange reserves, soaring inflation and increasing interest rates lead to slowdown in economic activities. Accordingly, political instability on a domestic level together with economic challenges have an impact on Company's business.
On a global level, Russia-Ukraine conflict has led to a commodity super-cycle, where the prices of various fuels have increased significantly. This has an impact on the Company's input costs which have increased significantly.

SIGNIFICANT CHANGES FROM PRIOR YEARS

The company is facing heightened financial and operational risks due to the below mentioned factors.

- Increase in policy rates by 57% (from 14% to 22%).
- The exchange rate also increased by 42% from (Rs 203/$ to Rs 288/$).
- Increase in the raw material and energy prices globally followed by devaluation of Pak. Rupee in comparison to US Dollar.
- Installation of solar plant capacity expansions, that has increased the capacity from 12.28MW to 14.45MW.
- Expansion in plant capacities have also increased revenues.
- Installation of 132/11.5KV B4 Industrial Grid Station.

02

STRATEGY AND RESOURCE ALLOCATION




STRATEGY AND RESOURCE ALLOCATION

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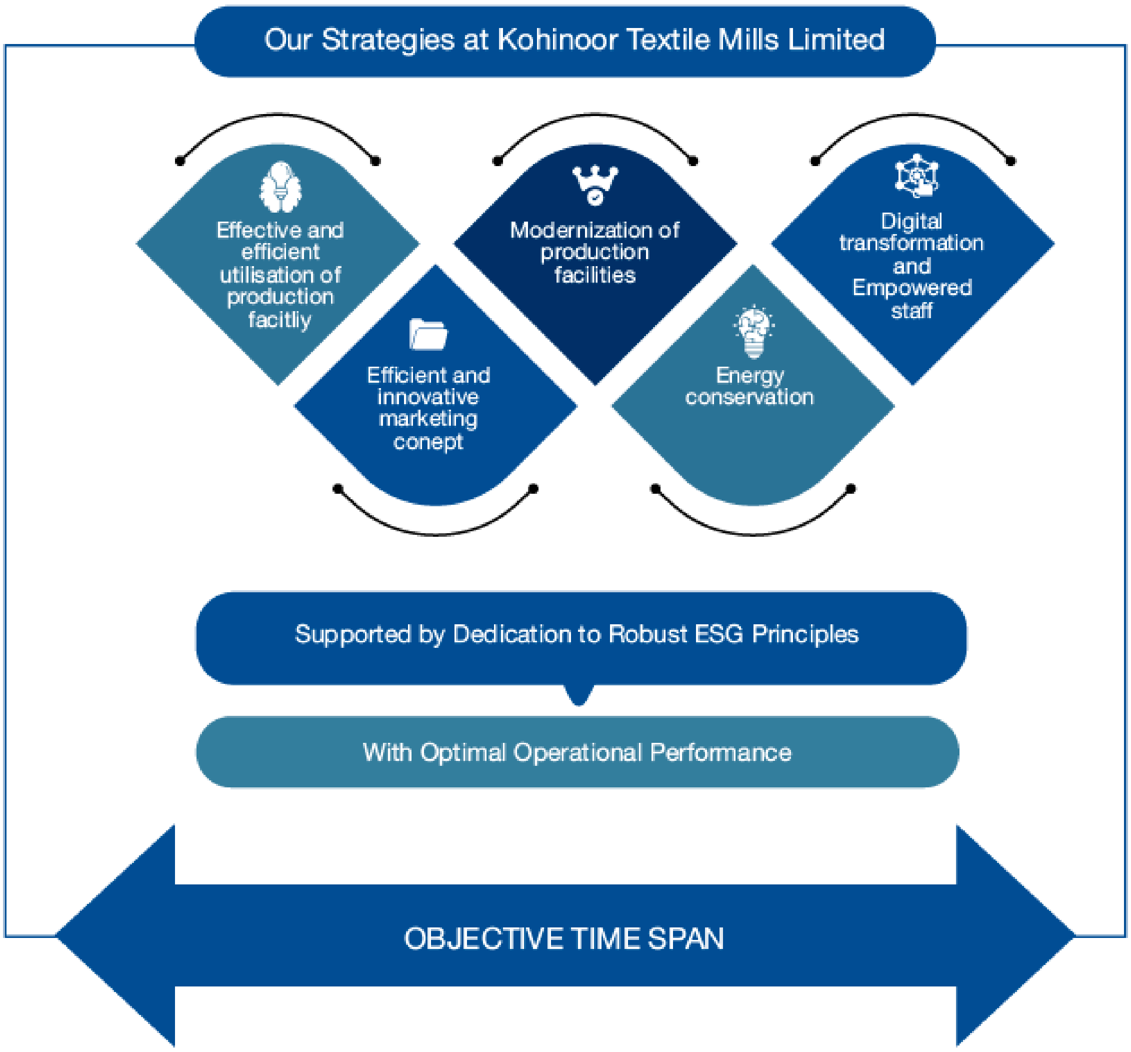
STRATEGIC OBJECTIVES 2023-2024



Short Term Objectives

Maintain competitiveness through the efficient utilization of capacity and the cost-effective acquisition of resources.

Medium Term Objectives

Modernizing the production facility and capitalizing on economies of scale to make the organization able to lower costs while ensuring the delivery of high-quality products.

Long Term Objectives

The objective is to emphasize the importance of utilizing renewable energy sources to ensure a cost-effective and uninterrupted power supply. Additionally, the objective is to prioritize compliance with both international and local quality management standards and integrate.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TOYOTA

STRATEGIES AND MANAGEMENT OBJECTIVES

Management has the objective to transform the culture of the Company into highly customer driven, empowered and cross functional focused company in order to maximize the return for stakeholders. Management has the belief that Quality may not be achieved without implementation of Key Performance Indicators (KPI's) in all the critical, contemporary areas of performance. Total Quality Management team has been formed to monitor the KPI's in all the key areas on continuous basis and make corrective actions instantly where required. We strive to achieve our objectives with collective wisdom and empathy. We believe that training was and will remain the source of all process driven thinking. Accordingly, trainings for management team have been regularly arranged during the year 2022-23 and will continue in the year 2023-24. We have framed well defined different teams to address the key areas like Team energy, Team strategy, Team Culture Development etc.

We have reduced variable cost due to efficient energy management and other cost reduction measures. The to-date result, financial and non-financial, are the reflection of achievement of management's objective which are strategically placed to increase the wealth of stakeholder. The said results are properly evaluated against the respective strategic objectives to confirm the achievement.

SIGNIFICANT CHANGES FROM PRIOR YEARS

There is no material change in Company's objective and strategies from the previous year.

ENTITY'S SIGNIFICANT RESOURCES

Our resources mainly consist of human resource, financial resource, and technological resource. The Company assorted and hired team of professionals with enormous expertise in latest

technologies who proficiently design the ways for improving and upgrading our production process, networking and control systems. We have developed a dedicated team to analyse the human resource right from selection till retirement. We believe in adding value to our human resource by extensive trainings and development program.

EFFECT OF TECHNOLOGICAL CHANGE ON THE COMPANY STRATEGY AND RESOURCE ALLOCATION.

Technological advancements in manufacturing management and information systems facilitate many changes in the textile industry. By improving the labor productivity and reducing overall manufacturing costs, KTML is perceiving the needs of wide spread customer base across the globe. Continuous BMR in KTML is another measure to ascertain that management is committed to deliver the most up to date products to its customers as per their requirements.

PROCESSES USED TO MAKE STRATEGIC DECISIONS AND TO ESTABLISH & MONITOR THE CULTURE OF THE ORGANIZATION.

KTML's strategic decision making process involves the identification of outcome, consideration for nature of problem, research for the problem, development of alternative solutions, consideration for pros & cons of each solution, selection of best solution and then execution of the best solution. In order to monitor the culture of the Company, Management at KTML use a range of tools, i.e., internal staff engagement surveys, “Pulse” surveys on specific topics, focus groups and interviews, exit interviews in addition to utilizing quantitative sources of data such as whistleblowing reports etc.

RESOURCE ALLOCATION

Unlocking and exploiting operational opportunities is an important aspect of Kohinoor entrepreneurial activities. We are committed to use existing products and new solutions to systematically enhance our growth and strengthen our position in global markets. Investing in new projects and increasing the productivity of existing ones are key elements for future organic growth. In the year under review, we strengthened the basis for further growth in the coming years by making selective investments in our existing businesses and developing innovations that support in achievement of company's stated vision.

Key opportunity	Impact area	Strategy to materialize
Growing demand in local market Source: External	Social and relationship capital and Financial Capital	The Company has increased its capacity of fabric printing by adding a latest machine of digital printing technology.
Cost reduction by using innovative production technology. Source: Internal	Manufactured capital	The Company, realizing the importance of reducing electric costs, has an active waste heat recovery plant at site which converts heat from power engine into steam, which was previously lost, into energy. Furthermore, the 11.2-MW solar power plant provides free electricity to the Company.
Development of human relations/ resource. Source: Internal	Human capital	Development of human resource is engraved in the company's mission statement & long-term objectives. Through extensive trainings and development programs, human resource capital is adding value to the Company with their professional ability, caliber and integrity
Improvements in the business process. Source: Internal	Financial capital	The Company can capture healthy profits through its ability to operate at maximum capacity, efficient cash management system, by making sound liquid investments and effective control over stock levels.

KEY PERFORMANCE INDICATORS (KPIs)

Following are some of the critical performance measures and indicators against stated objectives of the Company.

Sr. No.	Objectives	Measures
1	Effective use of available resources and improved capacity utilization of the Company's production facilities	Efficient production planning and control (PPC) department with responsibility to plan orders on timely basis in order to minimize the idle time.
2	Modernization of production facilities in order to ensure the most effective production	Efficient and state of the art production and management information system
3	Effective marketing and innovative concepts	Increase in contribution margin and sales volume
4	Strengthening independence in terms of secure supply of low-cost services and resources, including energy supply, transportation and logistics services	Decrease in variable cost
5	Explore alternative energy resources	Reduced dependence on national grid by way of generation through furnace, gas and solar
6	Further improvements in code of corporate governance through restructuring of assets and optimization of management processes	Number of notices received from government
7	Implementation of effective technical and human resource solutions. Personnel development, creating proper environment for professional growth of highly skilled professionals, ensuring safe labour environment, competitive staff remuneration and social benefits in accordance with scope and quality of their work	Well organized Human Resource Department. Number of non-conformities raised
8	Compliance with local and international environmental and quality management standards, implementation of technologies allowing to comply with the limitations imposed on pollutant emissions.	Compliance with ISO requirements and specific requirements from various international customers
9	Implementation of projects in social and economic development of communities.	Allocation of funds for CSR

Management believes that current key performance measures continue to be relevant in future as well.

SIGNIFICANT PLANS

AND DECISIONS

The Company continues its investments in sustainability and renewable energy, with the commencement of a large-scale rain water harvesting project at its main manufacturing site in Rawalpindi. The first phase of solar energy project has been completed at the Rawalpindi and Gujar Khan site. Further management is continuing with its policy of renewal of plant, machinery and equipment, with emphasis on improving quality and increasing output in its Spinning divisions. Greater emphasis is being placed on increasing our value- added production in the Home Textiles division so increase in exports can be achieved in the coming years.

We have several exciting projects on the horizon. Firstly, we are set to install an additional 15MW solar plant in both Rawalpindi and Raiwind divisions, bolstering our energy resources. Additionally, we are undertaking the establishment of a 132/11.5KV B4 Industrial Grid Station. Moreover, our commitment to sustainable practices continues with the construction of another rainwater harvesting lake. This initiative exemplifies our dedication to responsible water management, allowing us to utilize this natural resource for our operational needs.

KEY RESOURCES WHICH PROVIDE SUSTAINABLE COMPETITIVE ADVANTAGE

Kohinoor Textile Mills Limited (KTML), being one of the largest and oldest textile Company in Pakistan strives to efficiently deploy and manage its resources and capabilities to gain sustainable competitive advantage over its rivals. Following are some of the key resources and capabilities, which provide KTML sustainable competitive advantage:

REGULAR TECHNOLOGICAL UPGRADES

Technological advancements in manufacturing, management and information systems facilitate many changes in the textile industry by improving the labor productivity and reducing overall manufacturing costs. Management continuously investing considerable amounts for up gradation of technological infrastructure in order to remain competitive and cost efficient.

ENERGY EFFICIENCY AND REDUCTION OF CARBON FOOTPRINT

KTML focuses on energy conservation, operational efficiencies and carbon footprint reduction. Company's effluent emissions are regularly monitored. To reduce our environmental footprint KTML has installed the most modern and state-of-the-art equipment to control effluent discharge negating the effects of industrial effluents on the surrounding environment; the Company makes every effort to ensure a healthy environment to employees and locals. Further, the Company remains committed to explore sustainable alternative energy sources which is evident from installation of 14.45MW Solar based power project with more to come in future.

QUALITY CONTROL

The Company maintains its reputation as a high quality supplier which provides competitive advantage to the Company over its competitors. Fully equipped laboratory facilities for quality control and process optimization have been setup at all three sites of KTML. Quality control checks occur at all points in the production chain. The Company is ISO 9001:2015 certified and firmly believes in the necessity of Quality Management Systems

ECONOMIES OF SCALE

The benefits of utilizing modern technology and latest infrastructure accrue in the form of lower costs of production. Our operational process cost is constantly reviewed to reduce the same on a sustainable basis and to bring in further efficiencies by process improvements.

HUMAN RESOURCES

Development of human resource is engraved in the company's mission statement & long-term objectives. Through extensive trainings and development programs, KTML has developed the skill set of its human resources which play a vital role in providing it the sustainable advantage over its competitors.

SMART LOGISTICS SETUP AND SUPPLY-CHAIN MANAGEMENT

With a privileged range of business partners in every domain, our supply chain is a key source of competitive advantage for the business.

VALUE CREATED BY THE BUSINESS USING THESE RESOURCES AND CAPABILITIES

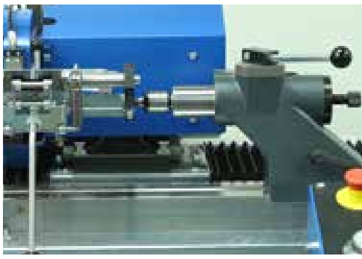
By using the resources and capabilities at its disposal, KTML creates value for its stakeholders in the following manner:

- Shareholders: Provide reasonable return on investment.
- Employees: Provision of safe and inclusive working environment. Exposure to new challenges to develop work-force.
- Customers: Provision of high quality products.
- Communities: Investment in health, education and skills development.
- Suppliers and service providers: Building long-term partnerships.
- Government: Contribution to national exchequer and generating economic value for the society.

03 RISKS AND OPPORTUNITIES

AND COMPLIANCE



RISKS AND OPPORTUNITIES AND COMPLIANCE

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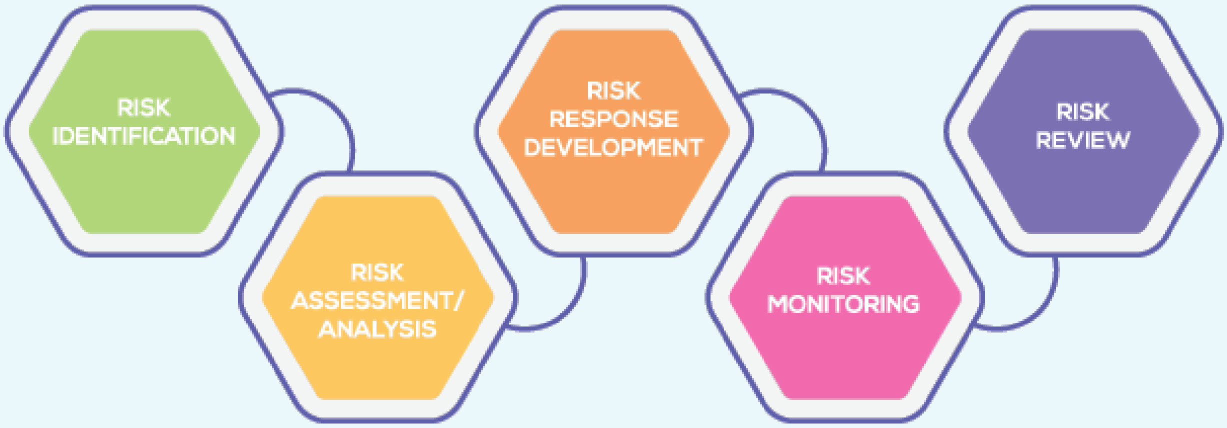
RISK MANAGEMENT FRAMEWORK INCLUDING RISK MANAGEMENT METHODOLOGY

RISK MANAGEMENT PLANNING:

Defining the scope and objectives of the risk process involves outlining the purpose and boundaries of risk management activities. This includes specifying the goals and desired outcomes. Additionally, it entails describing the techniques and tools to be used for risk assessment and mitigation, such as risk assessments, modeling, or simulations.

KTML's Risk management framework embodies the risk management process. Company's Risk management process is based on the following 5 principles.



- Risk identification: Comprehensively identifying and documenting all foreseeable risks that have the potential to impact objectives, while also including relevant information about their origins and potential consequences.

- Risk assessment/analysis: This process involves assessing each identified risk by estimating the likelihood of its occurrence and the potential severity of its impact. These assessments are used to prioritize risks for further examination. Risks may also be categorized to identify areas of heightened risk exposure or shared underlying causes. Furthermore, statistical models are employed to analyze how multiple risks collectively affect objectives.

- Risk response development: Evaluating how to address each specific risk and the overall risk exposure. This involves choosing a strategy that is both suitable for the risk and feasible within the organization's means. Additionally, assigning ownership of each response is a critical step in ensuring accountability and effective risk management.

- Risk monitoring: This process involves executing agreed-upon actions meticulously, continuously monitoring their impact on risk exposure, and disseminating relevant risk information to stakeholders with the appropriate level of detail and frequency that matches their needs and expectations.

- Risk review: This process entails revising the risk management procedure to evaluate the current status of pre-existing risks, ascertain the efficacy of established responses, pinpoint emerging risks, and conduct a comprehensive review of the overarching risk management framework.

RISKS AND OPPORTUNITIES ANALYSIS

OBJECTIVES

The Board of Directors is committed to minimize the risks and take advantage of potential opportunities to systematically and sustainably improve the value of the Company for all stakeholders. Management has adopted a risk management approach and internal control framework, based on its business philosophy and corporate objectives, which is explained below:

A. STRATEGY FORMULATION

Management reviews the Statement of Strategic Objectives annually that represent the Stakeholder's expectations and are the lead indicators for determining the success level of the Company. To materialize the objectives, Management adopts certain strategies. These strategies are approved by the Board of Directors and are subject to adjustment, depending upon any changes in the external business environment or internal organizational factors.

B. KEY RISKS AND OPPORTUNITIES OF CAPITALS

Form of Capital	Key Risk	Key opportunity	Time Horizon
Financial Capital	• Higher cost of raw material • Increased energy cost • Inflation • Mark-up rate	• Cost optimization • Renewable energy • Debt Management	Short to medium term
Human Capital	• High turnover	• Succession planning • Appraisal system	Short to medium term
Manufactured Capital	• Obsolescence of technology	• Adopting new technologies and continuous improvement in process	Long term
Social and Relationship	• Loss of stakeholders confidence, bad reputation	• Cultivating connections throughout the value chain and expanding the Company's portfolio.	Medium to long term
Natural Capital	• Water shortages	• Rain water harvesting and waste water treatment plant for recycling	Medium to long term

C. RISK ASSESSMENT

Initiating the risk assessment process, it's important to note that it's an ongoing effort that brings attention to various uncertainties. These uncertainties can pose potential threats that may hinder the Company's objectives. If left unaddressed, these risks can culminate in losses. These risks and uncertainties can emanate from both external and internal factors within the Company. The broad categories of risks that have the potential to impede the Company's operations are as follows:

RISKS TYPE	IMPLICATION
Strategic Risks	Strategic risks encompass the uncertainties and undiscovered opportunities inherent in a company's strategic goals. These risks are of paramount concern to the Board of Directors as they affect the entire business rather than being limited to a specific unit or department.
Commercial Risks	Commercial risks are the possible financial losses that can result from the actions or behaviors of trading partners or the conditions within the market where the Company conducts its business.
Operational Risks	Operational Risk refers to the risk of loss resulting from inadequate or failed internal processes, people, systems, or external events.
Financial Risks	Financial risk is a comprehensive term that encompasses various types of risk related to aspects such as financing, profitability, liquidity, and credit within a business context.

D. MATERIALITY APPROACH

Management believes materiality as a key component of an effective communication with stakeholders. The management has adopted materiality approach which is based on a combination of stakeholder engagement, understanding of environmental limits and strategic alignment. It has made the process, assumptions and evidence base for identifying material issues for more transparent, credible and amenable disclosures to have more transparency on risk and opportunities.

Not being conclusive, management considers that following are the major risks which may affect the operations of the Company and mitigating strategies for these risks.

E. CORPORATE OBJECTIVES, RISKS AND MITIGATION STRATEGIES

Corporate Objective	Risk	Assessment	Mitigation Strategies
Industry Competition: To maintain Company's prominent position among leading export oriented Textile Companies.	**Strategic Risk:** There is increasing competition among existing market players. Further, threat from new entrants are foreseen in the operating segment. **Source: External** **Commercial Risk:** Increasing prices of raw material & overheads may affect the buying potential of customers and profit margins. **Source: External**	**Likelihood:** Medium **Magnitude:** High **Likelihood:** Medium **Magnitude:** High	Company operates as a vertically integrated unit. Management takes proactive decisions and selects the product mix in spinning and weaving segments which may positively counter the adverse uncontrollable affects in the sales of home textile segment.
Legislative and Legal Environment: To operate in a stable market being compliant with all relevant laws of the country and international regulations.	**Strategic Risk:** More stringent legal requirements within the Country and in exportable markets. Changes and Reforms in existing laws & regulations and legal uncertainties. **Source: External** **Commercial Risk:** Demand from international customers for being compliant for labor, health & safety and raw material quality standards. **Source: External**	**Likelihood:** High **Magnitude:** Medium **Likelihood:** Low **Magnitude:** High	Management exercises due care for procurement of raw materials. To meet the Health and Safety standards, the Company is actively following requirements of various certifications.
Technology: To produce the best and highest quality product that meets the demands of Customers and quality standards.	**Strategic Risk:** Technological shift may render production process obsolete and cost inefficient. **Source: External**	**Likelihood:** Low **Magnitude:** High	Management continuously investing considerable amounts for upgradation of technological infrastructure in order to remain competitive and cost efficient.
Operations: To ensure continuity of operations without any disruptions in supply of resource, continuous production and minimize idle time.	**Operational Risk:** Company relies on various third parties for sourcing of quality goods and services. Business constraints faced by associated ventures may adversely affect the customer servicing of the Company. **Source: External/Internal**	**Likelihood:** Low **Magnitude:** High	Management believes in the capacity building of internal and external trading partners / vendors in order to increase their potential for timely sourcing of required goods & services to the Company.

Corporate Objective	Risk	Assessment	Mitigation Strategies
Human Capital: To recruit and retain the best people and provide adequate training to ensure high quality skilled force.	**Operational Risk:** Loss of the qualified and competent staff. **Source: Internal**	**Likelihood:** Low **Magnitude:** Low	Management is continuously investing in the capacity building of its employees. A rigorous succession plan is also in place aimed to prepare the future leaders.
Health and Safety: To ensure health and safety of employees in workplaces.	**Operational Risk:** Accidents can take place which can cause serious injuries to employees. **Source: Internal** Unforeseen calamities and natural disasters may result in human loss. **Source: External**	**Likelihood:** Low **Magnitude:** Medium	Suitably qualified and well equipped health and safety department is operational which continuously monitors the HSE conditions in the Company and takes the remedial actions as and when required.
Environment: To ensure environment friendly products and processes.	**Operational Risk:** Hazardous emissions and discharges into air and water beyond the prescribed limits. Waste from operations may be disposed off in an inappropriate manner. **Source: Internal**	**Likelihood:** Low **Magnitude:** Medium	Management has installed the waste water treatment plant in order to meet the requirements of various regulatory authorities. Apart from that, various initiatives are in process to reduce to the maximum possible discharge of hazardous chemicals in water and air.
Finance: To maintain strong financial position and produce financial performance which is reflective of the Company's scale of business and Shareholders' expectations	**Financial Risk:** Increase in the cost of borrowing may limit the avenues for availability of sufficient working capital. **Source: External** Payment defaults by counter parties may leave the Company with inadequate resources for discharging its own liabilities. **Source: External** Devaluation of Pak. Rupee may further adversely affect the raw materials cost of spinning segment. **Source: External**	**Likelihood:** Low **Magnitude:** Medium **Likelihood:** Low **Magnitude:** Medium **Likelihood:** Low **Magnitude:** Medium	Management has addressed the risk of shortage of working capital by availing sufficient lines from the diversified financial institutions in order to meet the short term finance requirements of the company. Moreover, average credit period of the Company is also being improved along with improved operating cycle. Credit risk from counter parties is being addressed by frequent reviews of outstanding balances of major parties, and reconciliations after short time intervals to avoid the chance of disputed amounts / transactions.

F. OPPORTUNITY ANALYSIS

Unlocking and exploiting operational opportunities is an important aspect of Kohinoor entrepreneurial activities. We are committed to use existing products and new solutions to systematically enhance our growth and strengthen our position in global markets. Investing in new projects and increasing the productivity of existing ones are key elements for future organic growth. In the year under review, we strengthened the basis for further growth in the coming years by making selective investments in our existing businesses and developing innovations that support in achievement of Company's stated vision.

In connection with risk and opportunities pertaining to the Company, Board's efforts for determining level of risk, Board's statement regarding robust assessment of risks, information about default in payment of any debt and inadequacy in capital structure have been covered in the Director's Report.

Key opportunity	Impact area	Strategy to materialize
Growing demand in local market Source: External	Social and relationship capital and Financial Capital	The company has expanded its fabric printing capacity by incorporating the latest digital printing technology machine.
Cost reduction by using innovative production technology. Source: Internal	Manufactured capital	Recognizing the significance of minimizing electricity expenses, the company has taken proactive measures by implementing a waste heat recovery plant on-site. This facility efficiently converts previously wasted heat from power engines into usable steam and energy. Additionally, the company has recently expanded its solar power capacity to 14.45 MW, with the addition to the existing 2.1691 MW solar plant. This expansion not only contributes to the company's sustainability efforts but also provides subsidized electricity to support its operations.
Development of human relations/resource. Source: Internal	Human capital	The development of our human resources is an integral part of the company's mission statement and long-term objectives. Through comprehensive training and development programs, our human capital is actively contributing value to the Company through their professional expertise, caliber, and unwavering integrity.
Improvements in the business process. Source: Internal	Financial capital	The company has the potential to generate substantial profits by operating at full capacity, implementing an efficient cash management system, making prudent and liquid investments, and exercising effective control over its inventory levels.

INITIATIVES TAKEN BY MANAGEMENT IN PROMOTING & ENABLING INNOVATION

Innovation initiates when a company understands the requirements of its customers. At KTML we do believe that Customer always comes first. Management at KTML is maniacal about understanding the customers, their sensitivities, preferences and desires. Monitoring of customer interaction, sales and retention is regular feature of management practice at KTML that help us to remain innovative in meeting ever changing customer requirements.

BOARD'S EFFORTS FOR DETERMINING AND ASSESSING THE COMPANY'S LEVEL OF RISK TOLERANCE

In connection with risks and opportunities pertaining to the Company, Board's efforts for determining level of risk, Board's statement regarding robust assessment of risks, information about default in payment of any debt and inadequacy in capital structure has been covered in the Director's Report.

Key opportunity	Strategy to materialize
Strategic Risks	Strategic risks can be defined as the uncertainties and untapped opportunities embedded in strategic intent. These risks are key matters for the Board of Directors, and impinge on the whole business, rather than just an isolated unit.
Commercial Risks	Commercial risks refer to potential losses arising from the trading partners or the market in which the Company operates.
Operational Risks	Operational risks refer to risks resulting from breakdowns in internal procedures, people and system.
Financial Risks	Financial risk is an umbrella term for multiple types of risk associated with financing, profitability, liquidity and credit.

PRINCIPAL RISKS AND UNCERTAINTIES:

The major risks and challenges faced by the Company are as follows: -

i. Declining export sales due to increased competition at global as well as regional levels.
ii. Rupee devaluation causing escalation in prices of imported raw cotton, packaging and dyes, which truncating profit margins.
iii. Increased energy cost due to rising fuel and power prices.
iv. Overall inflationary increase in operating expenses.
v. Head on competition amongst textile manufacturers on price as well as on sales.

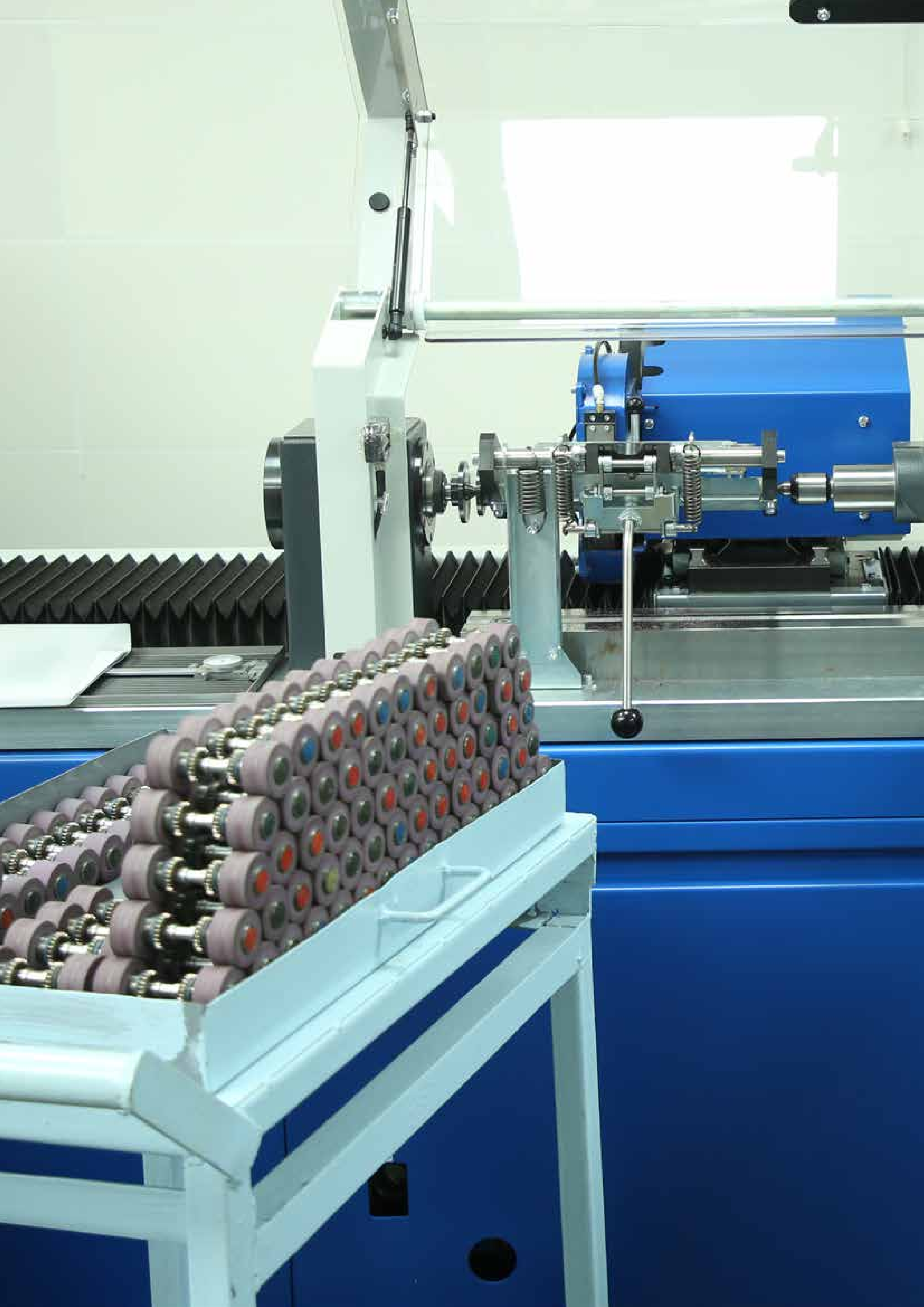
The Organization is effectively equipped to face challenges and uncertainties that are likely to arise. Through combined experience, skill and effective business reporting, Management is always aware of internal and external developments. The Company has formulated unique specialized cross functional teams that routinely discuss key issues and risks to come up with the most forward approach. In response to stiff competition and low margins in export markets, marketing team under the guidance of Management launched an effective market penetration strategy to increase presence in previously untapped markets. To cater the overall inflation, an efficient procurement plan is in place.

LIQUIDITY AND FINANCIAL CAPITAL MANAGEMENT

Our liquidity condition has improved over the period with reduced payment cycle. The management has a balanced team of suitably qualified professionals who have breadth of experience and knowledge of best practices in liquidity management pertaining to policies, processes, regulatory constraints, tax considerations and liquidity management system.

The Company continues its efforts to maintain debts at a reasonable level which supports the long term objectives of the company and improve its liquidity position. Keeping in line with plant modernization strategy, The Company continued its strategy to utilize maximum cash profits for the payment of debts.

Management believes that there is no inadequacy in capital structure in status quo.



DISCLOSURE OF SUPPLY CHAIN DISRUPTION RISKS AND MITIGATION STRATEGY IN THE FACE OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE INCIDENTS

In today's ever-changing global business environment, companies are increasingly realizing how their operations are connected to environmental, social and governance (ESG) factors. Our company understands the possible risks associated with these factors, especially those that could affect our supply chain. To stay ahead of potential disruptions related to ESG incidents, we have a thorough framework for assessing risks. This involves working closely with our internal teams, suppliers and industry partners to stay informed about emerging risks. We also use a strong monitoring system to track relevant ESG incidents in real-time.

To effectively manage the risks of supply chain disruptions, we've put in place a comprehensive strategy, which includes:

Engaging and collaborating with suppliers: We work closely with our suppliers to make sure they understand and align with our values regarding ESG considerations. This involves promoting responsible sourcing practices, ethical labor standards and sustainable production methods.

Diversifying our suppliers: We aim to have a variety of suppliers so we're not overly dependent on one source. This helps lessen the potential impact of disruptions.

Strengthening resilience: We're committed to continually making our supply chain stronger. This may involve having backup plans and alternative sources whenever possible.

Our company is dedicated to addressing ESG-related supply chain risks. By identifying, monitoring and mitigating these risks, we're ensuring that our operations can last for the long term. This also means minimizing any potential negative impacts and contributing to a more robust and responsible business environment.

04

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

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STATEMENT FOR ADOPTION OF BEST PRACTICES OF CSR

At Kohinoor Textile Mills Limited, Corporate Social Responsibility (CSR) is an integral part of our organizational values and commitment to sustainable progress. We acknowledge our duty to make a positive impact on the communities and environment where we operate. We are dedicated to upholding the highest ethical standards and contributing positively to society.

With full support from our Board of Directors, we proudly announce the adoption of comprehensive CSR best practices. This decision emphasizes our belief that business success should align with the well-being of society.

Our CSR approach will be guided by a firm commitment to:

Ethical Governance: We pledge to conduct our business with the highest integrity, following ethical principles that emphasize transparency, accountability and fairness in all our dealings.

Stakeholder Engagement: We will work closely with our stakeholders, including employees, customers, partners and local communities to understand their needs and concerns. Together, we will develop initiatives that address important social and environmental challenges.

Community Development: Through targeted philanthropic investments, skill development programs and community partnerships, we aim to uplift underserved communities, enabling them to thrive and make positive contributions to society.

Environmental Stewardship: We are determined to reduce our ecological footprint by adopting sustainable practices, promoting resource efficiency and engaging in conservation efforts to safeguard the environment for future generations.

Employee Empowerment: Our commitment extends to our employees, whom we consider invaluable contributors to our CSR mission. We will provide them with a secure, inclusive and diverse work environment that supports professional growth and cultivates a culture of giving back.

Transparency and Reporting: We commit to openly communicate our CSR initiatives, progress and impact to our stakeholders through regular and comprehensive reporting. This fosters accountability and encourages a culture of continuous improvement.

The endorsement of these best practices by our Board reflects our belief that responsible business practices are not only a moral duty but also a fundamental driver of long-term success. We are confident that by embracing these practices, we can create a lasting positive impact on society while ensuring the sustainable growth and resilience of our company.

STATEMENT ABOUT THE COMPANY'S STRATEGIC OBJECTIVES ON ESG AND SUSTAINABILITY REPORTING

As custodians of Kohinoor Textile Mills Limited, the Board remains resolute in its dedication to nurturing a sustainable and ethically responsible business environment. Recognizing the critical importance of environmental, social and governance (ESG) considerations within our corporate strategy, we are wholeheartedly committed to integrating ESG principles across all aspects of our operations, in line with our core values and the expectations of our stakeholders.

Our strategic goals encompass:

Environmental Stewardship: We are firmly committed to reducing our environmental impact through innovative practices that conserve resources, lower emissions, and preserve biodiversity.

Social Well-being: By prioritizing the well-being of our employees championing diversity, equity and inclusion and collaborating with local communities, we strive to make a positive difference in the lives of those we are in touch.

Effective Governance: A robust governance framework is fundamental to our sustainability journey. We pledge to uphold a system that places emphasis on transparency, accountability and ethical conduct throughout all levels of our organization.

Stakeholder Engagement: We understand that shared success arises from meaningful engagement with our stakeholders. Through open dialogue and partnerships, we aim to address concerns, gather valuable insights, and work together to develop solutions that foster positive change.

Innovation and Adaptation: Our dedication to sustainability requires ongoing innovation and adaptability. We will invest in research, development and technological advancements to enable us to evolve in a dynamic and responsible manner.

We acknowledge that by setting forth these strategic objectives, we bolster our resilience, enhance our reputation and contribute to a world that flourishes for generations to come.

CHAIRMAN'S OVERVIEW

ON THE COMPANY'S SUSTAINABLE PRACTICES AND THEIR EFFECT ON FINANCIAL PERFORMANCE

In today's dynamic business landscape, where environmental, social, and governance (ESG) considerations hold paramount importance, our approach to sustainability transcends being merely an ethical choice; it stands as a strategic imperative that significantly impacts our financial bottom line.

Operational Efficiency and Cost Effectiveness:

Our sustainable practices optimize resource utilization, streamline processes and reduce waste, driving operational efficiency. These efficiencies directly translate into cost savings, bolstering profitability while aligning with our duty to safeguard our planet's resources.

Risk Mitigation and Resilience:

By proactively addressing ESG factors, we preemptively mitigate risks associated with regulatory non-compliance, safeguard against reputational harm and fortify against potential disruptions in our supply chain. This risk-aware approach fortifies our business resilience, ensuring continuity in an increasingly uncertain world.

Reputation and Stakeholder Confidence:

Our steadfast commitment to sustainability enhances our standing as a conscientious corporate entity. This reputation appeals to discerning customers who value products and services produced with ethical considerations. Stakeholder confidence and allegiance are not only intangible assets but also pivotal drivers of sustained revenue growth.

Access to Capital and Investor Trust:

Investors are progressively evaluating companies based on ESG performance. Our robust sustainability initiatives draw socially conscious investors who recognize that aligning financial returns with positive societal impact constitutes a sustainable model for long-term success. Consequently, this widens our access to capital.

Employee Engagement and Productivity:

Our dedication to an inclusive, diverse and ethical work environment cultivates employee loyalty, engagement and job contentment. Engaged employees exhibit heightened productivity, ultimately augmenting our overall operational efficiency and by extension, financial performance.

Regulatory Agility and Competitive Edge:

Adapting to evolving regulatory landscapes ensures our compliance and minimizes the risk of penalties. Furthermore, it positions us as a forward-thinking organization, conferring a competitive edge in an environment where responsible business practices are increasingly esteemed.

In summation, our sustainable practices are not mere add-ons to our business strategy; they serve as integral catalysts for our financial triumph. By aligning our fundamental values with prudent business decisions, we ensure that our profitability goes hand in hand with the betterment of our planet, communities and the prosperity of future generations.

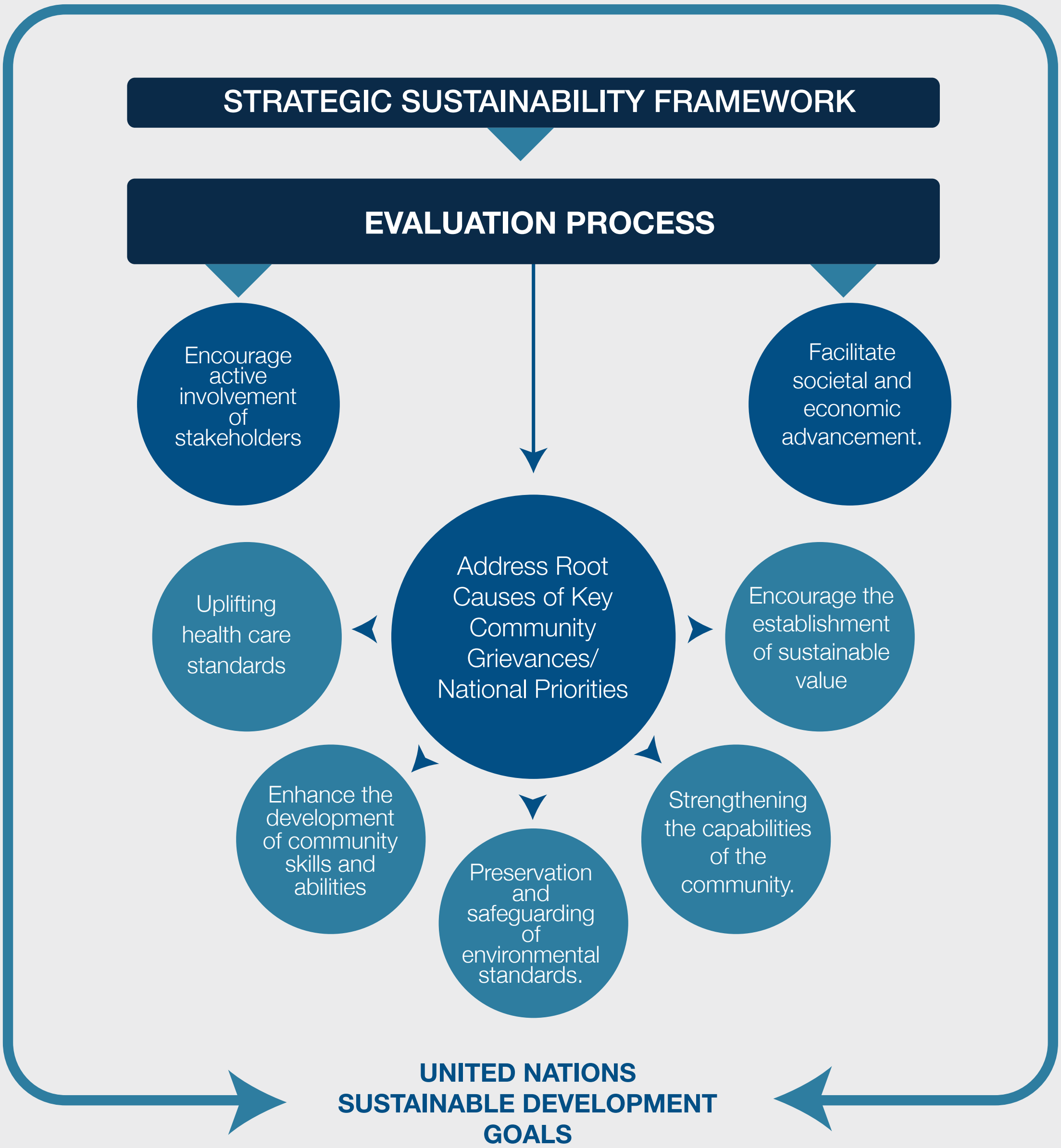
CULTURE

Organisational culture in Kohinoor Textile Mills Limited depicts the Company's philosophy which is based on shared values and beliefs. The Company is committed to build a strong corporate culture based on its core value at the highest standards of Empathy, Integrity and Passion. The Company believes in empowering its people by encouraging a culture of collective efforts for the achievement of Company's vision and objectives followed by self-assessment for continuous improvement.

CORPORATE STRATEGY

TOWARDS DEVELOPING A SUSTAINABLE BUSINESS MODEL

We, at Kohinoor Textile Mills Limited, manufacture and market yarn, cloth and wide range of home textiles. Our strategy is to be competitive in the market through quality and efficient operations. As a responsible member of the community, we are committed to serve the interests of our stakeholders and contribute towards the prosperity of the Country following a sustainable and socially responsible business practices.


STRATEGIC SUSTAINABILITY FRAMEWORK
EVALUATION PROCESS
Encourage active involvement of stakeholders
Facilitate societal and economic advancement.
Address Root Causes of Key Community Grievances/ National Priorities
Uplifting health care standards
Encourage the establishment of sustainable value
Enhance the development of community skills and abilities
Preservation and safeguarding of environmental standards.
Strengthening the capabilities of the community.
UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS


1 NO POVERTY
2 ZERO HUNGER
3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
10 REDUCED INEQUALITIES
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
14 LIFE BELOW WATER
15 LIFE ON LAND
16 PEACE, JUSTICE AND STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS

OUR APPROACH TOWARDS SUSTAINABILITY

Strategic Sustainability Framework presents a methodical approach to sustainability that prioritizes not only the long-term success of the company but also places equal importance on addressing social, economic and environmental impacts. This framework is designed to ensure that Kohinoor Textile Mills Limited's ESG (Environmental, Social and Governance) structure consistently evolves to protect the well-being of communities and the environment in long run.

At Kohinoor Textile Mills Ltd., we unequivocally pledge our commitment to upholding the highest standards of Corporate Social Responsibility (CSR). Our overarching mission is to seamlessly integrate responsible business practices into the fabric of our entire operational framework. We meticulously define CSR best practices as the paramount emphasis on environmental sustainability ethical governance, and social responsibility. To realize this vision, we shall establish specialized processes to allocate requisite resources, and engage with stakeholders assiduously to ensure the utmost transparency and accountability. Our performance shall be rigorously gauged against pivotal indicators with periodic reporting of our progress, and an unwavering commitment to perpetual enhancement. By embracing these best practices, we aspire to generate a salutary influence on society, all while steadfastly upholding the tenets of responsible manufacturing.

In our journey towards Corporate Social Responsibility (CSR), Kohinoor Textile Mills Ltd. is unwavering in its commitment to ethical and sustainable practices. We prioritize the well-being of our workforce by providing comprehensive training programs, ensuring they have the necessary skills for a safe and fulfilling work environment. Concurrently, we are actively investing in renewable energy sources to reduce our environmental footprint. Our water treatment plant is operational, allowing us to efficiently reuse waste water, thereby conserving this precious resource. Additionally, we strictly adhere to local labor laws, ensuring fair and just treatment of our employees. We are dedicated to continuously improving our CSR efforts, striving for excellence in sustainability and ethical business practices."

WE SERVE	WE FOCUS
Economic Sustainability Consistently generate strong financial outcomes to guarantee the long-term financial stability and ongoing business operations.	• Good Governance • Ethical Business practice • Market Share • Productivity and Efficiency
Social Sustainability Provide solutions to address enduring socio-economic disparities.	• Socially Responsible Products and Services • Equal Employment Opportunity • Financial Inclusion
Environmental Sustainability Set a leading example in embracing environmentally responsible best practices within industry.	• Digital Solutions • Recycling the natural resource i.e water • Renewable energy sources • Steps toward paperless environment


CSR

SUSTAINABILITY – KEY HIGHLIGHTS:

Renewable Energy:

Currently the Company has 14.5MW capacity of generating electricity from solar power projects, which reduces around 343 Million pounds (equivalent to 8,852 tons) of carbon dioxide emissions annually. Further, KTML has also planned the addition of another 15MW solar power projects in FY 2024.

Water Conservation:

Construction of another rain water harvesting reservoir with a capacity of 150,000 metric tonnes is underway, this endeavor signifies our dedication to responsible water management, allowing us to harness nature's gift for our operational needs. By capturing and storing rainwater, we aim to reduce our reliance on external water sources and contribute to conserving this precious resource.

Use of Technology:

To reduce our environmental footprint, KTML has installed the most modern and state-of-the-art equipment to control effluent discharge negating the effects of industrial effluents on the surrounding environment; the Company makes every effort to ensure a healthy environment to employees and locals. During the financial year 2023, the capital expenditure of KTML amounts to Rupees 5.2 billion.

Energy Conservation:

KTML focuses on energy conservation & operational efficiencies. Company's effluent emissions are regularly monitored. Regular environmental audits are also performed.

Use of Recycled Material:

The Company uses Synthetic recycle fiber & natural fiber waste in the production of yarn and has a certification of compliance with Global Recycled Standard (GRS).

Paperless Environment:

The Company remains committed to creating paperless environment and has reduced the paper consumption to 65% by the end of FY 2023.

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Kohinoor Textile Mills Limited has always placed utmost importance on benefitting the society at large. Committed to our goals, we channel our efforts to positively impact Pakistanis by focusing on education, healthcare, livelihood and environmental sustainability. Our commitment to bringing about meaningful change is not only philanthropic, but also strategically aligned with the United Nations' Sustainable Development Goals (UN SDGs). The following highlights our company's efforts to meet the UN SDGs:

The Goal	What it means to us	SDGs
Eradicate poverty in all its manifestations without boundaries	Creating jobs by expansion and recruiting on merit. Training center operations for developing skilled resources.	1 NO POVERTY
Adherence to labour standards and demonstrating respect and providing healthy environment	KTML's EHS department ensures that our operations adhere to the best practices in Occupational Health, Safety and the Environment. Wages are complying with the labour laws. The Company consistently maintains and surpasses health and safety criteria necessary for SA 8000 certification. Regular audits are carried out by customers, regulatory bodies and the Company's internal audit teams to guarantee alignment with both these standards and those established by our customers.	3 GOOD HEALTH AND WELL-BEING; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Encourage women empowerment	KTML is dedicated to guaranteeing equitable treatment and fair working conditions for all our employees. We offer equal opportunities and compensation packages to our female employees that are on par with what we provide to our male colleagues. We foster an inclusive atmosphere where every individual is appreciated and respected, regardless of age, gender, race, marital status, disability, religion or belief, color or nationality. Our commitment to gender diversity is evident at all organizational levels, including the representation of women on our Board of Directors. Furthermore, we have implemented policies that promote a harassment-free workplace, ensuring the well-being of both female and male employees.	5 GENDER EQUALITY
Our goal is to integrate the concept of water conservation into our business strategies, with the aim of preserving natural resources for a sustainable future.	KTML is committed to responsible water consumption and actively works to minimize its usage, striving to eventually achieve zero liquid discharge, currently at 85%. To safeguard the local water table from any potential adverse impacts of processing chemicals, we have established a wastewater treatment plant, significantly reducing or eliminating contamination risks. Furthermore, KTML regularly organizes tree plantation initiatives to mitigate harmful gas emissions into the atmosphere. These efforts not only contribute to air quality but also aid in maintaining and replenishing underground water levels by reducing evaporation.	6 CLEAN WATER AND SANITATION
Renewable energy utilisation	Further 15MW new solar project in process besides old 14.45MW installed solar.	7 AFFORDABLE AND CLEAN ENERGY

The Goal	What it means to us	SDGs
Our goal is to diminish disparities within our sphere by leveraging our leadership, network, technologies and solutions to ensure that everyone has equitable access to opportunities.	Kohinoor Textile Mills Limited is firmly committed to guaranteeing fair treatment and equitable working conditions for all employees. This commitment stems from our core values and we are dedicated to upholding our position as an equal opportunity employer. As part of our policy, we actively promote diversity and strive to offer equal opportunities based on merit. Our inclusive environment fosters a sense of value and respect for every individual, regardless of factors such as age, gender, race, marital status, disability, religion or belief, color and nationality.	10 REDUCED INEQUALITIES
Sustainable consumption and production	KTML utilizes both synthetic recycled fiber and natural fiber waste in yarn production and holds a certification demonstrating compliance with the Global Recycled Standard (GRS). In our commitment to minimizing our environmental impact. The Company has implemented cutting-edge and state-of-the-art equipment to regulate effluent discharge, effectively mitigating the environmental consequences of industrial effluents in the vicinity. The company consistently strives to maintain a healthy environment for both its employees and the local community. The company consistently fulfills and surpasses the criteria mandated for ISO 14001:2015 and EU-Ecolabel certifications.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Our goal is to swiftly address and mitigate the impacts of climate change.	KTML is responsible for utilization of raw materials, efficient technology, emission control measures, and regular tree planting initiatives all contribute to mitigating the impact of climate change.	13 CLIMATE ACTION
Quality management	Quality control checks take place at every stage of the production process, commencing with the examination of raw materials upon the delivery to the factories. This process continues with the Quality Assurance team acting as the customer's representative while conducting audits of the finished products. These audits are performed before the products are transferred to the customer's audit teams for the final inspection.	17 PARTNERSHIPS FOR THE GOALS

Three Elements of Sustainability

SUSTAINABILITY

01 SOCIAL

Pooling resources to identify solutions that minimize negative effects on communities and enhance positive aspects.

We Focus on

- Fair Employment Opportunities
- Inclusive Financial Practices
- Initiatives for Empowering Communities
- Ethically Produced Goods and Services

02 ENVIRONMENT

Engaging in business operations with a minimal adverse effect on the environment.

We Focus on

- Technological Innovations
- Environment-Friendly Operations
- Sustainable Finance
- Corporate Social Responsibility Projects for the Environment

03 ECONOMIC

Promoting sustainable economic growth that safeguards both the environment and the social cohesion of communities over the long term.

We Focus on

- Effective Governance
- Ethical Business Practices
- Leadership in the Digital Age
- Market Presence
- Operational Productivity and Efficiency

We Create Value for

Investors	Customers	Employees	Suppliers & Business Partners	Community & Environment	Government & Regulatory Institutions

CREATING VALUE – ACHIEVING SUSTAINABLE DEVELOPMENT

Description

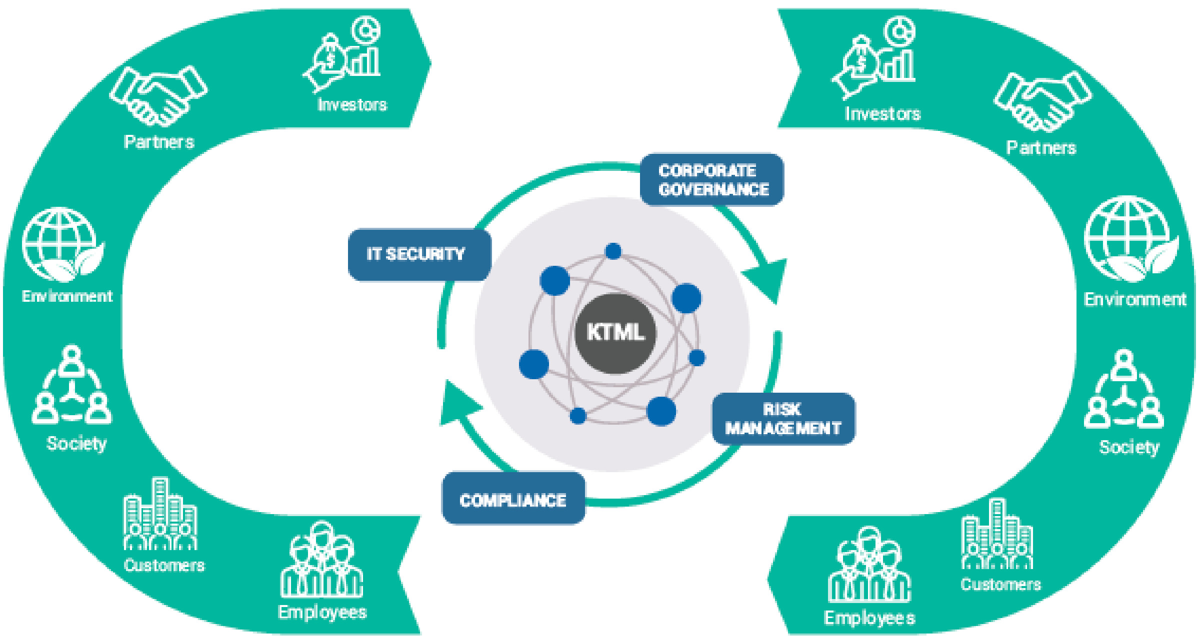
investors: Shareholders who invested in Kohinoor Textile Mills Ltd.

Partner: Suppliers of good and services

Employees: KTML employees at all sites

Environment: The enviroment that is affected by orgnisation decisions and activities

Society: The community in which Kohinoor Textile Mills Ltd. is operating



Commitment

Employees: Greater well-being

Customers: customer satisfaction with cost effectivness

Partner: co operation and commitments

Society: Valued member of society

Environment: Measure for betterment

Investors : Financial growth with risk mitigation

INDUSTRIAL RELATIONS

The company has established an Industrial Relations (IR) department for determination of adequate terms and conditions of employment. Further, the IR department is responsible for avoidance and settlement of disputes and differences between the Company, its employees and their representatives through negotiation. The company operates a Provident fund and a Worker's Profit Participation Fund for its employees, as well as paying bonuses to employees on the basis of the company's profitability and individual performance. The company is committed to provide equal opportunities to all existing and prospective employees without discrimination on the basis of race, religion, gender or age.

CONSUMER PROTECTION MEASURES

We are committed to ensure that our products are shipped in a manner complying with the highest safety standards and meeting or exceeding all legal requirements. The Company takes care and applies appropriate procedures to manufacture its products so as to ensure that no harmful substances are present in any of its products.

INFORMATION TECHNOLOGY

Management has a strong commitment to strengthen the platform for information technology and information systems in order to remain competitive and cater the requirements of coming era. The company continues to upgrade and improve our information systems and processes, an effort led by a team of IT professionals with wide ranged experience in latest information technologies.

SECURITY

The Company maintains its dedication to security, and is fully compliant with the Customs Trade Pact against Terrorism (CTPAT), performing frequent and regular audits to ensure it remains so. All areas of the Company premises are monitored using video surveillance, as per CTPAT requirements. We are also compliant with the standards set by our international customers, many of which exceed those of CTPAT.

CONTRIBUTION TO NATIONAL EXCHEQUER

During the year the Company has contributed amounted to Rs. 6,727.26 million (2022: Rs. 6,105.91 Million) in respect of taxes, levies and duties. Moreover, we have also contributed (USD) 53.100 million (2022: Rs. 81.802 Million) to the national treasury by way of export sales.

HUMAN RESOURCE ACCOUNTING

Kohinoor believes that having an eye on cost factor of the organization is important as it gives us a true picture of the Impact and overall success of the initiatives taken by the Company. In light of this philosophy, the major cost incurred on Human Resource Management are monitored and measured through HR Budgeting which mainly includes the cost of recruitment, training, development and rewarding staff.

At the start of the financial year, estimated costs of hiring along with the advertisement and headhunting expenses are calculated and added in the budget. Similarly, the training & development plans, major employee rewards & benefits including Staff increments, health & life insurance, leave encashment, staff vehicles costs (as a part of perks) are forecasted and incorporated into the annual budgets. And at the end of the year, all the actual costs incurred on these initiatives are compared with the budgeted figures and next year's budgeting is further carried out on the basis of comparative analysis.

EMPLOYEES' SATISFACTION

It is essential for a Company to make sure its employees are satisfied with their employers. Similarly, for a company to gain competitive advantage and to benefit from its diverse workforce, it needs to cater the employee satisfaction. To achieve employees' satisfaction, the Company engages in various activities including annual gatherings, formal and informal meetings, surveys, HR engagement and appraisal activities designed to bridge the communication gap between top management and employee. It also results in identification of areas that need improvement, recognize and reward exemplary performance via salary raises and promotions and help employees gain a better understanding about their roles and responsibilities. The ultimate goal is to enhance employee's productivity as well as impart a sense of belonging by making them feel valued and acknowledged.

At KTML employee management, labor management and human rights are implemented in accordance with the legal requirements. The company has no child labor or forced labor as part of the workforce. The employees are informed beforehand in case of any operational changes, however, there were no operational changes during the year. Integrity is a part of our core values at KTML, we have a strict policy against corruption and bribery. To emphasize its importance and to make sure the policies are communicated to all employees, a code of conduct is designed in a way that leaves no room for non-compliance.

CORPORATE SOCIAL RESPONSIBILITY (HEALTH & EDUCATION)

As part of organization's commitment towards community development, it actively participates in various CSR programs directed towards health, education and socio-economic development of society at large. We have undertaken several initiatives such as donating personal protective products (PPPs) to medical institutions and underserved sections of the society, upgrading health care facilities in Gulab Devi Chest hospital by providing equipment and creating awareness campaigns. The Company is committed to work in the best interest of all the stakeholders, in particular the community in which we operate. In order to bring a positive & lasting change in the community by educating the new generation. The schools are located in the Kohinoor Colony premises and managed by female staff, these schools provide quality education to both boys and girls.

ENERGY SAVING MEASURES

Given the current energy crisis in Pakistan, Kohinoor's management recognizes the importance of the efficient usage of energy in the corporate sector and has therefore formed an energy committee with the aim of finding more efficient and sustainable methods for generating and managing energy. The Company's processing department has already reaped large benefits through its collaboration with several major multinational chemical suppliers; together they have substantially reduced the usage of water, chemicals and energy while maintaining or improving quality and environmental standards. The Company hopes that future progress in these projects will yield further reductions in the costs of energy and usage of other resources such as water, etc. Further, in anticipation of increased scarcity and load shedding of natural gas and electricity, the Company is taking steps to further diversify its energy production capabilities, expanding into steam generation via wood, coal and waste heat recovery and initiating a pilot project in solar heating of water. The Company remains committed to explore sustainable alternative energy sources which is evident from installation of 2.1691MW Solar based power project in Gujar Khan Division.

QUALITY MANAGEMENT SYSTEMS

The Company maintains its reputation as a high quality supplier and owes its current business, in large part, to this reputation. Quality control checks occur at all points in the production chain, starting at the delivery of raw material to the factories, through to the Quality Assurance team acting as the customer's representative when conducting audits of finished goods before handing them over to the customer's audit teams for the final inspection. It is worth noting that the Company's Quality Management Systems are so highly regarded that several customers no longer require the presence of external auditors before shipping of finished goods. The Company is ISO-9001:2008 certified and firmly believes in the necessity of Quality Management Systems.

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENTAL (HSE) PROTECTION MEASURES

The Company continues to meet and exceed the health and safety standards required for SA 8000 certification. Frequent audits are conducted by customers, regulatory agencies and the Company's own audit teams in order to ensure compliance with these standards and those set by the Company's customers. The Company strives to provide a safe and healthy workplace for its employees and to act responsibly towards the communities and environment, in which it operates. It realizes this through the commitment of its leadership, the dedication of its staff and application of the highest professional standards of work. Recently we have done a complete re-examination and improvement of our fire safety protocols to further ensure the safety of our employees. Management takes all possible measures to prevent unsafe activities by its hiring practices and through the implementation of effective management, human resources and operational policies.

BUSINESS ETHICS & ANTI-CORRUPTION MEASURES

The Company, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. Employees are encouraged to report any deals that may be supported by kickbacks and no employees are allowed to run parallel businesses. The Company maintains a system by which any employee can report the non-conformance (NC) to the top management. All NCs reported are addressed by the top management on timely basis and a regular follow up activity is being carried out in order to ensure that all issues highlighted are permanently resolved. Further, the Company's Internal Audit department is empowered to perform regular and ad-hoc checks and audits of any and all functions and operations of the company and reports directly to the Audit Committee. Moreover, the Company has also formulated whistle blowing policy.

ANTI-CORRUPTION MEASURES

Any evidence or suspicion of any unethical or unlawful activity, damage to environment, any offence or injustice, non-compliance with applicable regulatory requirements or company policies can be reported in complete confidentiality. To win the battle against corruption and any unethical/unlawful activity the management adapts both top-down and a bottom-up communication approach. The Company expects all its employees to perform services with integrity and professionalism. The Company is fully committed in promoting the highest standards of ethical behaviour throughout its business. The management condemns corrupt and fraudulent practices and ensures transparency, integrity and honesty in all aspects of work. Fundamental to this is the adoption of a 'zero tolerance' approach to all forms of corruption and misrepresentation. The entity has strong internal audit functions in place to review the operations in order to detect any potential occurrence of corruption.

WASTE WATER TREATMENT PLANT

Management understands the harmful effects of contaminated water on the surrounding areas after emission from the Mill's premises. In order to prevent the potentially harmful effects of any chemicals used in processing on the surrounding water table, a waste water treatment plant has been constructed minimizing or negating any contamination in water discharged from the factory. Further, the company continues to investigate and implement pilot projects into alternative, sustainable energy sources.

NATIONAL CAUSE DONATIONS

During the year, Company has contributed Rs. 0.89 Million to Gulab Devi Educational Complex, Lahore towards construction of Al-Aleem Medical College in Gulab Devi Chest Hospital (GDCH), Lahore. The Company has also contributed Rs. 1 Million to flood relief activities of Government of Pakistan.

EMPLOYMENT OF SPECIAL PERSONS

The Company has employed disabled persons in compliance with the rules set out by the Government of Pakistan which is 3% quota of the total workforce necessitated to be allocated to disabled persons.

DIVERSITY AND EQUAL OPPORTUNITY

Kohinoor Textile Mills Limited is committed to ensure equal treatment and fair working conditions for employees. This belief is driven by our core values. As part of our HR policy, we strive to be an equal opportunity employer. The Company believes that empowerment of women can have replicating effects over the society and it is a part of its approach to see women as pillars of community by empowering them at the workplace. We are committed to encourage greater diversity and ensuring equal opportunities for individuals based on merit. We also provide an inclusive environment where everyone feels valued and respected, irrespective of age, gender, race, marital status, disability, religion or belief, colour and nationality.

MARKET PRESENCE

In the Company, all employment is strictly done on merit and no preference whatsoever is granted. Kohinoor Textile Mills aggressively contributes in the wellbeing of economy and provide job opportunities to local community. Value creation and growth of the entity is directly linked with these aspects and management has devised stringent policies to never let this aspect unaddressed. Moreover, this aspect can also increase the economic benefit to the local community, and improve an organization's ability to understand local needs.

RURAL DEVELOPMENT PROGRAM

The Company's Mills are located in rural areas therefore various corporate social responsibility activities are effectively implemented in those areas. The Company has been working hard to initiate and sustain rural development programs for the enhancement of health of the rural population. Therefore, a "Dengue Fever Awareness Program" was carried out to demonstrate the prevention techniques and share knowledge with community members to ensure maximum awareness at plant site and the local community.

MITIGATING EFFORTS TO CONTROL INDUSTRY EFFLUENTS

Traditionally, dying factories have been considered environmentally hazardous but Kohinoor has installed the most modern and state-of-the-art equipment to control effluent discharge negating the effects of industrial effluents on the surrounding environment; the Company makes every effort to ensure a healthy environment to employees and locals. To enhance environmental standards and continuously promoting a better and Green Environment within the factory as well in the nearby areas, the Company is arranging regular Tree Plantation activities to provide healthy environment to employees and other community living in surroundings.

SUSTAINABILITY AND SUPPLY CHAIN

At KTML, we believe that achieving a sustainable business is not restricted to production practices only but also includes the supply chain. From our early days, we have been communicating with our suppliers and contractors regarding our environmental expectations and require them to adopt environmental management practices aligned with these expectations. The suppliers are informed and educated about the importance of environment protection not only to KTML but to their respective businesses as well. Other than encouraging environmental friendly practices, the company also scrutinizes its business partners on the basis of how actively they are fulfilling their legal requirements e.g. in light of creating an accountable and documented economy, the company motivates and highlights the importance to stakeholders in the upstream and downstream supply chain to get registered with the tax authorities. Furthermore, the Company fulfills its role as a withholding agent and makes timely payment of amount due to the National exchequer.

As a part of the Supplier Evaluation Program, all our suppliers are screened and assessed for social risks. We ensure that integrity and compliance are foundational elements of our culture. Our suppliers are required to hold their supplies to equivalent standards. Our company-wide ethics and compliance program is designed to prevent, detect and appropriately respond to any potential violations of the law or company policies, and this program applies to our suppliers. We will continue to enhance our supplier social responsibility frameworks in the coming year, through the addition of new programs addressing supply chain labor and emissions reporting.

KTML's purchasing policy aims to cut down on waste and environmental impact along with reduced costs.

PROCUREMENT PRACTICES

Kohinoor Textile Mills management plays a vital role and devise policies to procure locally so that growth in local economy can be fueled and stimulated. We believe in strategic relationships and have developed strong connections with vendors in the industry. Our Purchase team stays in continuous contact with suppliers and vendors through meetings to resolve issues for on time deliveries, any concerns about terms & conditions and timely payments. Our sustainable growth is also attributable to engage reputed and dependable suppliers & vendors as business partners for supply of raw material, industrial inputs, equipment and machinery.

COMMUNITY INVESTMENT AND WELFARE SCHEMES

The Company has a long tradition of maintaining good community relations, and many of its employees are actively involved in welfare schemes. We believe that investing in our communities is an integral part of our social responsibility, and is vital to ensure the sustained success of the Company. We aim to ensure that our businesses and factories have the resources and support to identify those projects, initiatives, and partnerships that can make a real difference in their communities, and those that will mean something to our employees and their families.

BEST CORPORATE REPORT AWARD

Company has maintained its history of delivering best user friendly financial reports to its valued users. This stance is supported by fact that Company's financial statements are well regarded by joint committee of Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP). This achievement secured by the Company reflects best ethical values and management practices in corporate reporting. The Company has promoted accountability and transparency through provision of accurate, informative, factual and reader-friendly Annual Reports on timely basis for the valuable stake holders.


www.prowhite.eu

KTML continues to hold first in the top three positions from the previous six years in a row

YEAR	POSITION
2015-2016	First
2016-2017	First
2017-2018	First
2018-2019	Third
2019-2020	Third
2020-2021	Second

EXTERNAL INITIATIVE & MEMBERSHIP OF ASSOCIATION

Company's prominent memberships are as follows.

1. Lahore Chamber of Commerce & Industry
2. Rawalpindi Chamber of Commerce
3. All Pakistan Textile Mills Association
4. Pakistan Textile Council

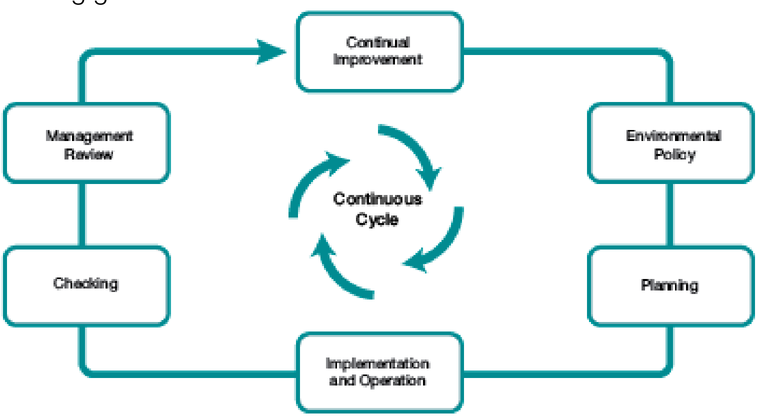
MANAGEMENT SYSTEM & PRODUCT COMPLIANCE CERTIFICATIONS

Quality Management System (ISO 9001:2015)

Kohinoor Textile Mills Limited exemplifies excellence through adherence to the ISO 9001:2015 Quality Management System. This certification underscores our commitment to consistent, high-quality products and services. By upholding ISO 9001:2015, we ensure customer satisfaction, process efficiency, and a culture of continuous improvement, further establishing Kohinoor as a trusted industry leader.

Environmental Mangement System (ISO 14001:2015)

KTML adheres to the ISO 14001:2015 Environmental Management System, showcasing our dedication to sustainable operations. This certification affirms our commitment to improve environmental performance, pollution control & waste minimization, training, reporting to the top management and setting goals.



EU Ecolabel

Compliance with the EU Ecolabel reflects our steadfast commitment to environmental sustainability. This certification attests to our products meeting stringent ecological standards, ensuring reduced environmental impact throughout their lifecycle.

SteP by OEKO-TEX®

Adherence to SteP by OEKO-TEX® exemplifies our dedication to sustainable textile production. This certification ensures that our processes meet rigorous environmental and social standards. It reaffirms our commitment to responsible and eco-friendly manufacturing, providing our customers with products they can trust.

OEKO-TEX 100 (Appendix 6 - Class II)

KTML upholds OEKO-TEX 100 (Appendix 6 - Class II) compliance, assuring our products meet stringent safety standards. This certification signifies that our textiles are free from harmful substances, ensuring they are safe for consumers. KTML remains dedicated to providing high-quality, eco-friendly products.

Higg FEM Index

KTML demonstrates strong compliance with the HIGG INDEX, reflecting our commitment to responsible internal practices. This index, based on rigorous internal assessments, reflects our dedication to environmental performance.

HIGG VFEM INDEX			
Modules	Achieved Scores		
	2020	2021	2022
Environmental Management	71	72	76
Energy	95	96	97
Water	95	96	97
Waste	18	18	36
Wastewater	75	75	77
Air	38	48	56
Chemicals Management	62	65	68
Average	**65**	**67**	**72**

Social Accountability SA 8000:2014

KTML upholds strict compliance with the SA 8000:2014 standard. This commitment signifies our dedication to ensuring fair labor practices, safe working conditions, and employee well-being. By adhering to SA 8000:2014, we prioritize ethical and socially responsible operations, contributing to a positive workplace environment for all.

Global Organice Textile Standard (GOTS) - Version 6.0

This certification affirms our unwavering commitment to sustainable and environmentally-conscious textile production. By adhering to GOTS 6.0, we ensure that our products meet the highest organic and ethical standards, contributing to a greener and more responsible industry.

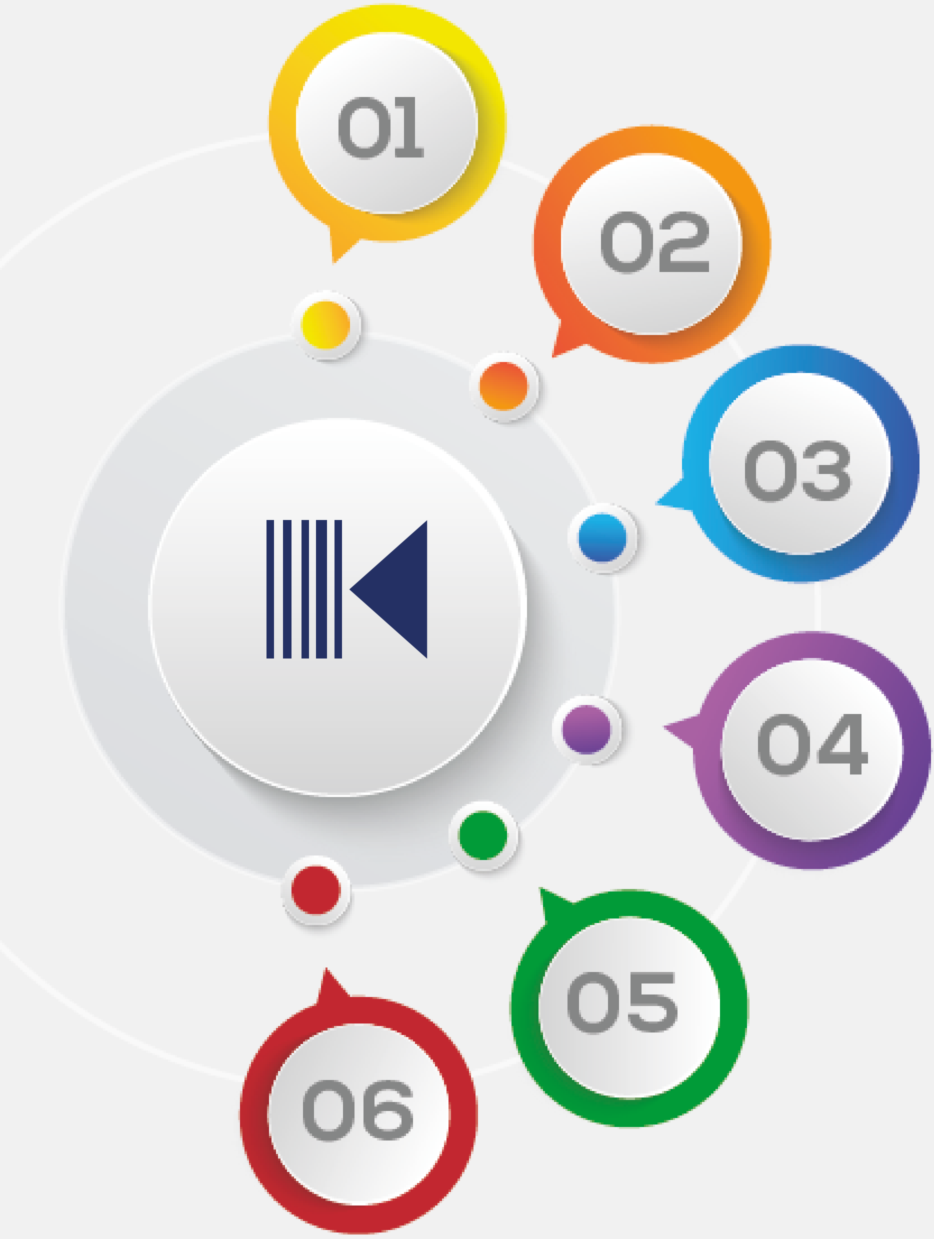
Organic Content Standard (OCS) - Version 3.0

OCS - Version 3.0, exemplifying our dedication to sustainable textile production. This certification confirms our commitment to incorporating organic materials into our products, promoting environmental responsibility and transparency in our operations.

Global Recycled Standard (GRS) - Version 4.0

KTML proudly meets the standards of the GRS - Version 4.0. This certification underscores our commitment to sustainable practices, as it verifies our use of recycled materials in textile production. By adhering, we contribute to a more environmentally-conscious and responsible industry.

CORPORATE EVENTS
JUL-2022 TO JUN-2023



27-Oct-22
Annual General Meeting

02-Sep-22
Announcement of annual results for the year 2023

17-Apr-23
Declaration of the 3rd quarter Accounts 2023

03-Mar-23
EOGM for approval of buy back of 30 M shares

22-Feb-23
Declaration of the half yearly Accounts 2023

19-Oct-22
Declaration of the 1st quarter Accounts 2023

NOTABLE EVENTS 2023

DEVELOPING FUTURE LEADERS

The 'Developing Future Leaders' training by LUMS for our key staff members was a transformative experience. It provided invaluable tools and knowledge to cultivate leadership excellence within our team. The program's dynamic curriculum and hands-on workshops empowered our staff to navigate complex challenges and drive innovation. This investment reflects our dedication to nurturing a cadre of capable leaders poised to steer our organization towards future success.

KNOWLEDGE SHARING AND HARASSMENT TRAINING

The internal training sessions on Knowledge Sharing and Harassment Awareness conducted by our dedicated office staff were instrumental in promoting a safe and inclusive work environment. The Anti-Harassment Training equipped employees with essential skills to recognize, prevent, and address any forms of misconduct, ensuring a respectful workplace for all. The Knowledge Sharing Session facilitated a valuable exchange of expertise and insights, fostering a culture of continuous learning and collaboration within our organization. These initiatives reflect our commitment to employee well-being and professional growth.

INDEPENDENCE DAY

Independence Day at our office was a vibrant celebration of Pakistan's rich history and resilience. The workspace was adorned with flags and patriotic colors, setting the stage for a day filled with pride and camaraderie. Colleagues came together for inspiring speeches, traditional music, and a delightful feast, embodying the spirit of unity that defines our nation. It was a day to reflect on our shared journey and to renew our commitment to a prosperous and progressive Pakistan.

IQBAL DAY

Marking Iqbal Day, we pay tribute to the visionary poet and philosopher, Allama Muhammad Iqbal, whose words continue to ignite inspiration across generations. His poetry sparked hope and self-realization in the hearts of Pakistanis. On this day, we reflect on his profound ideas and the enduring spirit he instilled in our nation. Iqbal's legacy serves as a reminder of the potential within each of us to forge a brighter future for Pakistan.

NOTABLE EVENTS 2023

EID CELEBRATIONS

As a gesture of spreading joy and celebrating Eid, KTML distributed thoughtful gifts amongst our dedicated office staff. These tokens of appreciation not only conveyed our warmest wishes but also highlighted the spirit of unity and togetherness within our organization. It was a heartwarming experience to see the smiles on their faces as they received these gifts, reminding us the importance of sharing happiness during this special occasion.

EXECUTIVE IFTAR DINNER / HOD'S MEETUP

We observed a cherished tradition with our official Iftar Dinner in Ramadan, fostering unity and gratitude among our team. Additionally, our monthly informal meetups at KTML serve further to our organizational objectives, encouraging open dialogue and a deeper connection among associates.

THEMED BIRTHDAY PARTY

Themed birthday parties at the office bring fun and unity to our team. With creative decorations and enjoyable activities, we celebrate together, creating lasting memories and a lively work environment.

KOHINOOR PREMIER LEAGUE

The 'Kohinoor Premier League' held among employee teams at Mills play ground was an immense success, bringing a thrilling cricket experience to our workplace. This mega tournament showcased the dedication and camaraderie of our staff, with intense matches and remarkable performances. Beyond the cricketing arena, it fostered a strong sense of teamwork and unity, enhancing our office culture and creating cherished memories.

NOTABLE EVENTS 2023

RECREATIONAL ACTIVITIES

An unforgettable recreational excursion at Terbela Dam where employees cherished beautiful moments in this breathtaking setting, resulting in lasting memories.

SPORTS GALA

The Sports Gala for our staff and their families was a hit, promoting health and bonding. It featured spirited competitions and enjoyable games, bringing everyone together. The laughter and shared moments showed how important such events are for our well-being and building a strong workplace community. The families of our employees also had a blast, relishing every moment of the festivities.

NOTABLE EVENTS 2023


GUCCI

05 GOVERNANCE




GOVERNANCE

WWW.KMLG.COM/KTML

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 55th Annual General Meeting of the members of Kohinoor Textile Mills Limited (the "Company") will be held on Thursday, October 19, 2023 at 12:00 Noon at its Registered Office, 42-Lawrence Road, Lahore, to transact the following business: -

Ordinary Business

1) To receive, consider and adopt the audited accounts of the Company including consolidated financial statements for the year ended June 30, 2023 together with the Chairman's Review, Directors' and Auditors' Reports thereon.

2) To appoint Auditors for the year ending on June 30, 2024 and fix their remuneration. The Board has recommended, as suggested by the Audit Committee, the appointment of M/s. Riaz Ahmad & Company, Chartered Accountants, the retiring auditors who being eligible have offered themselves for re-appointment.

Special Business

3) To consider and, if deemed fit, pass the following resolution as a special resolution under Section 199 of the Companies Act, 2017, with or without modification, as recommended by the Directors: -

   "Resolved by way of special resolution that consent and approval of Kohinoor Textile Mills Limited (the "Company") be and is hereby accorded under Section 199 of the Companies Act, 2017 (the "Act") for investment in the form of loans / advances from time to time to Maple Leaf Cement Factory Limited, a subsidiary of the Company, upto an aggregate sum of Rs. 1,000 million (Rupees one thousand million only) for a period of one year commencing November 01, 2023 to October 31, 2024 (both days inclusive) at the mark-up rate of one percent above three months KIBOR or one percent above the average borrowing cost of the Company, whichever is higher. Vide special resolution passed in general meeting held on October 27, 2022 by the shareholders, the Company was authorized to extend a facility of similar nature to the extent of Rs. 1,000 million which is valid till October 31, 2023.

   Resolved further that the Chief Executive Officer

and the Company Secretary of the Company be and are hereby authorized singly to take all steps necessary, ancillary and incidental, corporate and legal formalities for the completion of transactions in relation to the loans / advances to the subsidiary company but not limited to filing of all the requisite statutory forms and all other documents with the Securities and Exchange Commission of Pakistan, executing documents all such notices, reports, letters and any other document or instrument to give effect to the above resolution."

4) To consider and, if deemed fit, pass the following resolution as a special resolution under Section 199 of the Companies Act, 2017, with or without modification, as recommended by the Directors:-

"Resolved by way of special resolution that consent and approval of Kohinoor Textile Mills Limited (the "Company") be and is hereby accorded under Section 199 of the Companies Act, 2017 (the "Act") for investment in the form of loans / advances from time to time to Maple Leaf Capital Limited, a subsidiary of the Company, upto an aggregate sum of Rs. 1,000 million (Rupees one thousand million only) for a period of one year commencing November 01, 2023 to October 31, 2024 (both days inclusive) at the mark-up rate of one percent above three months KIBOR or one percent above the average borrowing cost of the Company, whichever is higher. Vide special resolution passed in general meeting held on October 27, 2022 by the shareholders, the Company was authorized to extend a facility of similar nature to the extent of Rs. 1,000 million which is valid till October 31, 2023.

Resolved further that the Chief Executive Officer and the Company Secretary of the Company be and are hereby authorized singly to take all steps necessary, ancillary and incidental, corporate and legal formalities for the completion of transactions in relation to the loans / advances to the subsidiary company but not limited to filing of all the requisite statutory forms and all other documents with the Securities and Exchange Commission of Pakistan, executing documents all such notices, reports, letters and any other document or instrument to give effect to the above resolution."

5) To ratify and approve transactions conducted with the Related Parties for the year ended June 30, 2023 by passing the following special resolution with or without modification: -

"Resolved that the transactions conducted with the Related Parties as disclosed in the note 38 of the unconsolidated financial statements for the year ended June 30, 2023 and specified in the Statement of Material Information under Section 134(3), be and are hereby ratified, approved and confirmed."

6) To authorize the Board of Directors of the Company to approve transactions with the related parties for the financial year ending on June 30, 2024 by passing the following special resolution with or without modification: -

"Resolved that the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with the Related Parties on case to case basis for the financial year ending on June 30, 2024.

Resolved further that these transactions by the Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval."

BY ORDER OF THE BOARD

Lahore:
September 27, 2023

(Muhammad Ashraf)
Company Secretary

NOTES

1. The Share Transfer Books of the Company will remain closed from October 13, 2023 to October 19, 2023 (both days inclusive). Physical transfers/ CDS Transaction IDs received at the Company's Share Registrar, M/s. Vision Consulting Limited, 5-C, LDA Flats, Lawrence Road, Lahore, at the close of business on October 12, 2023 will be considered in time to determine voting rights of shareholders for attending the meeting.

2. A member entitled to attend and vote at the meeting may appoint another member of the Company as a proxy to attend and vote instead of him/her. Proxy Form duly completed must be deposited at the Registered Office of the Company not later than 48 hours before the time of meeting.

3. Any individual beneficial owner of CDC entitled to attend and vote at this meeting must bring his/her original CNIC or Passport to prove his/ her identity, and in case of Proxy must enclose an attested copy of his/her CNIC or Passport. Representatives of Corporate entities should bring Board's resolution/Power of Attorney with specimen signatures required for the purpose.

4. Pursuant to provisions of Section 134 of the Companies Act, 2017, if the Company receives consent from members holding aggregate 10% or more shareholding, residing in geographical location to participate in the meeting through video conference at least seven days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

5. The Securities and Exchange Commission of Pakistan ("SECP") vide Circular No. 4 of 2021 dated February 15, 2021, has advised to provide participation of the members through electronic means. The members can attend the Annual General Meeting via video link using smart phones/tablets. To attend the meeting through video link, members and their proxies are requested to register themselves by providing the following information along with valid copy of Computerized National Identity Card (both sides)/passport, attested copy of Board Resolution/power of attorney (in case of corporate shareholders) through email at muhammad.ashraf@kmlg.com by October 17, 2023:-

Name of Member/ Proxyholder	Folio No. / CDC Account No.	Cell No. / WhatsApp No.	CNIC No.	Email ID

6. The shareholders will be allowed to exercise their right to vote through e-voting and postal ballot subject to the requirements of Sections 143 and 144 of the Companies Act, 2017 and the Companies (Postal Ballot) Regulations, 2018.

7. The notice of AGM has also been posted on the Company's website. Further, the notice of meeting is being dispatched to the members as per requirements of the Companies Act, 2017, on their registered address, containing the QR enabled code and the weblink address to view and download the annual audited financial statements together with the reports and documents at all times.

8. The Members, who desire for receiving the annual audited financial statements and AGM Notice through e-mail, are requested to send their updated e-mail addresses to Share Registrar of the Company. The audited financial statements for the year ended June 30, 2023 are available on website of the Company. However, hard copy of Annual Report will be provided free of cost on written request of the shareholder on Standard Request Form available on website www.kmlg.com.

9. Pursuant to requirement of Section 242 of the Companies Act, 2017 and the Companies (Distribution of Dividends) Regulations, 2017, provide their bank details including International Bank Account Number (IBAN) of 24 digits in order to receive unclaimed e-dividends. Further, shareholders may contact at the Registered Office of the Company to collect / enquire about their unclaimed physical dividends / physical shares, if any;

10. Individual Members who have not yet submitted a copy of their valid Computerized Identity Card (CNIC) to the Company are once again requested to send a copy of their valid CNIC at the earliest directly to the office of Share Registrar of the Company, Vision Consulting Limited, 5-C, LDA Flats, Lawrence Road, Lahore. Corporate Members are requested to provide their National Tax Number (NTN) and mention the folio number thereon while sending the copies to the Share Registrar of the Company. In case of non-receipt of the copy of a valid CNIC or NTN (as the case may be), the Company would be unable to comply with the requirements of the Companies Act, 2017 and SROs issued thereunder;

11. As per Section 72 of the Companies Act, 2017, every existing listed 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 Commission, within a period not exceeding four years from the commencement of the Companies Act, 2017, i.e. May 30, 2017.

    The shareholders having physical shareholding are encouraged to open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange Limited.

12. Members are requested to notify immediately any change in their addresses. Shareholders maintaining their shares in electronic form should have their address updated with their participant or CDC Investor Accounts Service.

13. For any query / information, the shareholders may contact with the Company Secretary at the above Registered Office and / or Mr. Abdul Ghaffar Ghaffari of Share Registrar, Vision Consulting Limited, 5-C, LDA Flats, Lawrence Road, Lahore, Ph. Nos. (042) 36283096-97.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on October 19, 2023.

AGENDA ITEM NUMBER 3 OF THE NOTICE – INVESTMENT IN MAPLE LEAF CEMENT FACTORY LIMITED IN THE FORM OF LOANS/ADVANCES:

Maple Leaf Cement Factory Limited, having its Registered Office at 42-Lawrence Road, Lahore (the “MLCFL”), is a subsidiary of the Company and the Company being a holding company, holds 606,497,944 ordinary shares constituting 56.51% of the aggregate paid-up capital in MLCFL, a public listed company engaged in the business of manufacturing and sale of cement and the factory is located at Iskanderabad, District Mianwali.

The Board of Directors of the Company in their meeting held on September 08, 2023 has approved Rs. 1,000 million as loans / advances, being a reciprocal facility to MLCFL on the basis of profit/ financial statements of MLCFL subject to approval of the members. The Company shall extend the facility of loans / advances from time to time for working capital requirements to MLCFL in accordance with an agreement in writing including all relevant terms and conditions as prescribed in the Regulations.

The Directors have carried out their due diligence for the proposed investment and duly signed recommendations of the due diligence report / undertaking has been kept at the Registered Office of the Company and shall also be available for inspection of members in the general meeting along with the latest audited and interim financial statements of the associated company.

Information under Regulation 3(1) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 (the "Regulations").

3(1)(a) Disclosure for all types of investments

(A) Regarding associated company or associated undertaking: -

Ref. No.	REQUIREMENT	INFORMATION
(i)	Name of associated company or associated undertaking;	Maple Leaf Cement Factory Limited (the "MLCFL")
(ii)	Basis of relationship;	MLCFL is a subsidiary of Kohinoor Textile Mills Limited (the "Company") and the Company holds 56.51% of the aggregate paid-up capital in MLCFL.
(iii)	Earnings per share for the last three years;	(Rupees) **Year / Basic / Diluted** 30.06.2021: 5.69 / 5.69 30.06.2022: 3.30 / 3.30 30.06.2023: 4.18 / 4.18
(iv)	Break-up value per share, based on latest audited financial statements;	As on June 30, 2023 With revaluation surplus Rs. 41.84 Without revaluation surplus Rs. 40.10
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements;	Based on the audited financial statements for the financial year ended 30 June 2023 the financial position of MLCFL is as under: -

Particulars	Amount Rupees (000)
Paid up capital	10,733,462
Capital reserves	6,363,952
Accumulated profits	25,946,716
Surplus on revaluation of fixed assets–net of tax	1,868,984
Total equity	44,913,114
Current liabilities	16,215,021
Current assets	22,239,667
Sales - Net	62,075,259
Gross profit	16,423,756
Operating profit	12,001,415
Net profit	4,491,670
Earnings per share (Rs.)	4.18

(B) General Disclosures:

<table>
<tr><th>Ref. No.</th><th>REQUIREMENT</th><th colspan="2">INFORMATION</th></tr>
<tr><td>(i)</td><td>Maximum amount of investment to be made;</td><td colspan="2">Rs. 1,000 million (Rupees one thousand million only).</td></tr>
<tr><td>(ii)</td><td>Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;</td><td colspan="2">Purpose: To earn income on the loans and/or advances to be provided to MLCFL from time to time for working capital requirements of MLCFL.

Benefits: The Company will receive mark up at the rate of one percent above three months KIBOR or one percent above its average borrowing cost, whichever is higher. This shall benefit the Company's cash flow by earning profit on idle funds.

Period: For a period of one year from November 01, 2023 to October 31, 2024.</td></tr>
<tr><td>(iii)</td><td>Source of funds to be utilized for investment and</td><td colspan="2">Loan and/or advance will be given out of own funds of the Company.</td></tr>
<tr><td></td><td>where the investment is intended to be made using borrowed funds, -
(I) Justification for investment through borrowings;
(II) Detail of collateral, guarantees provided and assets pledged for obtaining such funds; and
(III) Cost benefit analysis;</td><td colspan="2">N/A</td></tr>
<tr><td rowspan="6">(iv)</td><td rowspan="6">Salient features of agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;</td><td>Nature</td><td>Loan / advance</td></tr>
<tr><td>Purpose</td><td>To earn mark-up / profit on loan / advance being provided to MLCFL which will augment KTML's cash flow.</td></tr>
<tr><td>Period</td><td>One Year</td></tr>
<tr><td>Rate of Mark-up</td><td>One percent above three months KIBOR or one percent above the average borrowing cost of KTML, whichever is higher.</td></tr>
<tr><td>Repayment</td><td>Principal plus mark-up/ profit upto October 31, 2024</td></tr>
<tr><td>Penalty charges</td><td>@3-months KIBOR plus one percent in addition to the outstanding amount(s).</td></tr>
</table>

Ref. No.	REQUIREMENT	INFORMATION
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	Investing Company i.e. the Company is a holding company of MLCFL and Eight Directors are common in both the companies may be deemed to be interested to the extent of their shareholding. None of the Directors or their relatives or associates are interested in any of the above resolution in any way except as members of the Company.
(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and	A similar nature of loan/advance facility of Rs.1,000 million from time to time for working capital requirements has been granted by the valued shareholders of the Company vide special resolution passed in the Annual General Meeting held on October 27, 2022 which is valid till October 31, 2023. There is no impairment and/or write off against the above facility.
(vii)	Any other important details necessary for the members to understand the transaction;	N/A

3(1)(c) Investments in the form of loans and advances:

Ref. No.	REQUIREMENT	INFORMATION
(i)	Category-wise amount of investment;	Short term loan for working capital requirements for a period of one year as dilated in preamble.
(ii)	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah Compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period;	Average borrowing cost of the Company is 15.20% for the year ended June 30, 2023.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company;	Mark-up will be charged from MLCFL at one percent above three months KIBOR or one percent above the average borrowing cost of the Company, whichever is higher.
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment;	No collateral is considered necessary since MLCFL is a subsidiary company of the Company.
(v)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place the time when the conversion may be exercisable; and	N/A
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	The loan / advance would be for a period of one year from November 01, 2023 to October 31, 2024 (both days inclusive). MLCFL will pay interest / mark-up on quarterly basis whereas repayment of principal amount shall be on or before October 31, 2024.

Disclosure under Regulation 4(1):

Seven Directors including Sponsors of associated company i.e. MLCFL are also the members of the Company and are interested to the extent of their shareholding as under: -

Name	%age of shareholding in MLCFL	%age of shareholding in the Company
Mr. Tariq Sayeed Saigol	0.0030	4.7118
Mrs. Shehla Tariq Saigol (Spouse of Mr. Tariq Sayeed Saigol)	0.0168	11.7117
Mr. Taufique Sayeed Saigol	0.0015	16.5719
Mr. Sayeed Tariq Saigol	0.0010	0.1430
Mr. Waleed Tariq Saigol	0.0011	0.0124
Mr. Danial Taufique Saigol	0.0005	0.0011
Ms. Jahanara Saigol	0.0002	0.0009
Mr. Zulfikar Monnoo	0.0003	0.0011

Disclosure under Regulation 4(2):

Name of Investee Company	Maple Leaf Cement Factory Limited
Total Investment Approved:	Loan / advance upto Rs. 1,000 million was approved by members in AGM held on October 27, 2022 for a period of one (01) year.
Amount of Investment Made to date:	Investment has not been made yet to date.
Reasons for not having made complete investment so far where resolution required it to be implemented in specified time:	The Company will provide funds to MLCFL from time to time as per working capital requirements to MLCFL upon request.
Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	At the time of approval of loan/advances of Rs.1,000 Million, as per latest financial statements for the period ended June 30, 2022, the basic earnings per share was Rs. 3.30 and breakup value per share (without surplus) was Rs. 34.69. As per latest financial statements for the year ended June 30, 2023, the basic earnings per share is Rs.4.18 and breakup value per share (without surplus) is Rs. 40.10.

AGENDA ITEM NUMBER 4 OF THE NOTICE – INVESTMENT IN MAPLE LEAF CAPITAL LIMITED IN THE FORM OF LOANS/ADVANCES:

Maple Leaf Capital Limited (MLCL) was incorporated on 25 April 2014 as a public limited company. The authorized share capital of MLCL is Rs. 5,000,000,000 and issued, subscribed and paid-up share capital of MLCL is Rs. 3,015,000,000. Kohinoor Textile Mills Limited is the holding company of MLCL and owns 250,000,000 shares (82.919%) of MLCL.

MLCL is set up with the principal object of buying, selling, holding or otherwise acquiring or investing its capital in any sort of financial instruments including but not limited to secure debt instruments and in shares of leading listed and unlisted companies but not to act as an investment/ brokerage company.

The Board of Directors of the Company in their meeting held on September 08, 2023 has approved Rs. 1,000 million as loans / advances to MLCL on the basis of financial results of MLCL subject to approval of the members. The Company shall extend the facility of loans / advances from time to time for working capital requirements to MLCL in accordance with an agreement in writing including all relevant terms and conditions as prescribed in the Regulations.

The Directors have carried out their due diligence for the proposed investment and duly signed recommendations of the due diligence report / undertaking has been kept at the Registered Office of the Company and shall also be available for inspection of members in the general meeting along with the latest audited and interim financial statements of the associated company.

3(1)(a) Disclosure for all types of investments

(A) Regarding associated company or associated undertaking: -

Ref. No.	REQUIREMENT	INFORMATION
(i)	Name of associated company or associated undertaking;	Maple Leaf Capital Limited (the "MLCL")
(ii)	Basis of relationship;	MLCL is a subsidiary of Kohinoor Textile Mills Limited (the "Company") and the Company holds 82.92% of the aggregate paid-up capital in MLCL.
(iii)	Earnings per share for the last three years;	**(Rupees)** **Year / Basic / Diluted** 30.06.2021: 13.66 / 13.66 30.06.2022: (15.65) / (15.65) 30.06.2023: 1.91 / 1.91
(iv)	Break-up value per share, based on latest audited financial statements;	As on June 30, 2023 is Rs. 14.67
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements;	Based on the audited financial statements for the financial year ended 30 June 2023, the financial position of MLCL is as under: -

Particulars	Amount Rupees (000)
Paid up capital	3,015,000
Reserves	1,409,310
Total equity	4,424,310
Current liabilities	2,597,983
Current assets	6,602,940
Revenue	1,160,598
Profit from operations	959,566
Profit after taxation	577,296
Earnings Per Share Rs.	1.91

(B) General Disclosures:-

<table>
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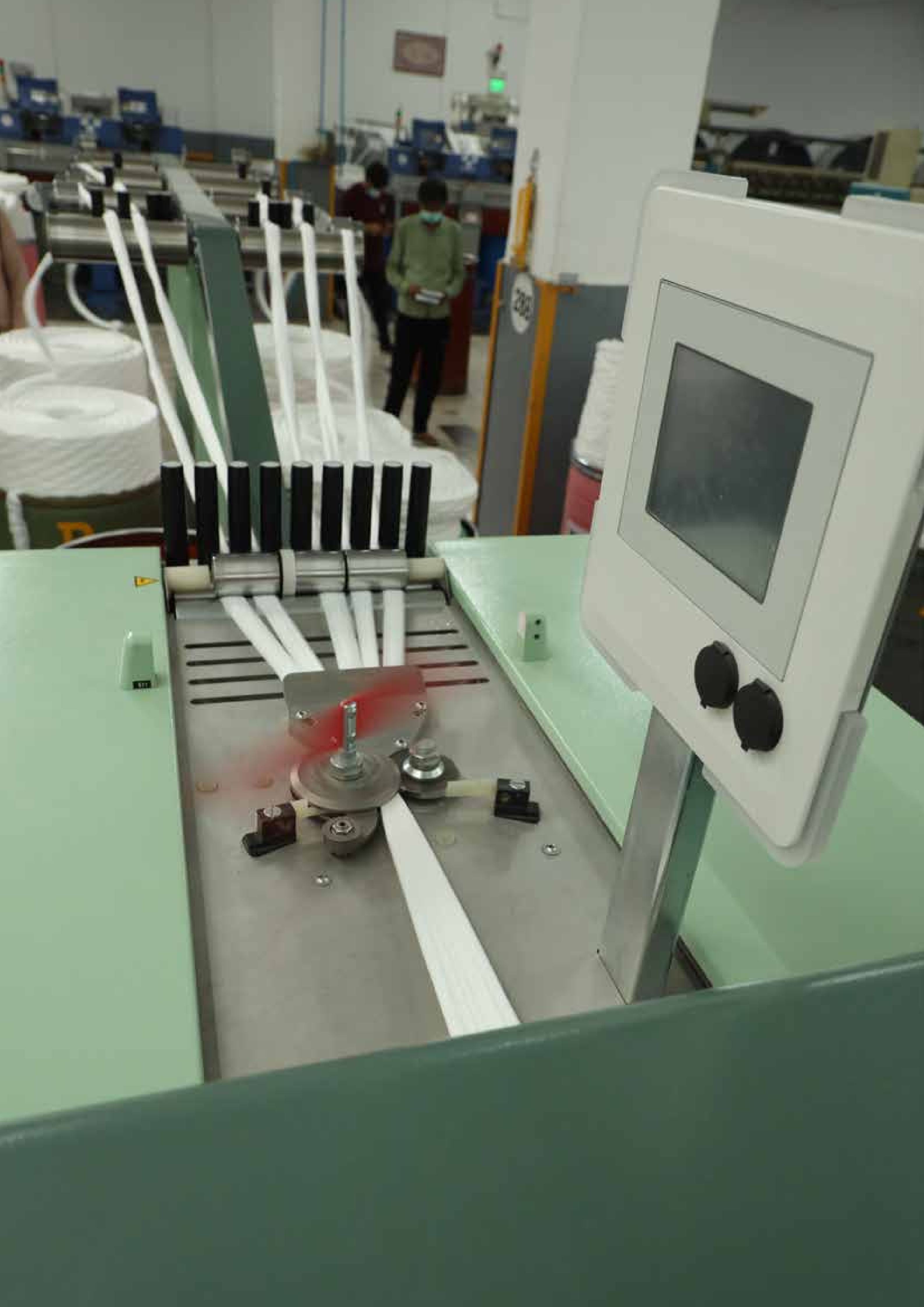
<tr><td>(ii)</td><td>Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;</td><td colspan="2">Purpose: To earn income on the loans and/or advances to be provided to MLCL from time to time for working capital requirements of MLCL.

Benefits: The Company will receive mark up at the rate of one percent above three months KIBOR or one percent above its average borrowing cost, whichever is higher. This shall benefit the Company's cash flow by earning profit on idle funds.

Period: For a period of one year from November 01, 2023 to October 31, 2024.</td></tr>
<tr><td rowspan="2">(iii)</td><td>Source of funds to be utilized for investment and</td><td colspan="2">Loan and/or advance will be given out of own funds of the Company.</td></tr>
<tr><td>where the investment is intended to be made using borrowed funds, -
(I) Justification for investment through borrowings;
(II) Detail of collateral, guarantees provided and assets pledged for obtaining such funds; and
(III) Cost benefit analysis;</td><td colspan="2">N/A</td></tr>
<tr><td rowspan="6">(iv)</td><td rowspan="6">Salient features of agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;</td><td>Nature</td><td>Loan / advance</td></tr>
<tr><td>Purpose</td><td>To earn mark-up / profit on loan / advance being provided to MLCL which will augment the Company's cash flow.</td></tr>
<tr><td>Period</td><td>One Year</td></tr>
<tr><td>Rate of Mark-up</td><td>One percent above the three months KIBOR or one percent above the average borrowing cost of the Company, whichever is higher.</td></tr>
<tr><td>Repayment</td><td>Principal plus mark-up/ profit upto October 31, 2024</td></tr>
<tr><td>Penalty charges</td><td>@3-months KIBOR plus one percent in addition to the outstanding amount(s).</td></tr>
</table>



Ref. No.	REQUIREMENT	INFORMATION
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	Investing Company i.e. the Company is a holding company of MLCL and Six Directors are common in both the companies may be deemed to be interested to the extent of their shareholding. None of the Directors or their relatives or associates are interested in any of the above resolution in any way except as members of the Company.
(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and	A similar nature of loan/advance facility of Rs. 1,000 million from time to time for working capital requirements has been granted by the valued shareholders of the Company vide special resolution passed in the Annual General Meeting held on October 27, 2022 which is valid till October 31, 2023. There is no impairment and/or write off against the above facility.
(vii)	Any other important details necessary for the members to understand the transaction;	N/A

3(1)(c) Investments in the form of loans

Ref. No.	REQUIREMENT	INFORMATION
(i)	Category-wise amount of investment;	Short term loan for working capital requirements for a period of one year as dilated in preamble.
(ii)	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah Compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period;	Average borrowing cost of the Company is 15.20% for the year ended June 30, 2023.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company;	Mark-up will be charged from MLCL at one percent above three months KIBOR or one percent above the average borrowing cost of the Company, whichever is higher.
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment;	No collateral is considered necessary since MLCL is a subsidiary company of the Company.

Ref. No.	REQUIREMENT	INFORMATION
(v)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place the time when the conversion may be exercisable; and	N/A
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	The loan / advance would be for a period of one year from November 01, 2023 to October 31, 2024 (both days inclusive). MLCL will pay interest / mark-up on quarterly basis whereas repayment of principal amount shall be on or before October 31, 2024.

Disclosure under Regulation 4(1):

Five Directors and Sponsors of associated company i.e. MLCL are also the members of the Company and are interested to the extent of their shareholding as under: -

Name	%age of shareholding in MLCL	%age of shareholding in the Company
Mr. Tariq Sayeed Saigol	5.0249	4.7118
Mrs. Shehla Tariq Saigol (Spouse of Mr. Tariq Sayeed Saigol)	3.3167	11.7117
Mr. Taufique Sayeed Saigol	8.3748	16.5719
Mr. Sayeed Tariq Saigol	-	0.1430
Mr. Waleed Tariq Saigol	0.3648	0.0124
Mr. Danial Taufique Saigol	-	0.0011
Ms. Jahanara Saigol	-	0.0009

Disclosure under Regulation 4(2):

Name of Investee Company	Maple Leaf Capital Limited
Total Investment Approved:	Loan / advance upto Rs. 1,000 million was approved by members in AGM held on October 27, 2022 for a period of one (01) year.
Amount of Investment Made to date:	Investment has not been made yet to date.
Reasons for not having made complete investment so far where resolution required it to be implemented in specified time:	The Company will provide funds to MLCL from time to time as per working capital requirements to MLCL upon request.
Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	At the time of approval of loan/advances of Rs.1,000 Million, as per latest financial statements for the period ended June 30, 2022, the basic loss per share was Rs. 15.65 and breakup value per share was Rs. 12.72. As per latest financial statements for the year ended June 30, 2023, the basic earnings per share is Rs.1.91 and breakup value per share is Rs. 14.67.

AGENDA ITEM NUMBER 5 OF THE NOTICE – RATIFICATION AND APPROVAL OF THE RELATED PARTY TRANSACTIONS:

Transactions conducted with the related parties have to be approved by the Board of Directors duly recommended by the Audit Committee on quarterly basis pursuant to clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2019. However, during the year since majority of the Company's Directors were interested due to their common directorships and therefore these transactions are being placed for the approval by shareholders in the Annual General Meeting. In last Annual General Meeting of the Company, in order to promote transparent business practices, the shareholders had authorized the Board of Directors to approve transactions with the related parties from time-to-time on case to case basis for the year ended June 30, 2023 and such transactions were deemed to be approved by the shareholders. Such transactions were to be placed before the shareholders in the next annual general meeting for their formal approval/ratification. Accordingly, these transactions are being placed before the shareholders in this meeting for their formal approval/ratification.

All transactions with related parties to be ratified have been disclosed in the note 38 to the unconsolidated financial statements for the year ended June 30, 2023. Party-wise details of such related party transactions are given below: -

Name of Related Party	Relationship	Description of Transactions	2023	2022
			Rupees in thousand	
Maple Leaf Cement Factory Limited	Subsidiary Company	Purchase of goods and services	2,142	101,341
		Sale of property, plant and equipment	6,022	-
		Expenses paid by MLCFL on behalf of the Company	2,082	1,948
		Common expenses	36,489	21,666
Maple Leaf Capital Limited	Subsidiary Company	Expenses on behalf of MLCL	5,211	-
		Payment received against expenses	6,584	-
		Advances	-	700,000
		Repayment of advances	-	700,000
		Mark up charged on advances	-	7,088
		Payment received against markup on funds transferred	1,235	-
Provident fund	Post-employment benefit plan	Contribution to provident fund	103,558	79,117
Other related parties		Sale of property, plant and equipment	1,974	-

The Saim Family Trust, British Virgin Islands (BVI) through Mercury Management Inc., BVI and Hutton Properties Limited, BVI (related parties) holds 73,390,896 [24.52%] (2022: 73,390,896) and 55,256,992 [18.46%] (2022: 55,256,992) ordinary shares respectively of the Company on which dividend amounting to Rupees Nil (2022: Rupees 146,781,792) and Rupees Nil (2022: Rupees 102,054,984) respectively was paid during the year.

The Company carries out transactions as per the approved policy with respect to 'transactions with related parties' in the normal course of business. All transactions entered into with related parties require the approval of the Audit Committee of the Company, which is chaired by an Independent Director of the Company. Upon the recommendation of the Audit Committee, such transactions were placed before the Board of Directors for approval.

The nature of relationship with these related parties has been indicated above. The Directors are interested in the resolution only to the extent of their shareholding and having their common directorships in such related parties.

AGENDA ITEM NUMBER 6 OF THE NOTICE – AUTHORIZATION FOR THE BOARD OF DIRECTORS TO APPROVE THE RELATED PARTY TRANSACTIONS DURING THE YEAR ENDING ON JUNE 30, 2024:

The Company shall be conducting transactions with its related parties during the year ending on June 30, 2024 as per the approved policy with respect to 'transactions with related parties' in the normal course of business. The majority of Directors are interested due to their common directorships in the subsidiary/associated companies. In order to promote transparent business practices, the shareholders are required to authorize the Board of Directors to approve transactions with the related parties from time-to-time and on case to case basis for the year ending on June 30, 2024, which transactions shall be deemed to be approved by the Shareholders. The nature and scope of such related party transactions is explained above. These transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification.

The Directors are interested in the resolution only to the extent of their shareholding and/or only their common directorships in such related parties.

CHAIRMAN'S REVIEW

I am pleased to present the annual report and audited financial statements of the Company for the year ended 30 June, 2023 to our valued shareholders. Significant aspects of performance of your Company have been shared with you during the course of the financial year 2022-23. The Management of the Company is encouraged by the future prospects and expects to continue to demonstrate satisfactory performance through its efforts and strategic directions provided by the Board.

Pursuant to requirement of the Listed Companies (Code of Corporate Governance) Regulations, 2019, mechanism has been put in place for annual evaluation of the performance of the Board of Directors (the "Board") of Kohinoor Textile Mills Limited (the "Company"). The main objective of this exercise is to internally evaluate the performance of the Board and its Committees in order to facilitate the Management and to play an effective role as a coordinated team for the success of the Company. Strategic goals for the Management have been earmarked for the coming year and the Board's effectiveness is measured in the context of achievement of such objectives. Accordingly, the Board has completed its annual self-evaluation for the year 2023 and I am pleased to report that the overall performance benchmarked on the basis of criteria set for the year 2023, remained satisfactory. Such assessment was based on standards set by the Board in line with best corporate governance practices.

COMPOSITION OF THE BOARD: The composition of the Board depicts reasonable balance of executive and non-executive Directors including independent Directors and as a Group, possess the requisite skills, core competencies and industry knowledge to lead the Company. All Board members have exercised their individual business judgment and are involved in important Board decisions.

VISION & MISSION STATEMENTS: The Board members are aware of the high level of ethical and professional standards laid down in our Vision & Mission Statements which are adopted by the Company and fully support the same in attaining the objectives dilated therein.

STRATEGIC DECISION MAKING: Overall corporate strategy and objectives have been set in line with the strategic vision of the Board from which the annual business plan is derived, as well as, projected plans for the next five years have been set by the Management, covering all functional and operational areas by utilization of available resources, modernization and expansion of production facilities to ensure continued growth in the bottom line which should hopefully result in improved results.

DILIGENCE: The Board reviews the quality and appropriateness of financial statements of the Company, reporting and transparency of disclosures, Company's accounting policies, corporate objective plans, budgets and other reports. The meetings of the Board are held at required frequencies and agenda alongwith working papers are circulated in sufficient time prior to Board and Committee meetings.

ADEQUATE GOVERNANCE: The Board has framed the Code of Conduct which defines requisite behavior and has been disseminated throughout the Company, alongwith supporting policies and procedures. Adequate controls and robust systems are in place to ensure effective control environment so compliance of best policies of Corporate Governance are achieved. The Board sets high standards of honesty and integrity which we consider are vital for success of the business.

PRESENTATIONS: During the course of discussion and approvals of financial statements, comprehensive presentations are placed before the Board based on incisive, critical and strategic analysis of all functional areas relating to core business of the Company. Benchmarking compared with the industry's peer group are carried out. This practice provides ample opportunity for objective analysis of the Company's goals and evaluation of its own financial performance with the peer group. The Board provides appropriate directions and oversight emanated on the basis of thorough and detailed discussions.

Tariq Sayeed Saigol
Chairman

Lahore
08 September 2023

DIRECTORS' REPORT TO THE SHAREHOLDERS

In compliance with Section 227 of the Companies Act, 2017, the Directors are pleased to present 55th Annual Report along with audited financial statements and Auditors' Report thereon for the year ended 30 June 2023.

PRINCIPAL ACTIVITIES

Kohinoor Textile Mills Limited is a public limited company incorporated in Pakistan under the Companies Act, 1913 (now the Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The Registered Office of the Company is situated at 42-Lawrence Road, Lahore. The principal activity of the Company is manufacturing of yarn and cloth, processing and stitching the cloth and trade of textile products.

REVIEW OF OPERATIONS

The period under review saw an unprecedented upheaval in the normal working patterns within the textile industry. Huge increases in interest rates and energy prices emerged during a large liquidity crisis in the domestic market against backdrop of large stocks held by western retailers, following the drop in COVID-era demand.

From a heavily subsidized environment, the textile industry in Pakistan has quickly found itself devoid of subsidies, facing higher energy prices than regional competitors, exorbitantly high interest rates owing to unbridled inflation driving domestic costs to untenable levels and putting weaker companies at risk of closing down or curtailing operations.

This period also witnessed difficulty in procuring imported raw materials, spare parts and machinery for expansion due to the State Bank's tightening on import controls.

The equipment purchased over two years ago in the Spinning, Weaving and Cut & Sew divisions has arrived, been installed and is in operation which should lead to higher sales turnover in the coming financial year.

The Company continues to make investments in energy saving renewables and water recycling projects – continuing towards its "Green" goals - which should come into effect within the next six months and have a marked impact in reducing the Company's costs. An addition of 6MW and 9MWs respectively, in solar generation capacity at the Company's Rawalpindi and Raiwind sites should be in operation by the end of December 2023, reducing our bouquet cost of power to competitive levels within the industry. Upon completion of this endeavour, the Company should be operating entirely on solar energy at all sites during daylight hours.

KTML continues to be a leader in its water reuse and recycling efforts, focusing on its goal to become a zero-discharge operation and finally have a closed-loop water system. To this end, the Company is investing in a large-scale ultra filtration system to enable full reuse of all water in its Home Textiles Processing division – its most sensitive area. Further, a full-scale sewage treatment plant is being constructed in order to recover "grey" water from the Company's colonies, allowing domestic water to be treated and reutilized in our processes, eliminating water wasted to the country's sewage system.

The domestic Spinning industry faced a harsh turnaround compared to the previous year, as rapidly escalating costs of energy and drop in sales prices resulted in significant reduction in profitability. However, the Company did not fare too badly, thanks to its positioning as a high-quality producer of fine-count yarns and fortuitous investments in alternative spinning technologies and fibers. The division saw its profitability return to pre-COVID levels. Demand remains deflated and the yarn market is facing a serious liquidity crunch. Despite this, we remain confident that results will improve in the medium-term.

The conservative raw material purchasing over the last year paid its dividends in preventing inventory losses on raw materials. The Company will continue to pursue a cautious policy in procurement of raw material going forward. International commodity prices have been on the decline with lower input prices off-setting some of the high costs of interest and energy in Pakistan.

The Weaving division has found itself in a tight spot as our large expansion came online during one of the industry's worst periods in over a decade. Local demand for finished textile products is low, domestic processing mills have high greige stocks and retailers in the first world have focused on utilizing old stocks in their supply chain rather than ordering new goods at the greige stage. In addition to this, the project which was based on financing under the LTTF/LTFF initiative was denied this facility as the State Bank abruptly withdrew concessionary credit although the approval from our bankers had envisaged financing to be made available under those schemes upon arrival of the machinery. This has resulted in huge interest charge, some eight times more than what had been planned. Despite this, the division continues to run at capacity, focusing on producing higher value products. The investments in increased dobby capacity and the jacquard business have helped expand the Company's offerings and should pay dividends in the future as we offer more value-added goods. The large solar installation at the Raiwind site will have a significant impact on the Weaving division's cost of power and lower our loom operation cost. We foresee a return to cash profitability in the second half of the 2023-24 financial year as consolidation within the industry and increases in demand drive price levels up.

The Processing and Cut & Sew division - as opposed to the Spinning and Weaving divisions – had a strong performance relative to those of the year before, both in PKR and USD terms. This has been driven by retailers in the first world picking up and converting their old greige stock, a decrease in international freight costs and rapid Rupee devaluation in Pakistan. However, the termination of the Export Refinancing Scheme (ERF), further delays in sales tax refunds, high inflation in wages and energy and exorbitant interest rates threaten bottom line profitability. However, we believe the Home Textiles Division will continue to hold its own given its focus on smaller-run, high-value products with stronger profitability than the commodity products made by many of its competitors The Company continues to focus its efforts on local manufacturing of those products our customers have traditionally sourced from Europe. Additionally, the Company remains the supplier of choice for customers who have serious guidelines on sourcing sustainably with focus on adhering to international norms relative to labour laws and a strong "green" focus. In the coming year, we expect similarly strong results from this division.

The coming financial year is certain to be a turbulent period for the textile industry, and for Pakistan as a whole, as inflation rages out of control, heavy volatility rocks an exchange rate driven by negative sentiment and hoarding/manipulation, interest rates reach new heights and unsettling conditions are perceived as the General Election looms. Nonetheless, despite the uncertain situation in the country, we remain confident that we will be able to deliver similar results in the coming financial year.

FINANCIAL REVIEW

During the year under review, Company's sales increased by 6% to Rs. 42,047 million (2022: Rs. 39,558 million), while cost of sales increased by 18% to Rs. 34,566 million (2022: Rs. 29,389 million). This resulted in gross profit of Rs. 7,480 million (2022: Rs. 10,169 million). Operating profit for the year under review stood at Rs. 5,131 million (2022: Rs. 7,380 million). The Company recorded after tax profit of Rs. 2,407 million (2022: Rs. 4,741 million). Earnings per share for the year ended 30 June 2023 stood at Rs. 8.05 against Rs. 15.84 for the last year.

GROUP FINANCIAL REVIEW

During the year under review, Group's consolidated revenue increased to Rs. 104,120 million (2022: Rs. 87,977 million), while cost of sales increased to Rs. 78,320 million (2022: Rs. 63,848 million). This resulted in gross profit of Rs. 25,800 million (2022: Rs. 24,128 million). Earnings per share for the year ended 30 June 2023 were Rs. 21.55 against Rs. 12.93 for the last year.

DIVIDEND & APPROPRIATIONS

Owing to possible strain on cash flows due to high interest rates, increase in raw material prices and recent buy-back of shares by the Company, the Directors express their inability to pay any dividend and did not recomend the final cash dividend for the year ended June 30, 2023 to the shareholders of the Company. The mangement of the Company is firmly committed to a steady stream of payout to the shareholders by way of cash dividend after sizeable deleverage and satisfactory operating cash flows.

The Directors recommend as under:

Description	Rs. "000"
Profit before taxation	3,463,592
Provision for taxation	(1,056,330)
Profit after taxation	2,407,262
Transferred to accumulated profit	10,066
Accumulated profit brought forward	14,998,382
Accumulated profit carried forward	**17,415,710**

SUBSEQUENT EVENTS

There are no subsequent events that materially affect the performance, objectives or strategy of the Company. Moreover, there is no material change and commitment affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statement relates and the date of the report.

BUY BACK OF SHARES

In pursuance of Section 88 of the Companies Act, 2017, the Company has purchased an aggregate of 29,997,000 issued and paid up ordinary shares during the purchase period for cancellation purpose, representing 10.023% of the issued ordinary and paid up share capital of the Company at the spot / current share price(s) prevailing during the purchase period from March 13, 2023 to August 29, 2023 through Pakistan Stock Exchange Limited, out of approved quantum of the purchase/buy-back of 30,000,000 ordinary shares of the Company in the Extraordinary General Meeting held on March 03, 2023. The shares so bought were subsequently cancelled on 6th September 2023. This will result in increase in earnings per share and break-up value per share of the Company.

BUSINESS RATIONALE OF CAPITAL EXPENDITURE / ONGOING EXPANSIONS OF THE COMPANY

The Company believe that investments and expansions across production sites will keep the Company profitable. So, the Company continues to invest in improving its infrastructure. The expansion project at the Company's Raiwind site has now successfully started operations with high productivity and quality products. Further, in keeping with its focus on becoming a "green" company, KTML continues to rapidly expand its renewable energy capacity, investing significantly in further solar energy generation. The Company has added another 936 rotors at Kohinoor Rawalpindi site, subsequent to year end and plans to add further 384 MVS spindles at Kohinoor Rawalpindi site by the end of September 2023.

DEFAULT OF REPAYMENTS, DEBT/LOAN ETC.

Adhering to the best business practices, the Company recognizes its responsibility of timely repayments of due amount. No default on payment of loan/debts was recorded during the year under review. Furthermore, no payment on account of taxes, duties and levies is overdue or outstanding at financial year end.

PRINCIPAL RISKS AND UNCERTAINTIES

The major risks and challenges faced by the Company are as follows: -

i- Declining export sales due to increased competition at global as well as regional levels.

ii. Rupee devaluation causing escalation in prices of imported raw cotton, packaging and dyes, which truncating profit margins.

iii. Increased energy cost due to rising fuel and power prices.

iv. Overall inflationary increase in operating expenses.

v. Head on competition amongst textile manufacturers on price as well as on sales.

The Organization is effectively equipped to face challenges and uncertainties that are likely to arise. Through combined experience, skill and effective business reporting, Management is always aware of internal and external developments. The Company has formulated unique specialized cross functional teams that routinely discuss key issues and risks to come up with the most forward approach. In response to stiff competition and low margins in export markets, marketing team under the guidance of Management launched an effective market penetration strategy to increase presence in previously untapped markets. To cater to overall inflation, an efficient procurement plan is in place.

CHANGE IN NATURE OF BUSINESS

No change has occurred during the financial year concerning the nature of the business of the Company or of its subsidiaries, or any other company in which the Company has interest.

GOVERNMENT OF PAKISTAN'S POLICIES RELATED TO COMPANY'S BUSINESS & THEIR IMPACT ON PERFORMANCE

Government of Pakistan's policy to raise interest rates and power prices has significant impact on financials of the Company and resulted in higher finance and manufacturing cost.

NON-FINANCIAL PERFORMANCE

Company's non-financial performance in relation to important constituents are as follows.

Human Capital:

Human capital is a significant element in the success of an organization. KTML believes that Organization's long term success is dependent in the advancement of its employees. Considering same organization is continuously investing in the grooming of employees by way of various in house / out sourced training sessions.

Relationship Capital:

KTML enjoys a very healthy & beneficial relationship with its stakeholders, customers, shareholders & suppliers. The Company is currently producing and supplying high-quality products which ensure maximum satisfaction to its customers. The Company is maintaining a highly satisfactory relationship with all its stakeholders.

Intellectual Capital:

Intellectual capital comprises various information systems available in an organization. Management in KTML believes that in order to maintain the competitive advantage it is utmost important to update the technological platform, therefore, the Company is continuously investing in the information technology to remain up to date to deliver the excellent service to its stakeholders.

Natural Capital:

Management is committed for perseverance of natural capital for a prosperous future of coming generations. Management is increasing its investment in SOLAR base power projects in order to deliver a clean environment. Water is also being used wisely to limit the wastage of this scarce resource. Waste water treatment plant has been installed by the Company several years ago to achieve the stated objective.

CORPORATE SOCIAL RESPONSIBILITY

The Company acknowledges its responsibility towards society and performs its duty by providing financial assistance to projects for society development by various charitable institutions on consistent basis. The Company has been recognized by the Pakistan Centre for Philanthropy as a leader in social and charitable contributions and strives to be a constructive member of the communities in which it has a presence. The Company has contributed in medical social sciences project and in this regard, the Company's Board of Directors decided to donate towards construction of Admin Block at Al-Aleem Medical College in Gulab Devi Chest Hospital (GDCH), Lahore. The Company has also contributed in the past for medical social service projects and in this regard the Company donated a state-of-the-art Cardiac facility to GDCH in Lahore by building Sayeed Saigol Cardiac Complex at GDCH.

Kohinoor Maple Leaf Group has received "13th Corporate Social Responsibility National Excellence Award" on account of its performance of various social obligations.

Further, being a responsible citizen, The Company has also donated to Government of Pakistan Flood relief activities to support the families and communities affected by devastating floods in Pakistan

IMPACT OF COMPANY'S BUSINESS ON THE ENVIRONMENT

Management understands the harmful effects of contaminated water on the surrounding areas after emission from the mills premises. In order to prevent the potentially harmful effects of any chemicals used in processing on the surrounding water table, a waste water treatment plant has been constructed minimizing or negating any contamination in water discharged from the factory. Further, the Company continues to investigate and implement pilot projects into alternative, sustainable energy sources..

ADEQUACY OF INTERNAL CONTROL

The Board of Directors is aware of its responsibility with respect to internal controls environment and accordingly has established an efficient system of internal financial controls for ensuring effective and efficient conduct of operations, safeguarding of Company assets, compliance with applicable laws and regulations and reliable financial reporting. The independent Internal Audit function of the Company regularly appraises and monitors the implementation of financial controls, whereas the Audit Committee reviews the effectiveness of the internal control framework and financial statements on quarterly basis.

MANAGEMENT'S RESPONSIBILITY TOWARDS PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The Management is aware of its responsibility for the preparation and fair presentation of its financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX

of 2017) and for such internal controls management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS

The existing auditors of the Company M/s. Riaz Ahmad & Co., Chartered Accountants, in their independent auditor's report on financial statements of the Company for the year have expressed an unqualified opinion on the state of affairs of the Company.

The Board has recommended, as suggested by the Audit Committee, the re-appointment of M/s. Riaz Ahmad & Co., Chartered Accountants, the retiring auditors who being eligible, have offered themselves for appointment for the ensuing year, subject to approval of the members in the forthcoming Annual General Meeting.

LEADERSHIP STRUCTURE

COMPOSITION OF THE BOARD OF DIRECTORS & COMMITTEES:

Total Number of Directors:

a)	Male	8
b)	Female	1

Composition:

Independent Directors	02
Non-Executive Directors	03
Executive Directors (including CEO)	03
Female Director (Non-Executive)	01

DIRECTORS AND BOARD MEETINGS

During the year under review, six meetings of the Board of Directors were held in Pakistan and no Board meeting was held outside Pakistan. The attendance of each Director was as under: -

By virtue of election of Directors held during the year and pursuant to requirement of the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulation, 2019, the following Board of Directors was re-constituted: -

CATEGORY	NAME	MEETINGS ATTENDED
Independent Directors	Syed Muhammad Shabbar Zaidi Mr. Zulfikar Monnoo	1 6
Other Non-Executive Directors	Mr. Tariq Sayeed Saigol - *Chairman* Mr. Sayeed Tariq Saigol Mr. Waleed Tariq Saigol	6 5 5
Executive Directors	Mr. Taufique Sayeed Saigol *Chief Executive Officer* Mr. Danial Taufique Saigol Syed Mohsin Raza Naqvi	6 6 6
Female Director	Ms. Jahanara Saigol *Non-Executive Director*	3

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

During the year, Mr. Shafiq Ahmed Khan was Director on the Board and attended 05 meetings who retired on April 23, 2023.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By virtue of election of Directors held during the year and pursuant to requirement of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the following committees were re-constituted: -

AUDIT COMMITTEE

Four meetings of the Audit Committee were held during the financial year and attendance of each Member was as under: -

NAME	DESIGNATION	MEETINGS ATTENDED
Syed Muhammad Shabbar Zaidi	Chairman (Independent Director)	-
Mr. Zulfikar Monnoo	Member (Independent Director)	4
Mr. Sayeed Tariq Saigol	Member (Non-Executive Director)	1
Mr. Waleed Tariq Saigol	Member (Non-Executive Director)	2

Leave of absence was granted to the Members who could not attend the meetings.
Mr. Shafiq Ahmed Khan was Member of the Audit Committee during the year who attended 04 meetings.
Mr. Shafiq Ahmed Khan, the Ex-Chairman, Audit Committee attended the last AGM held on October 27, 2022.

HUMAN RESOURCE AND REMUNERATION COMMITTEE

NAME	DESIGNATION
Mr. Zulfikar Monnoo	Chairman (Independent Director)
Mr. Sayeed Tariq Saigol	Member (Non-Executive Director)
Mr. Danial Taufique Saigol	Member (Executive Director)

During the year under review, one meeting of HR & RC was held and all Members attended the meeting including Mr. Shafiq Ahmed Khan who was Member of the HR & RC.

Board Annually Evaluates the performance of Board Committees including Audit Committee.

The Board would consider to constitute the Nominee Committee and Risk Management Committee and compliance will be made in due course.

REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTORS

The Board of Directors has approved a 'Directors' Remuneration Policy', the salient features of which are:

- No Director shall determine his/her own remuneration.
- Meeting fee of a Director other than regular paid Chief Executive, Sponsors and/ or family Directors and full time working Director(s), shall be net of tax amounting to Rs. 100,000/- (Rupees one hundred thousand only) per meeting or as time to time determined by the Board for attending the Board and Rs. 10,000/- (Rupees ten thousand only) for its Committee meetings.
- Any tax obligation against such payment applicable for the time being and/or amended hereinafter shall be borne by the Company.
- The Directors shall be entitled to be paid all reasonable expenses, including travelling, hotel charges and other expenses incurred by them for attending meetings and for other business conducted for and on behalf of the Company.

The details of the remuneration paid to the Chief Executive and Directors of the Company are disclosed in Note 37 of the Standalone Financial Statements.

FUTURE OUTLOOK

The Company continues to invest in improving its infrastructure, plant and machinery with a focus on quality and capacity increases, as well as diversification of its product lines, keeping in view its quest for long-term sustainable growth. Further, in keeping with its focus on becoming a “green” company, KTML continues to rapidly expand its renewable energy capacity, investing significantly in further solar energy generation. The Company also continues to invest in water recycling technologies with a long-term goal of achieving Zero Liquid Discharge.

PATTERN OF SHAREHOLDING

Pattern of shareholding of the Company in accordance with the Companies Act, 2017 as at June 30, 2023 is annexed.

ACKNOWLEDGEMENT

The Directors are grateful to the Company’s members, financial institutions and customers for their co-operation and support. They also appreciate hard work and dedication of all the employees working at the various divisions.

For and on behalf of the Board

Lahore	(Syed Mohsin Raza Naqvi)	(Taufique Sayeed Saigol)
08 September 2023	Director	Chief Executive

STATEMENT OF COMPLIANCE

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

Name of Company:	**Kohinoor Textile Mills Limited**
Year Ended:	**June 30, 2023**

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

1. The total number of Directors are Nine (9) as per the following composition:

Male:	8
Female:	1

2. The Composition of the Board is as follows: -

i.	Independent Directors	02
ii.	Non-Executive Directors	03
iii.	Executive Directors (including CEO)	03
iv.	Female Director (Non-Executive)	01

Determination of number of independent Directors comes to 2.66 (rounded to 2) which is based on Eight Elected Directors, excluding CEO who is considered as deemed Director. The fraction contrived in one-third number is not rounded up as the two elected independent Directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations. As they fulfill the necessary requirements as per applicable laws and regulations, hence, appointment of a third independent Director is not warranted;

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

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

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company. Although these are well circulated among the relevant employees and directors, the Board shall if mandatorily required consider posting such policies and synopsis of terms of reference of the Board's Committees on its website in near future;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / Shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the "Act") and the Regulations;

7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board;

8. The Board has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;

9. Four Directors have obtained certificate for Directors' Training Program and Four Directors are exempt from this due to 14 years of education and 15 years of experience on the Boards of listed companies as under: -;


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Sr. No.	NAME OF DIRECTORS	YEARS OF EXPERIENCE
1.	Mr. Tariq Sayeed Saigol	Exempted from Directors' Training Program
2.	Mr. Sayeed Tariq Saigol	Director of the Company since 1998
3.	Mr. Taufique Sayeed Saigol	Exempted from Directors' Training Program
4.	Mr. Waleed Tariq Saigol	Director in Maple Leaf Cement Factory Limited (MLCFL) since 2004
5.	Mr. Danial Taufique Saigol	Certificate obtained for Directors' Training Program
6.	Ms. Jahanara Saigol	Appointed on the Board of the Company on April 23, 2020 and Director in MLCFL since December 31, 2019. Directors' Training Program is non-mandatory and compliance will be made in due course.
7.	Syed Muhammad Shabbar Zaidi	Director in ICI Pakistan Limited since 2020 and certificate obtained for Directors' Training Program
8.	Mr. Zulfikar Monnoo	Director in Rafhan Maize Product Co. Limited since 1990 and certificate obtained for Directors' Training Program
9.	Syed Mohsin Raza Naqvi	Certificate obtained for Directors' Training Program

The Company has planned to arrange Directors' Training Program certification for female executives and head of departments in next few years;

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

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

a) Audit Committee

NAME	DESIGNATION
Syed Muhammad Shabbar Zaidi	Chairman (Independent Director)
Mr. Zulfikar Monnoo	Member (Independent Director)
Mr. Sayeed Tariq Saigol	Member (Non-Executive Director)
Mr. Waleed Tariq Saigol	Member (Non-Executive Director)

b) Human Resource & Remuneration Committee

NAME	DESIGNATION
Mr. Zulfikar Monnoo	Chairman (Independent Director)
Mr. Sayeed Tariq Saigol	Member (Non-Executive Director)
Mr. Danial Taufique Saigol	Member (Executive Director)

c) Nomination Committee: Currently, the Board has not constituted a separate nomination committee and the functions are being performed by the human resource and remuneration committee. The Board would consider to constitute nomination committee and compliance will be made in due course;

d) Risk Management Committee: Currently, the Board has not constituted a risk management committee and senior officers of the Company perform the requisite functions and apprise the Board accordingly. The Board would consider to constitute risk management committee and compliance will be made in due course;

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

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

MEETINGS	FREQUENCY
Audit Committee	Four meetings were held during the financial year ended June 30, 2023.
Human Resource and Remuneration Committee	One meeting was held during the financial year ended June 30, 2023.

15. The Board has set up an effective internal audit function which is considered to be 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, 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; and

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

(TARIQ SAYEED SAIGOL)
CHAIRMAN

Lahore: 08 September 2023

Riaz Ahmad & Company
Chartered Accountants

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Fazal-ul-Haq Road,Blue Area,
Islamabad, Pakistan
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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF KOHINOOR TEXTILE MILLS LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Islamabad
Date: 11 September 2023
UDIN: CR202310187SpeAm1x6z

A member of Nexia International

REPORT OF THE AUDIT COMMITTEE

The Audit Committee comprises of two Independent Directors and two Non-Executive Directors. The Chief Financial Officer, the Chief Internal Auditor and the external auditors attend the Audit Committee meetings as provided in Listed Companies (Code of Corporate Governance) Regulations, 2019. Four meetings of the Audit Committee were held during the year 2022-2023. Based on reviews and discussions in these meetings, the Audit Committee reports that:

1) The Audit Committee reviewed and approved the quarterly, half yearly and annual financial statements of the Company including consolidated financial statements and recommended them for approval of the Board of Directors.

2) Appropriate accounting policies have been consistently applied. All core and other applicable International Accounting Standards were followed in preparation of financial statements of the Company and consolidated financial statements on a going concern basis, which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company.

3) Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017, and the external reporting is consistent with management processes and adequate for shareholder needs.

4) The Audit Committee reviewed and approved all related party transactions.

5) No cases of material complaints regarding accounting, internal accounting controls or audit matters, or Whistle Blowing were received by the Committee.

6) The Company's system of internal control is sound in design and is continually evaluated for effectiveness and adequacy.

7) The Board has established internal audit function being an independent appraisal function for the review of the internal control system in all areas of the business activity and provides management with objective

evaluations, appraisals and recommendations on the adequacy, effectiveness and compliance with each system reviewed.

8) Company's internal audit function is headed by a Chartered Accountant with a team of professionals who are suitably qualified and experienced and well aware of the Company's policies and procedures.

9) Internal audit function operates under the charter approved by the Audit Committee and head of the internal audit function has direct access to the Audit Committee.

10) Company's internal audit function prepares annual plan for the financial year and a strategic audit plan for following two years during which all major systems and areas of activity will be audited. Annual and strategic audit plan is approved by the Audit Committee.

11) Internal audit reports include findings, conclusions, recommendations and action plans agreed with management. These are reported promptly to the appropriate level of management. Follow up in implementation is ensured.

12) The Audit Committee, on the basis of the internal audit reports, reviewed the adequacy of controls and compliance shortcomings in areas audited and discussed corrective actions in the light of management's responses. This has ensured the continual evaluation of controls and improved compliance.

13) The Audit Committee has reviewed the Annual Report for the last financial year and found it fair, balance and understandable to users of financial statements. Annual Report provides the necessary information to all the stakeholders about the Company's financial performance, financial position and future prospects.

14) Performance of the Audit Committee is annually reviewed by the Board of Directors. However, the Committee is devising a checklist for self-evaluation of its performance.

15) The Audit Committee ensured that statutory and regulatory obligations and requirements of best practices of governance have been met.

16) Present Auditors, M/s. Riaz Ahmad & Company, Chartered Accountants, were appointed as on December 30, 2004. They are professional services company having satisfactory QCR rating. They carry out objective examination and evaluation of the financial statements to make sure that the records are fair and accurate representation of the transactions. They confirm every year that the firm and all Partners in the firm are compliant with the IFAC guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.

17) The external auditors, M/s. Riaz Ahmad & Company, Chartered Accountants, were allowed direct access to the Audit Committee and necessary coordination with internal auditors was also ensured. Major findings arising from audits and any matters that the external auditors wished to highlight were freely discussed with them.

18) The Audit Committee reviewed the Management Letter issued by the external auditors and the management response thereto. Observations were discussed with the auditors and required actions recorded.

19) Appointment of external auditors and fixing of their audit fee was reviewed and the Audit Committee following this review recommended to the Board of Directors re-appointment of M/s. Riaz Ahmad & Company, Chartered Accountants, as external auditors for the year 2023-2024.

On behalf of the Audit Committee

(Syed Muhammad Shabbar Zaidi)
Chairman, Audit Committee
08 September 2023

BRIEF PROFILE OF DIRECTORS

MR. TARIQ SAYEED SAIGOL
(CHAIRMAN / DIRECTOR)

OTHER ENGAGEMENTS

CHAIRMAN / DIRECTOR
Maple Leaf Cement Factory Limited
Maple Leaf Power Limited
Maple Leaf Industries Limited

Mr. Tariq Sayeed Saigol is the Chairman of Kohinoor Maple Leaf Group (KMLG). He is a member of the reputed Saigol Family who pioneered in textile manufacturing after partition and later ventured into the financial sector, chemicals, synthetic fibres, sugar, edible oil refining, civil engineering, construction, cement and energy.

Mr. Saigol was schooled at Aitchison College, Lahore and graduated from Government College University, Lahore, following which he studied Law at University Law College, Lahore.

He started his career in 1968 at Kohinoor's Chemical Complex at Kala Shah Kaku. Upon trifurcation of the Group in 1976, he became Chief Executive of Kohinoor Textile Mills Limited, Rawalpindi. Since 1984, he has been Chairman of Kohinoor Maple Leaf Group which has interests in textiles, cement manufacturing and energy.

He remained Chairman of All Pakistan Textile Mills Association from 1992 to 94, President of Lahore Chamber of Commerce and Industry for 1995-97 and Chairman of All Pakistan Cement Manufacturers Association from 2003-2006.

Mr. Saigol was a member of the Federal Export Promotion Board and Central Board of State Bank of Pakistan. He has also served on several Government Commissions and Committees on a number of subjects, including Export Promotion, reorganization of WAPDA and EPB, Right Sizing of State owned Corporations and Resource Mobilization. He is the author of "Textile Vision 2005" which was adopted by the Government in 2000 and also its critique prepared in 2006. He also served as a member of the Central Board of State Bank of Pakistan for a second term in 2007 and was a member of the Prime Minister's Economic Advisory Council established in 2008.

He takes keen interest in the development of education and health care in Pakistan. He has been a member of the Board of Governors of Lahore University of Management Sciences, Founding Chairman of the Board of Governors of Chandbagh School, Founder Trustee of Textile University of Pakistan, member of the Syndicate of University of Health Sciences and Member of Board of Governors of Aitchison College, Lahore. He presently serves on the Managing Committee, Gulab Devi Chest Hospital, Lahore.

In recognition of his contribution, he was conferred with the civilian award, Sitara-e-Isaar by the President of Pakistan in 2006.

He is a keen golfer and has represented Pakistan at Golf in Sri Lanka and Pakistan in 1967.

MR. TAUFIQUE SAYEED SAIGOL
(CHIEF EXECUTIVE / DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Maple Leaf Cement Factory Limited
Maple Leaf Power Limited
Maple Leaf Industries Limited

CHAIRMAN / DIRECTOR
Maple Leaf Capital Limited

Mr. Taufique Sayeed Saigol is the Chief Executive of Kohinoor Textile Mills Limited and Director in all KMLG companies. He is a leading and experienced industrialist of Pakistan. He graduated as an Industrial Engineer from Cornell University, USA in 1974. He has widely travelled and his special forte is in the export business. He is a business man of impeccable credibility and vision and has substantial experience of working in different environments.

MR. SAYEED TARIQ SAIGOL
(DIRECTOR)

OTHER ENGAGEMENTS

CHIEF EXECUTIVE / DIRECTOR
Maple Leaf Cement Factory Limited
Maple Leaf Power Limited
Maple Leaf Industries Limited

DIRECTOR
Maple Leaf Capital Limited

Mr. Sayeed Tariq Saigol is the Chief Executive of Maple Leaf Cement Factory Limited, Maple Leaf Power Limited and Maple Leaf Industries Limited. He graduated from McGill University with a degree in management. Mr. Sayeed Saigol also has several years of work experience in the textile industry. Prior to joining Maple Leaf Cement, he was involved in setting up and managing an apparel dyeing company. He is a member of the Board of Governors of the Lahore University of Management Sciences.

MR. WALEED TARIQ SAIGOL
(DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Maple Leaf Cement Factory Limited
Maple Leaf Power Limited
Maple Leaf Industries Limited
TRG Pakistan Limited

CHIEF EXECUTIVE / DIRECTOR
Maple Leaf Capital Limited

Mr. Saigol was schooled at Aitchison College, Harrow School and holds a bachelor's degree from the London School of Economics & Political Science. He has a rich experience of Textile & Cement Sectors and is currently the Chief Executive Officer and Director of Maple Leaf Capital Limited (MLCL). Over the years, he has acquired deep insight in capital market activities. His expertise of capital market operations has helped MLCL to become one of the leading investment management companies in the country.

He serves on the Boards of Kohinoor Textile Mills Limited, Maple Leaf Cement Factory Limited, Maple Leaf Power Limited and Maple Leaf Industries Limited. He is also a Member of Audit Committees of both the listed companies of Kohinoor Maple Leaf Group and is keenly involved in formulation of vision, strategies and governance structures of these companies. His valuable deliberations and able guidance are considered valuable assets.

He is a keen golfer and has won several tournaments in Pakistan.

MR. DANIAL TAUFIQUE SAIGOL
(DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Maple Leaf Cement Factory Limited
Maple Leaf Capital Limited
Maple Leaf Power Limited
Maple Leaf Industries Limited

Mr. Danial Taufique Saigol is the younger son of Mr. Taufique Sayeed Saigol, CEO of KTML. Danial began his career with KMLG in January 2012 as Executive Director. He holds a bachelor's degree in Finance from McGill University, Montreal, Canada. He is currently posted at Kohinoor Textile Mills Limited, Rawalpindi.

MS. JAHANARA SAIGOL
(DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Maple Leaf Cement Factory Limited
Maple Leaf Capital Limited

Ms. Jahanara Saigol is daughter of renowned industrialist, Mr. Tariq Sayeed Saigol who is the Chairman of Kohinoor Maple Leaf Group. She has completed PhD in Islamic Art and Architecture at SOAS, University of London. She has also obtained degrees in MA, SOAS, University of London and M. St, University of Oxford.

SYED MUHAMMAD SHABBAR ZAIDI
(INDEPENDENT DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
ICI Pakistan Limited

Syed Muhammad Shabbar Zaidi was appointed as an Independent Director on the Board of Directors of ICI Pakistan Limited in May 2020.

A chartered accountant by profession, Mr. Zaidi served as the 26th Chairman of the Federal Board of Revenue (FBR) from May 2019 till April 2020. He 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.

Mr. Zaidi 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. He 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.

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. ZULFIKAR MONNOO
(INDEPENDENT DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Maple Leaf Cement Factory Limited
Unilever Pakistan Foods Limited,
Rafhan Maize Products Co. Limited

DIRECTOR / CHIEF EXECUTIVE
Pakwest Industries (Pvt.) Limited

Mr. Zulfikar Monnoo joined the Board of Unilever Pakistan Foods Limited when the company was formed. He is past Chairman and now a member of both the Audit and the HR& R Committees.

He is also Director of Rafhan Maize Products Co. Limited since 1990 and a member of both the Audit and the HR& R Committees.

He is the Chief Executive of Pakwest Industries (Pvt.) Ltd., Lahore. He is an alumni of The Wharton School, University of Pennsylvania and Aitchison College, Lahore.

He is a businessman with experience of more than three decades as a director having degree of bachelor in science and economics with a major in finance from University of Pennsylvania – Wharton School. He obtained Directors' Training certification from Pakistan Institute of Corporate Governance in 2012. His special expertise/ specialized skills are Finance & Accounting, Human Resource, sales and has industrial experience in food & textile ingredient manufacturing as well as artificial leather (coated fabrics).

SYED MOHSIN RAZA NAQVI
(DIRECTOR/GROUP DIRECTOR FINANCE / CHIEF FINANCIAL OFFICER)

OTHER ENGAGEMENTS

DIRECTOR / CHIEF FINANCIAL OFFICER
Maple Leaf Cement Factory Limited
Maple Leaf Capital Limited
Maple Leaf Power Limited
Maple Leaf Industries Limited

Mr. Mohsin Naqvi is Fellow Member of the Institute of Chartered Accountants of Pakistan with more than three decades of Financial Management experience. His areas of expertise include: financial projections, forecasting-short term and long-term cash flows, business strategy development, acquisitions and evaluations of business units, establishing company's reporting structure, implementing budgetary control procedures, implementing financial software, organizing finance and treasury functions of the Company.

He is currently Board member of Maple Leaf Cement Factory Limited, Kohinoor Textile Mills Limited, Maple Leaf Capital Limited, Maple Leaf Power Limited and Maple Leaf Industries Limited and certified Director from Pakistan Institute of Corporate Governance.

He is former Board member of Kohinoor Mills Limited and many other foreign reputable companies. He has experience of working in several countries which include Saudi Arabia, Kuwait, Philippines, Morocco, Jordan and Pakistan.

CORPORATE BRIEFING

FORMAL ORIENTATION TRAINING PROGRAM FOR DIRECTORS

All the Directors are suitably qualified and experienced while four Directors have obtained certificate for Directors' Training Program and four Directors are exempt from this due to 14 years of education and 15 years of experience on the Boards of listed companies.

Further, the Directors have also provided declarations that they are aware of their duties, powers and responsibilities under the Companies Act, 2017 and the Listing Regulations of Pakistan Stock Exchange.

QUALIFICATION OF CFO AND HEAD OF INTERNAL AUDIT

The Chief Financial Officer and the Head of Internal Audit possess the requisite qualifications and experience as prescribed in Listed Companies (Code of Corporate Governance) Regulations, 2019.

RELATED PARTY TRANSACTIONS

The Company has made detailed disclosures about related party transactions in its financial statements annexed with this annual report. Such disclosure is in line with the requirements of the 4th Schedule to the Companies Act, 2017 and applicable International Financial Reporting Standards.

Moreover, the Company has also decided to place its related party transactions before the Annual General Meeting for obtaining shareholders' approval for the same. Details of party-wise disclosure of such transactions is also given in the statement u/s 134 annexed with the Notice of AGM.

TRANSACTION / TRADE OF COMPANY'S SHARES

The Board has reviewed the threshold for disclosure of interest by executives holding of Company's shares which includes Chief Executive Officer, Chief Financial Officer, General Manager (Finance), Sr. Manager (Finance), Head of Internal Audit and Company Secretary. None of the Directors, CFO, General Manger (Finance), Sr. Manager (Finance), Head of Internal Audit and Company Secretary (including their spouses and minor children) traded in the shares of the Company since the date of previous Annual Report.

ISSUES RAISED IN THE LAST ANNUAL GENERAL MEETING

No issue was raised by the valued shareholders in the last Annual General Meeting held on October 27, 2022 at the Registered Office of the Company. However, queries raised were explained to the satisfaction of the Members.

ROLE OF CHAIRMAN AND THE CEO

The Company's Chairman Reports to the Board and the CEO reports to the Chairman (acting on behalf of the Board) and to the Board directly. Their respective roles are being described hereunder:

ROLE OF THE CHAIRMAN	ROLE OF THE CEO
Principal responsibility is the effective running of the Board.	Principal responsibility is running the Company's business.
Responsible for ensuring that the Board as a whole plays a full and constructive part in the development and determination of the Company's strategy and overall commercial objectives.	Responsible for proposing and developing the Company's strategy and overall commercial objectives, which he does in close consultation with the Chairman and the Board.
Guardian of the Board's decision-making process.	Responsible with the executive team for implementing the decisions of the Board and its Committees.
Responsible for promoting the highest standards of integrity, probity and corporate governance throughout the Company and particularly at Board level.	Responsible for promoting, and conducting the affairs of the Company with the highest standards of integrity, probity and corporate governance.

CHAIRMAN'S SIGNIFICANT COMMITMENTS

List of companies in which the Chairman holds directorship has been separately disclosed in the Director Profile section of the Annual Report.

MATTERS DECIDED BY THE BOARD OF DIRECTORS

The Board of Directors approves overall corporate strategy which is in line with Company's Vision. All the Strategic Decisions of the Company are taken by the Board. As sanctioned by the Companies Act 2017 and authorized by Articles of Association of the Company, following decisions are taken by the Board namely: -

- Issue of shares;
- Approval of financial statements;
- Approval of bonus to employees;
- Incurring capital expenditure and disposal of fixed assets;
- Declaration of interim dividend;
- Writing off bad debts, advances and receivables;
- Writing off inventories and other assets of the company;
- Make borrowings in the form of loans, debentures, leasing contracts or redeemable capital
- Investment of funds of the company;
- To determine the terms of and the circumstances in which a law suit may be compromised and a claim or right in favor of a company may be released, extinguished or relinquished
- Other matters of strategic nature e.g. taking over a company or acquiring a controlling or substantial stake in another company;

MATTERS DELEGATED TO THE MANAGEMENT

Management of the Company is entrusted with the responsibility to conduct operations of the Company adhering to corporate strategy approved by Board of Directors. Tactical and operational matters are delegated to the Management of the Company which mainly include:

- Cash flow Management;
- Selling and Marketing;
- Compliance with legal requirements;
- Production Management;
- Procurement Management and
- Other support functions like Human Resource Management.

COMPENSATION POLICY OF EXECUTIVE DIRECTORS WHO ALSO SERVE OTHER COMPANIES BOARD OF DIRECTORS

Executive Director of the Company shall be appropriately compensated for their service in the Company and for representation on the Company's Board. This compensation shall take into consideration the amount of time required to be devoted to Board activities, the fiduciary responsibility of such positions and the competitiveness of the compensation levels. Compensation is subject to change at the discretion of the Board. Board may approve revision in Director's Compensation Policy from time to time. No fee is paid to Executive Directors of the Company by way of their appointment in other associated in the capacity of Non-Executive Director. Moreover, none of our Executive Director is working as Non-Executive Director in companies which are not associated companies.

SECURITY CLEARANCE OF FOREIGN DIRECTOR

No foreign director was on Board of Directors of the Company during the year.

TERMS OF REFERENCE OF BOARD COMMITTEES

AUDIT COMMITTEE

The Main Terms of Reference of the Audit Committee are as under: -

(i) Determination of appropriate measures to safeguard the Company's assets;

(ii) 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.

(iii) Review of preliminary announcements of results prior to external communication and publication;

(iv) 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);

(v) Review of management letter issued by external auditors and management's response thereto;

(vi) Ensuring coordination between the internal and external auditors of the Company;

(vii) 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;

(viii) Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;

(ix) 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;

(x) Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;

(xi) 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;

(xii) Determination of compliance with relevant statutory requirements;

(xiii) Monitoring compliance with these regulations and identification of significant violations thereof;

(xiv) Review of arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;

(xv) 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 and rectification of non-compliances with the Regulations. The Board of Directors shall give due consideration to the recommendations of the Audit Committee and where it acts otherwise it shall record the reasons thereof.

(xvi) Consideration of any other issue or matter as may be assigned by the Board of Directors.

HUMAN RESOURCE & REMUNERATION COMMITTEE (THE 'HR & R COMMITTEE')

The Main Terms of Reference of the HR & R Committee are as under: -

i. Recommending human resource management policies to the Board;

ii. 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;

iii. 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; and

iv. Where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the Company.

MANAGEMENT COMMITTEES & TERMS OF REFERENCE

PROJECT MANAGEMENT COMMITTEE

Project management committee (PMC), serves as a driving forum to monitor the progress of agreed goals & objectives of the company on consistent basis, and steer the organization in right direction in order to achieve the stated vision and mission of the organization.

MEMBERS

Director
Head of Department – Marketing
Head of Department – Production
Head of Department – Engineering
Head of Department – Finance
Head of Department – Information Technology
Head of Department – Human Resource
Head of Department – Commercial

Terms of reference

- Possible review each of the project areas – activities or sub projects.
- Developing a framework for integrating planning.
- Tools for achieving sustainable coastal economies and environments.
- Handling financial issues, budget monitoring and modifications.
- Develop standards & follow-up project progress.

NO. OF MEETINGS HELD: 18

BUSINESS PROCESS REENGINEERING COMMITTEE

Business Process Re-engineering (BPR) team has been formed to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service and speed on consistent basis. Information technology and information systems are the main areas of interest where management is rigorously investing considerable resources to determine and then opt what feasible technological options are available that best meets the goals of the organization in order to remain cost competitive and provide the maximum return to stakeholders.

MEMBERS

Director
Head of Department – Marketing
Head of Department – Production
Head of Department – Engineering
Head of Department – Finance
Head of Department – Information Technology
Head of Department – Human Resource

Terms of reference

- Our BPR team implies specific business objectives such as cost reduction, time reduction, output quality improvement.
- We focus on the most important processes that reflect our business vision.
- Understand and measure the existing process to avoid repeating of old mistakes and to provide a baseline for future improvements.
- Design and build the prototype of new processes and ensure quick delivery of results and involvement and satisfaction of customers.

ENERGY MANAGEMENT COMMITTEE

Management has strong commitment towards securing the future of company, to remain competitive and provide the maximum return to stakeholders. Efficient use of energy cannot be compromised therefore; Energy Management Committee (EMC) has been formed to suggest the cost cutting opportunities for the sake of improvement in performance through wise energy use in all the departments of the company.

MEMBERS

Director
Head of Department – Engineering
Head of Department – Finance
Head of Department – Production
Head of Department – Marketing

Terms of reference

- Our team is committed for annual energy cost reductions from continuous improvements.
- To minimize environmental impacts, it


JWTM
JWF1107
JWF0007-70

incorporates energy efficiency, water conservation, waste minimization, pollution prevention, resource efficient materials and indoor air quality in all phases of a building's life.
- EMC design plans that help us meet our climate protection commitments.
- The appointment of a full time energy management coordinator ensures the plan proceeds.
- Responsible for energy procurement, monitoring and targeting energy savings, maintaining program of energy saving measures, raising energy awareness and corporate wide energy monitoring and reporting.

TOTAL QUALITY MANAGEMENT COMMITTEE

Total Quality Management (TQM) committee is formed to improve quality at every level in the organization. TQM is an organization wide program aimed to ensure standardization and continual improvement in all its products, services, processes & procedures. This program lays down the Quality Management standards for all the processes & procedures in the organization and is equipping the existing human resources to improve their innate abilities in order to achieve the desired level of performance through synergistic activities.

MEMBERS

Director
Head of Department – Quality Assurance
Head of Department – Marketing
Head of Department – Production
Head of Department – Engineering
Head of Department – Finance
Head of Department – Information Technology
Head of Department – Human Resource
Head of Department – Commercial

Terms of reference

- Standardization of processes and operations within every function of the Company.
- Introduction of Performance Measurement System by developing Key Performance Indicators and continuous compilation of their associated data, analysis and reporting to concerned stakeholders, so that performance of every key function and process is monitored, controlled, and improved.
- Reduction and elimination of wastages from different processes.
- Improvement in organization wide abilities, procedures and plans.
- Training of employees on basic, medium and advanced problem solving and statistical tools in order to improve their analytical abilities.
- Creation of various forums within an organization where quality improvement initiatives are formally institutionalized, e.g. Kaizen, Quality Circles, and Functional / Cross Functional Teams.

STANDARD OPERATING PROCEDURES REVIEW COMMITTEE

Standard operating procedures review committee has been formed to review and update SOP's for all the activities / procedures being performed in the Company & develop new SOP's if required.

MEMBERS

Director
Head of Department – Internal Audit
Head of Department – Marketing
Head of Department – Production
Head of Department – Finance

Terms of reference

- Documentation of all the important activities and procedures.
- Standardization of documents as prescribed by Quality Management standards.
- Incorporation of industry best practices in the procedures to make the system efficient and effective.
- Elimination of duplication of records in different procedures.


TOYOTA

OTHER CORPORATE MATTERS

ANNUAL EVALUATION OF BOARD PERFORMANCE

The Board has set a criterion based on emerging and leading practices to assist in the self-assessment of an individual director and the full Board's performance. It is not intended to be all-inclusive. When completing the performance evaluation, Board considers the following main performance evaluation process or behaviour: -

- Adequate Board composition.
- Satisfactory processes and procedures for Board meetings.
- The Board sets objectives and formulates an overall corporate strategy.
- The Board has set up adequate number of its Committees.
- Each Director has adequate knowledge of economic and business environment in which the Company operates.
- Each Board member contributes towards effective and robust oversight.
- The Board has established a sound internal control system and regularly reviews it.
- The Board reviews the Company's significant accounting policies according to the adequate financial reporting regulatory framework.
- The Board considers the quality and appropriateness of financial accounting and reporting and the transparency of disclosures.

EVALUATION CRITERIA OF BOARD PERFORMANCE

Following is the main criteria:

- Financial policies reviewed and updated;
- Capital and operating budgets approved annually;
- Board receives regular financial reports;
- Procedure for annual audit;
- Board approves annual business plan;
- Board focuses on goals and results;
- Availability of Board's guideline to management;
- Regular follow up to measure the impact of Board's decisions;
- Assessment to ensure compliance with code of ethics and corporate governance.

During the year under review, the performance review of Board was not carried out by any external consultant.

PERFORMANCE REVIEW OF BOARD COMMITTEES

Performance of Board Committees is regularly evaluated by the Board of Directors based on the terms of reference as defined and approved by the Board.

CEO'S PERFORMANCE REVIEW

The performance of the CEO is regularly evaluated by the Board of Directors and this evaluation is based on the criteria defined by the Board of Directors which includes various financial and non-financial key performance indicators (KPIs). At the start of the year, CEO presents his KPI for the upcoming year to the Board of Directors. The Board periodically evaluates the actual performance against those KPIs during the year and discusses the future course of action to attain the Company's stated goals. The CEO also appraises to the Board regarding an assessment of senior management and their potential to achieve the objectives of the Company.

BOARD'S REVIEW OF BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN

The Board of Directors periodically review the Company's Business Continuity & Disaster Recovery (BC/DR) plan to ensure that critical business functions will be available to customers, suppliers, regulators, and other entities that have access to those functions even under extraordinary circumstances. BC/DR plan mainly includes daily tasks such as customer/ suppliers correspondence, production data, trading activities, project management, system backups and help desk operations.

The primary activities of the Board for the execution of the plan include:

- To develop and maintain a formal plan that is responsive to the Company's current business needs and operating environment.
- To ensure that a Business Continuity Recovery Team includes representatives from all business units.
- To provide ongoing business continuity training to all employees, including executive management and the Board.
- Ensure that thorough current business impact analysis and risk assessments are maintained.

- Ensure a centralized executive view of the business continuity plan and programs.

CONFLICT OF INTEREST MANAGEMENT POLICY

The Company has the policy for actual and perceived conflicts of interest and measures are adopted to avoid any conflict of interest, identify the existence of any conflict of interest, and to disclose the existence of conflict of Interest. The Company annually circulates and obtains a signed copy of Code of Conduct applicable to all its employees and Directors, which also relates to matters relating to conflict of interest.

Further, it seeks to set out the process, procedures and internal controls to facilitate compliance with the Policy as well as to highlight the consequences of non-compliance with the Policy by all its employees and Directors. The Company Policy provides a guide as to what constitutes a conflict of interest, the processes and procedures that are in place in order to facilitate compliance and, the consequences of non-compliance. The Policy is intended to assist directors and employees in making the right decisions when confronted with potential conflict of interest issues.

MANAGEMENT OF CONFLICT OF INTEREST

The primary goal of Kohinoor policy is to manage conflicts of interest to ensure that decisions are made and are seen to be made on proper grounds, for legitimate reasons and without bias. To do this Kohinoor has set the following procedures to manage and monitor the conflict of Interest:

- Identify areas of risk.
- Develop strategies and responses for risky areas.
- Educate all employees about the conflict of interest policy.
- Communicate with stakeholders to provide the platform for proper disclosure.
- Enforce the policy.

Further, the Directors are annually reminded of the insider trading circular issued by the Securities and Exchange Commission of Pakistan to avoid dealing in shares while they are in possession of the insider information. Every director is required to provide to the Board complete details regarding any material transaction which may bring conflict of interest with the Company for prior approval of the Board. The interested director do not participate in the discussion neither they vote on such matters. The transactions with all the related parties are made on arms-length basis and complete details are provided to the Board for their approval. Further all the transactions with the related parties are fully disclosed in the financial statements of the Company.

INVESTORS' GRIEVANCES POLICY

The Company believes that Investor services is a vital element for sustained business growth and we want to ensure that our Investors receive exemplary service across different touch points of the Company. Prompt and efficient service is essential to retain existing relationships and therefore, Investor satisfaction becomes critical to the Company. Investor queries and complaints constitute an important voice of Investor, and this policy details grievance handling through a structured grievance framework.

Grievance policy is supported by a review mechanism, to minimize the recurrence of similar issues in future. Investors has the facility to call toll free call centre 24/7 to register their grievances. The Company's Grievance policy follows the following principles:

- Investors are treated fairly at all times.
- Complaints raised by Investors are dealt with courtesy and in a timely manner.
- 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.
- Queries and complaints are treated efficiently and fairly.
- The Company's employees work in good faith and without prejudice, towards the interests of the Investors.

SAFETY OF RECORDS

The Company is effectively implementing the policy to ensure the safety of the records. All records must be retained for as long as they are required to meet legal, administrative, operational, and other requirements of the Company. The main purposes of the Company Policy are:

- To ensure that the Company's Records are created,

managed, retained, and disposed of in an effective and efficient manner;
- To facilitate the efficient management of the Company's Records through the development of a coordinated records Management program;
- To ensure preservation of the Company's Records of permanent value to support both protection of privacy and freedom of information services throughout the Company to promote collegiality and knowledge sharing;
- Information will be held only as long as required, and disposed of in accordance with the record retention policy and retention schedules; and
- Records and information are owned by the Company, not by the individual or team.

COMPANY'S APPROACH TO MANAGING AND REPORTING POLICIES

Kohinoor Textile Mills Limited is committed to being transparent, accountable, and ethical in how we manage and communicate our policies. We believe that having clear policies is crucial for our organization. We create, share, put into action, and regularly check these policies. We involve relevant stakeholders and follow industry best practices and legal requirements when forming our policies.

To make sure everyone understands and follows these policies, we make them easily accessible to all employees through our intranet platform. We also provide regular training to our employees to help them understand and comply with these policies.

Our policies give clear instructions to everyone, including our management and those we report to externally. We review our policies and procedures, such as those related to buying, waste management, and reducing emissions, regularly. We do this to make sure we stay up to date with changes in laws, operate efficiently, and follow the best global practices.

IT GOVERNANCE POLICY

Kohinoor has properly documented and implemented IT governance Policy to ensure an integrated framework for evolving and maintaining existing information technology and acquiring new technology to achieve the Company's strategic focus. The purpose of this policy is to define the IT governance scope, and its roles and responsibilities. IT Governance policy consist of the following:

- To provide a structured decision making process around IT investment decisions.
- Promotes accountability, due diligence, efficient and economic delivery of the Company's IT services.
- Lay down solid foundation for management decision making and oversight.
- Safeguard of Company's financial data.
- Development and up gradation of different modules to provide reliable, efficient and timely information.
- To create a culture of paper less environment within the Company.

GOVERNANCE OF RISK AND INTERNAL CONTROLS

Kohinoor Textile Mills Limited (KTML) risk management framework is designed to assess and mitigate risks in order to minimize their potential impact and support the achievement of KTML's long term objectives and business strategy. Risk assessment is performed regularly to create a good understanding of the company's key risks, and take any relevant steps to address them. Due to their importance, our material issues and principal risks are integrated into our business planning processes and monitored on a regular basis by the Management. Strategic, Commercial, Operational, Financial and Compliance risks are ranked based on their impact on KTML and probability of occurrence. Upon identification of risks, mitigating strategies and action plans are developed, implemented and monitored.

DISCLOSURE OF DIRECTOR'S INTEREST IN SIGNIFICANT CONTRACTS/ CONFLICT OF INTEREST OF BOARD MEMBERS

In order to avoid a known or any perceived conflict of interest, formal disclosure of vested interests is encouraged under the Policy for Conflict of Interest. The Policy comprises of not only the principles provided under the regulatory requirements but also encompasses global best practices. The board members are responsible for appropriate self-disclosure in a transparent manner. In addition to description and quantification of any foreseen conflict of interest prior to finalization of the proceedings' agenda, the members' suggestions and comments during proceedings of the board meetings are duly recorded accordingly for appropriate evaluation.

EMPLOYEE HEALTH, SAFETY AND PROTECTION

Kohinoor Textile Mills Limited (KTML) has very high regard for the health and safety of its employees. The Company ensures that all Environment, Health & Safety (EHS) related dimensions are considered while developing its strategies, policies, practices and procedures. The key elements of Health and Safety policy are as follows:

- To take all necessary steps to ensure that operational practices comply with the stipulated procedures as well as with national and international regulations, guidelines and standards.
- Provide effective EHS training to all employees and outsourced contractors. This enables them to assist persons who become injured in the event of an accident or emergency situation until help arrives.
- To prevent accidents and cases of work-related injuries / health hazards, the EHS function shall manages the health and safety risks at the workplace by undertaking a risk assessment and bridging the identified gaps.
- A periodic review of Environment Health & Safety will be conducted for routine and non- routine jobs at all site of KTML.
- Health and Safety related procedures / work-instructions are developed and displayed prominently at production sites, workshops and other locations where employees works, in the form of posters, standees and sign boards in Urdu and English languages with relevant pictures.
- Proper record of all work related instances of injuries and incidents shall be maintained.
- Periodically conduct EHS internal and external auditing to continually improve operating systems.

PROVIDING REASONABLE OPPORTUNITY TO THE SHAREHOLDERS FOR PARTICIPATION IN THE AGM

Kohinoor Textile Mills Limited (KTML) encourages shareholders, especially minority shareholders to participate in the AGM, the date of which is announced well before statutory time through stock exchange and publication in newspapers. The Company also encourages its shareholders and different analysts to attend its corporate briefing sessions.

BOARD'S DISCLOSURE ON COMPANY'S USE OF ENTERPRISE RESOURCE PLANNING (ERP) SOFTWARE

The information system is core to the effective and efficient management of business operations and the management is profound of its significance. The growing complexity of business operations and ever-increasing information needs of business partners can only be managed through a robust information system. The Company has implemented the Oracle E-Business Suite (Oracle ERP) as its core information system which not only integrates the business operations including sourcing, supply-chain, warehousing, and manufacturing but also delivers the financial reporting requirements of a wide range of internal and external stakeholders.

The IT Steering Committee, consistently reviews the entire system development process and ensure continuous improvement through deployment of the latest technological developments. With latest advancement in the field of information technology, the committee ensures that all the tech-upgrades, including hardware and software, are performed regularly to keep the security and integrity of the information systems intact.

Design and Integration of Core Business Processes in a Single Information System

Oracle E-Business Suite is the world leading ERP information system that provides ultimate integrated business modules to capture day-to-day, financial and non-financial, business transactions and a robust platform enabling us to meet the information needs of all the internal and external stakeholders. Kohinoor Textile Mills Limited (KTML) uses different modules of financials and supply chain which are integrated, and help ensures data integrity and process controls. This information system provides the automation, integration, and intelligence that is essential to efficiently run all business operations.

Management's support in continuous updating of ERP System

IT Steering Committee oversees the entire process of information system development and implementation across the Company. The core objective of this committee is to supervise the development and implementation of new system-base initiatives in the organization which bring improvements in business-processes and increase the work-efficiency of the Company's resources with enhanced controls for effective management of complex business operations. The management puts great emphasis, in collaboration with Oracle Support and related technology partners, in leveraging the IT to bring efficiency in daily operations and improvements with the help of system-built controls.

Oracle User Trainings

In-house training programs are conducted where users are provided a refresher on all modules for effective use of the system. In addition, department can also request for training of any specific module for their new hires and existing team members.

Management of Control Risk Factors on ERP Projects

The new processes are tested extensively prior to finalizing and to ensure it has catered all the requirements and have all the controls needed to achieve effective business results. Change management and risk management is the key focus of any ERP project. KTML ensures that the process of change management is focused from the start of the project. Awareness sessions for the process owners and management impacted by the project are conducted. Process owners are made part of the project team to ensure their participation and ownership. An extensive training sessions for the process owners, users and management are conducted prior to the project is concluded. All these actions are taken to ensure smooth and trouble free ERP project implementation.

System Security and access controls

In order to grant access to the system, Information Technology department ensures that conflicting duties are not assigned. There is an annual process of access rights review, during which process owners ensure that rights assigned to the users are appropriate and meet their job responsibilities. Furthermore, for all the sensitive transactions, workflows are also implemented in the ERP, which enables the two-person rule.

HUMAN RESOURCE MANAGEMENT

The Company is committed to build a strong organizational culture that is shaped by empowered employees who demonstrate a deep belief in Company's vision and values. Therefore, Human Resource Management (HRM) is an integral part of our business strategy. The Company fosters leadership, individual accountability and teamwork. The main objectives of the Company's HRM policy are:

- Selecting the right person, with the right experience, at the right time, offering the right compensation.
- Developing management philosophies and practices to promote and encourage motivation and retention of the best employees.
- Recognizing and rewarding employees' contribution to the business.
- Fostering the concept of team work and synergetic efforts.
- Encouraging and supporting team concepts and team building techniques.
- Nurturing a climate of open communications between management and employees.
- Making all reasonable efforts to achieve a high quality of work-life balance.

Further to note no. 42 of standalone Financials of the Company for year ended 30 June 2023, factory employees are as follows.

2023	2022
5,982	5,651

INITIATIVES TAKEN BY MANAGEMENT IN PROMOTING & ENABLING INNOVATION

Innovation initiates when a Company understands the requirements of its customers. At KTML we do believe that Customer always come first. Management at KTML is maniacal about understanding the customers, their sensitivities, preferences and desires. Monitoring of customer interaction, sales and retention is regular feature of management practice at KTML that help us to remain innovative in meeting ever changing customer requirements.

SUCCESSION PLANNING

The Company believes in proactive approach towards succession planning. We recruit employees, develop their knowledge, skills, abilities, and prepare them for advancement or promotion into ever more challenging roles. Rigorous succession planning is also in place throughout the organization. Succession planning ensures that employees are constantly groomed-up to fill each needed role.

TRAINING AND DEVELOPMENT OF EMPLOYEES

No company, small or large, can win over the long run, without energized employees, who believe in the Mission of the company and understand how to achieve it. In KTML, we look for people who exemplify continuous improvement when we are spotting future successors. In this relation, the Company also expends a lot in terms of finances and time for the training of its resources as is evident from the below trainings held during the year:

- Emotional Intelligence
- Effective Communication Skills
- Project Management
- Supply chain management
- Simatic Program Logic Controllers
- Situational Leadership II
- Building Impactful Brands
- Benchmarking Session
- Management Development Program
- HSE Emergency Response Training
- Developing Future Leaders

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY POLICY

The Company's Social and Environmental Responsibility Policy reflects the Company's recognition that there is a strong, positive correlation between financial performance and corporate, social and environmental responsibility. The Company believes that the observance of sound environmental and social strategies is essential for building strong brand and safeguarding reputation, which in turn is vital for long term success.

SOCIAL RESPONSIBILITY POLICY:

- Implementation of Employee Code of Conduct that fits with local customs and regulations.
- Culture of ethics and behaviour which improve values like integrity and transparency.
- Focusing on social involvement by developing multicultural teams with different competencies.
- Promoting the culture of work facilitation and knowledge transfer.
- Carrying out corporate philanthropy actions that focus in particular on preserving life and the environment.
- Maintaining collaborative relations with the society through a good harmony and effective communication.

ENVIRONMENTAL RESPONSIBILITY POLICY

- Ensure our products, operations and services comply with relevant environmental legislation and regulations.
- Maintain and continually improve our environmental management systems to conform to the ISO Standards or more stringent requirements as dictated by specific markets or local regulations.
- Operate in a manner that is committed to continuous improvement in environmental sustainability through recycling, conservation of resources, prevention of pollution, product development and promotion of environmental responsibility amongst our employees.
- Responsibly managing the use of hazardous materials in our operations, products and services and promote recycling or reuse of our products.
- Inform suppliers, including contractors, of our environmental expectations and require them to adopt environmental management practices aligned with these expectations.

POLICY ON DIVERSITY

At Kohinoor Textile Mills Limited, we aim to be an inclusive organisation, where diversity is valued, respected and built upon. We recruit and retain a diverse workforce irrespective of religious and political beliefs, gender, race, ethnicity, disability, education, colour, language, age, socioeconomic background, and geographic location or region. The culture of the Company values differences and recognises that stakeholders from different backgrounds and experiences can bring valuable insights to enable a collaborative work environment by introduction of varied ideas and perspectives within the Company.

We aim to pro-actively tackle discrimination and to ensure that no individual or group is directly or indirectly discriminated against for any reason regarding employment and the Company bears no tolerance for harassment/bullying and persecution. The company has a whistle blowing policy in place, and employees are encouraged to report all such matters and related grievances to the Human Resources department.

The Board ensures application of diversity policy through Human Resource department by ensuring that all talent hunting seminars, job fairs and advertisements specifically mention that we are an equal opportunity employer in all areas and we nourish an organizational culture where individual differences are appreciated rather than criticized for novel ideas and improvements. Furthermore, Internal Audit department ensures and reports compliance of diversity policy on periodic basis.

WHISTLE BLOWING POLICY

In line with the Company's commitment to open communication, the whistle blowing policy through non-conformance reporting was designed to provide an avenue for employees to raise concerns, and reassurance that they will be protected. As an aware and attentive organization, Kohinoor believes in the conduct of the affairs of its business in a fair and see-through approach by adopting the uppermost principles of professionalism, truthfulness, reliability and principled manners. The said policy has the following main procedures:

- All Protected Disclosures should be addressed to the nominated Ombudsperson of the Company.
- Protected Disclosures should preferably be reported in writing so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible English, Urdu or in the regional language.
- The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistle Blower.
- Protected Disclosures should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern and the urgency of a preliminary investigative procedure.
- Anonymous disclosures will not be entertained by the Ombudsperson as it would not be possible for it to interview the Whistle Blowers.
- If initial enquiries by the Ombudsperson indicate that the concern / complaint has no basis, or it is not a matter to be investigation pursued under this Policy, it may be dismissed at this stage.
- Where initial enquiries indicate that further investigation is necessary, this will be carried through in a fair manner, as a neutral fact-finding process and without presumption of guilt. A written report of the findings would be made.

In Kohinoor, no whistle blowing related incidence was highlighted and reported under the above said procedures during the year.

GOVERNANCE PRACTICES EXCEEDING LEGAL REQUIREMENT

The management of Kohinoor Textile Mills Limited believes to follow best governance practices that can be implemented in the Company's environment. To implement these practices the minimum benchmark is to comply with all the legal requirements. However, the management goes ahead to implement best governance rules and practices that are followed globally and are in favour of the Company's shareholders, employees, environment and community.

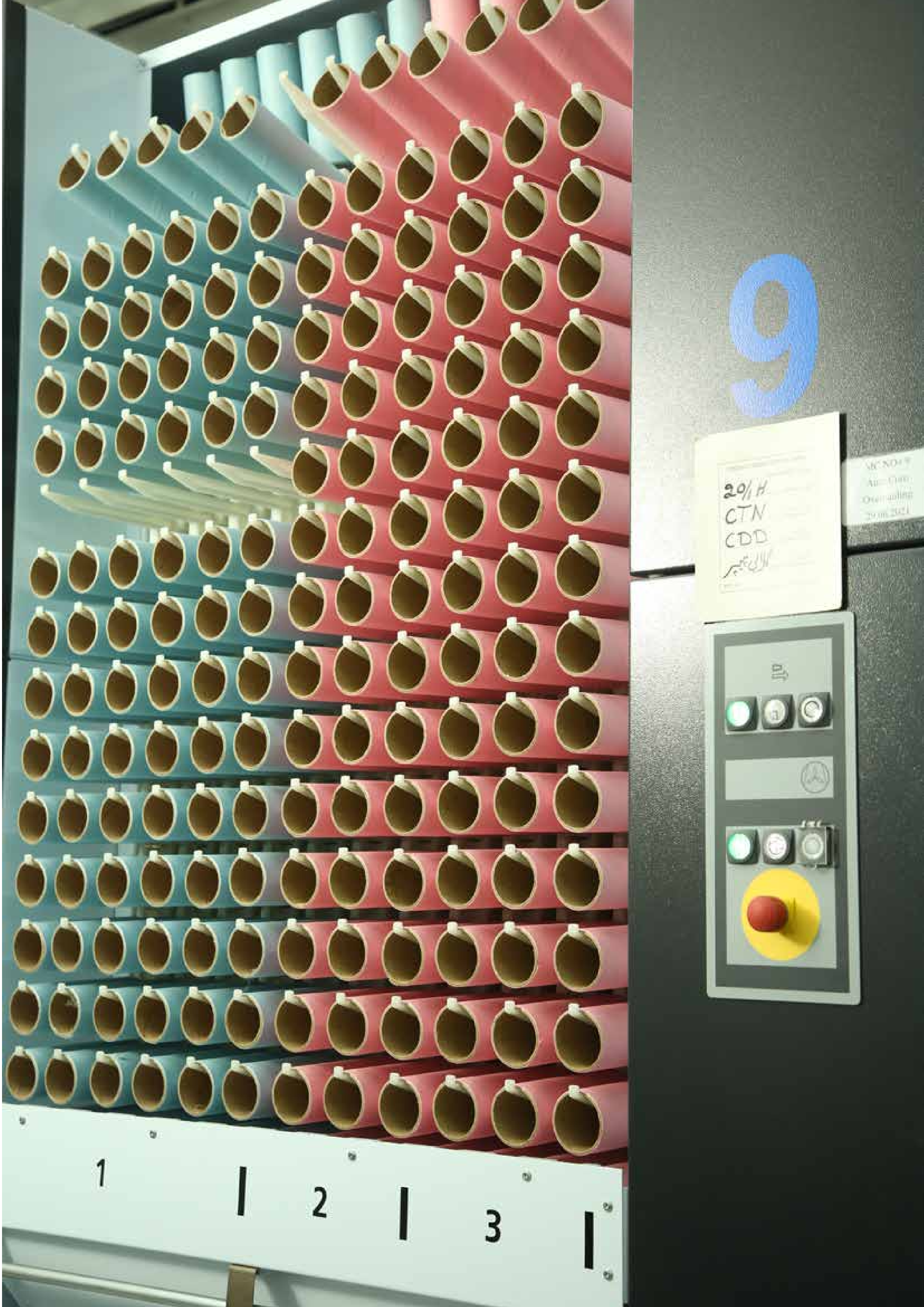
Following additional governance practices implemented by the management include:

- Disbursement of additional corporate and financial information to shareholders and legal authorities, although not required by any law, to make the Company's affairs more transparent and to give better insight of the Company's affairs, policies and strategies.
- Implementation of 5S policy to create a healthy and work friendly environment together with efficiency and effectiveness.
- Implementation of Health, Safety and Environment Policy for better and safe work place environment for employees, workers and surrounding community.

The Company understands and fulfils its corporate social responsibility and has implemented various social projects for welfare of the community.

The Company has made detailed disclosures about in its financial statements annexed with this annual report. Such disclosure is in line with the requirements of the 4th Schedule to the Companies Act, 2017 and applicable International Financial Reporting Standards.

Moreover, the Company has also decided to place it's before the Annual General Meeting for obtaining shareholders' approval for the same. Details of party-wise disclosure of such transactions is also given in the statement u/s 134 annexed with the Notice of AGM.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06

DISCLOSURES ON IT GOVERNANCE

AND CYBERSECURITY




DISCLOSURES ON IT GOVERNANCE AND CYBERSECURITY

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IT GOVERNANCE AND CYBER SECURITY

ASSESSMENT AND ENFORCEMENT OF LEGAL AND REGULATORY COMPLIANCE REGARDING CYBERSECURITY RISKS

The internet knows no borders, neither do we. Our expert teamwork across borders, combines data protection, privacy, regulatory, white collar and litigation expertise in order to deliver seamless crisis management and legal advice, whenever and wherever needed. As part of its evaluation of all risks facing the business, the Management has also evaluated the cyber risks and enforcement of legal and regulatory implications in case of any breaches. KTML has implemented robust measures to safeguard its network security and enforce stringent controls to protect data privacy. Currently, within the context of the company's operations, the Management has categorized cyber risk as low.

The IT Division has flourished with innovative ideas, driving accelerated business growth through the successful completion of numerous high-profile digital initiatives in the past year. During this remarkable journey, the IT Division has:

1. Leveraged internal capabilities to achieve significant cost savings by internally implementing multiple advanced digital solutions and monitoring systems.
2. Surpassed uptime commitments for IT services.
3. Successfully executed a live disaster recovery site for critical IT services.

IT GOVERNANCE AND CYBERSECURITY INITIATIVES PROGRAMS

KTML has formed an IT Steering Committee comprising a high level of management personnel that oversees concerns related to IT governance. This committee has developed a detailed Information Security policy, procedures, and control framework which is benchmarked against high-level of global standards for information security.

CYBERSECURITY AND BOARD'S RISK OVERSIGHT

The Board, while performing risk oversight functions, also reviews and evaluates the information system security risks. Internal Audit department of the Company regularly performs audits of the Information Systems.

CONTROLS ON EARLY WARNING SYSTEM

The company has established a comprehensive set of controls and procedures for its 'Early Warning System,' designed to enable the timely identification, assessment, mitigation, and disclosure of cybersecurity risks and incidents to the IT steering committee. KTML has implemented the following early warning control systems:

1. Network Monitoring and Management Information System:

   This system monitors and promptly issues alerts and warnings related to Outages, Uptime, and various Quality of Service (QoS) parameters. Key areas under surveillance include:

   a) The health of servers and the status of their services
   b) Company-wide Internet connectivity
   c) Company-wide wired and wireless network connectivity
   d) Solar Internet of Things (IoT) devices and interconnected devices

2. Primary Data Center Fire Alarm System:

   This system provides essential alerts in the event of smoke or fire.

3. Primary Data Center Fire Suppression System (FM200):

   This system offers critical alerts and includes an automatic fire suppression mechanism.

4. Primary Data Center Environment Monitoring System:

   Alerts are generated for humidity levels, temperature, rack door status, smoke detection, and water leakage.

5. Disaster Recovery (DR) Site Environment Monitoring System:

   This IoT-based system provides alerts and monitoring capabilities for door access, smoke detection, temperature, humidity levels, and water leakage at the DR site.

6. Biometric and Facial Recognition Access Control System:

   Installed at both the Primary and Disaster Recovery sites for enhanced physical security.

POLICY REGARDING INDEPENDENT SECURITY ASSESSMENTS OF THE TECHNOLOGY ENVIRONMENT

As a policy, vulnerability assessments are carried out on regular basis. In addition to the in-house audits and reviews, third party assessments and reviews of technology environment and networks are carried out to ensure that adequate controls are in place to address the cybersecurity risk and to evaluate the overall company's readiness regarding security incidents.

CONTINGENCY AND DISASTER RECOVERY STRATEGY

This comprehensive strategy is meticulously crafted to safeguard the entire company's operations and assets, while also ensuring regular archival and system backups at remote locations. The Disaster Recovery Plan undergoes regular testing to verify the preparedness of IT systems in the event of a disaster. The robust contingency and disaster recovery plan, designed to address potential IT failures or cyber breaches, includes the following key elements:

- Deployment of a signature-based firewall with live signature and pattern updates, offering robust protection against various types of breaches and cyberattacks.
- Deployment of gateway-level security for web and email inspection and control, extending to endpoint and enterprise network security measures.
- Implementation of Antivirus and Spam engine within the Email server to detect and prevent viruses and spam.
- Utilization of an Enterprise End-Point Security solution across company-wide computers and laptops to provide protection and monitoring against viruses, ransomware, malware, and similar threats.
- Real-time data replication from the primary site to the disaster recovery site for all critical servers and services, ensuring data integrity and availability.
- Creation of physical encrypted backups for important and critical data, stored on removable media securely housed in a fireproof cabinet at the disaster recovery site.
- Insurance coverage for critical IT equipment against risks such as fire, theft, and accidents.

LEVERAGING DIGITAL TRANSFORMATION FOR ENHANCED TRANSPARENCY AND GOVERNANCE

KTML has embarked on several strategic digital transformation initiatives aimed at modernizing key functions.

- The company has embraced cloud-based technologies for its communication platforms and business analytics.
- IOT based solutions deployed across KTML different sites to monitor and control real-time information of processes and machines.
- AI based facial recognition attendance system has been implemented for efficient and proxy less attendance management system.
- Robotic Process Automation (RPA) is being implemented to replace laborious human intensive operations with computerized bots making the process more efficient and reliable.
- Visual AI is also under discussion with different implementation scenarios.

CYBER SECURITY RISK MITIGATION THROUGH EDUCATION AND TRAINING

- Periodic circulation of security awareness emails to both IT users and all users to provide education on critical and emerging security threats.
- Active participation in webinars and workshops designed to foster networking and heighten awareness of global and industry-specific challenges.
- Distribution of newsletters and various subscription-based resources to keep stakeholders informed.
- Promotion of training and skill enhancement programs to empower individuals with the knowledge and capabilities necessary to bolster cybersecurity defenses.

07 FUTURE OUTLOOK




FUTURE OUTLOOK

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FORWARD LOOKING STATEMENT

The Company is continuously monitoring all of its cost factors to keep them at the lowest possible levels. The production costs have increased due to non-controllable factors like rising energy cost, Pak Rupee devaluation and inflation, but the Company stands committed under the guidance of its Board of Directors, Key management personals and valued input from all stakeholder groups to its constant drive to be a progressive and profitable Company as per its Vision and Core values.

FINANCIAL FORECAST

Following are the financial forecasts for FY 2024 based on management's best estimates. We are confident that the Company will be able to meet the challenges presented by local as well as international markets.

Financial Forecast	FY 2023-24 Rs. in Million
Revenue	61,324
Gross Profit	12,174
Profit from operations	8,683

In order to achieve the above mentioned forecasts, we are taking / planning to take following measures:

FOREX AND FINANCIAL RISKS

In order to mitigate exposure stemming from currency exchange rate volatility, our approach entails maintaining a delicate equilibrium between imports and exports. Historically, we have maintained a surplus in exports over imports to curtail our net foreign currency exposure, which also act as natural hedge against negative impact of currency devaluation on imports. We are further advancing our strategic efforts to augment the proportion of our export business within our overall portfolio, particularly in the fabric and home textile / bed-wear segments. Simultaneously, within the yarn business segment, we are progressively incorporating a higher percentage of locally sourced cotton in our product-mix to reduce our reliance on imported cotton and consequently mitigate associated currency devaluation risks.

The escalation in our finance costs can primarily be attributed to two factors. Firstly, the substantial rise in the policy rate enacted by the central bank, encompassing the reduction or elimination of textile-specific financing subsidies for both long-term and short-term financing facilities. Secondly, our heightened capital expenditures during recent periods, driven by expansions in our production facilities - 15% in yarn manufacturing and 33% in fabric weaving. These expansions, also, necessitated increased short-term borrowings to finance growing working capital requirements. Since these expansions were financed via long-term loans, which could not be fully converted into central bank-subsidized finances, they significantly contributed to the escalation in finance costs.

To effectively manage the financial risk posed by these mounting interest expenses, we have implemented rigorous measures to streamline our working capital requirements, thereby reducing the cash cycle. Moreover, the expanded production capacities and resultant growth in business revenues are expected to yield substantial margins, offsetting these cost escalations and ensuring the sustainability and competitiveness of our operating business model.

Further, following additional measures will also improve the performance of the Company in the coming years and will help to achieve the above mentioned targets for FY 2024:

- Addition of 15MW of new solar plants reduces around 343 Million pounds (equivalent to 9,189 tons) of carbon dioxide emissions annually and at the same time will reduce the energy cost.

- Buy back of shares has completed in August 2023 which enhances shareholder value by reducing the number of shares, potentially increasing earnings per share and stock prices. It also optimizes capital structure and signals confidence to investors. Buybacks provide flexibility, and can be used for earnings management and value investing when a company believes its stock is undervalued.

- Addition of 384 new MVS spindles will be operational by the end of September 2023, which will increase the yarn production capacity.

- New weaving looms are fully operational and expected to add additional productivity of 35% for the full year.

- Construction of another rainwater harvesting lake. This endeavor signifies our dedication to responsible water management, allowing us to harness nature's gift for our operational needs. By capturing and storing rainwater, we aim to reduce our reliance on external water sources and contribute to conserving this precious resource.

- Installation of 132/11.5KV B4 Industrial Grid Station will be energized by the quarter ended September 2023 which will also help our solar based power industry and reduce our reliance on fossil fuel based energy for power generation. This will help us to reduce the rising energy cost.

- The new Autocoro rotors are now in operation and are anticipated to boost open-end yarn production by 35%, consequently leading to an increase in revenue figures.

Financial & Non-financial considerations

Financial considerations used to make the projections of the Company which are as follows:

- Increase in sales volume for all types of products.

- Reduced cost of production through:

  a. optimizing power generation mix
  b. Effective management of financial cost as mentioned above

Non-financial measures are the many intangible variables that impact performance of the Company. These are difficult to quantify compared to financial measures but equally important. These indicators are more likely to be closer to the long-term organizational strategies. Following are the non-financial measures in place by the Company:

- Stakeholders' engagement – different committees and forums are in place and meetings are held periodically to keep the stakeholders involved in every aspect of the business.

- Customer satisfaction – Company places strong emphasizes on customers' satisfaction and ensure to produce & deliver the goods as per specific demands of customers.

- Employees' development - the Company has conducted various training courses for the development of existing human capital.

- Innovation in manufacturing methods – ongoing R & D is in place to improve the production process and efficiencies.

RESPONSE TOWARDS CHALLENGES & UNCERTAINTIES

The Organization is effectively equipped to face challenges and uncertainties that are likely to arise. Through combined experience, skill and effective business reporting, management is always aware of internal and external developments. The Company has formulated unique specialized cross functional teams that routinely discuss key issues and risks to come up with the most forward approach. In response to stiff competition and low margins in export markets, marketing team has launched an effective market penetration strategy to increase presence in previously untapped markets. To cater to overall inflation an efficient procurement plan is in place.

SOURCES OF INFORMATION AND ASSUMPTION

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

Estimating useful life of assets

The useful lives are estimated having regard to the factors as asset usage, maintenance, rate of technical and commercial obsolescence. The useful lives of assets are reviewed annually.

Taxation

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

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

Employees benefit scheme

The Company operates an approved funded provident fund scheme covering all its permanent employees. Equal monthly contributions are made both by the Company and employees at the specified percentage of basic salary and cost of living allowance to the fund. The Company's contributions to the fund are charged to statement of profit or loss.

STATUS OF CURRENT AND PREVIOUS PROJECTS

During the year the Company has successfully completed the installation of 96 looms at its weaving division and 21,600 ring spindles at Gujjar khan division, increasing the production capacity by 33% and 30%, respectively. Another 936 rotors of Autocoro have been installed at Rawalpindi site subsequent to year end which will further increase the production capacity of open-end yarn.

Company is also in process of adding another 384 MVS spindles, which will start yarn production by the end of September 2023. Considering the importance of renewable energy, the Company has a plan of installing another 15MW solar power projects at its Raiwind and Rawalpindi site.

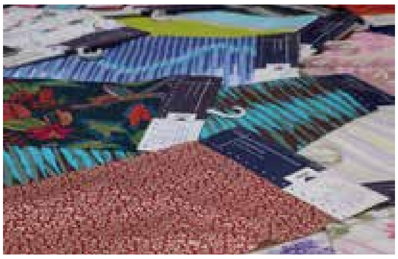
ANALYSIS OF PRIOR YEAR FORWARD LOOKING DISCLOSURE

The Company has earned a revenue of Rs. 42 Billion (2022: Rs. 40 billion). Slight increase was witnessed in Spinning & Home Textile divisions. Gross profit decreased mainly due to higher raw material cost and rising energy prices. Finance cost remained high as compared to preceding year due to higher policy rate enacted by central bank and reduction of subsidized financing that was available to Textile Sector. All these factors have contributed towards decreased bottom line as compared to previous year.

08 STAKEHOLDERS RELATIONSHIP

AND ENGAGEMENT






STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT

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STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT

POLICY FOR STAKEHOLDERS' ENGAGEMENT

Kohinoor Textile Mills Limited maintains sound collaborative relationships with its stakeholders. The Company understands the importance of continuous collaboration with shareholders of the Company regarding all significant decisions to be made, the performance of the Company in varying circumstances, challenges it faced and the necessary steps taken to mitigate those challenges.

BOARD'S INTERACTION WITH MAJOR SHAREHOLDERS

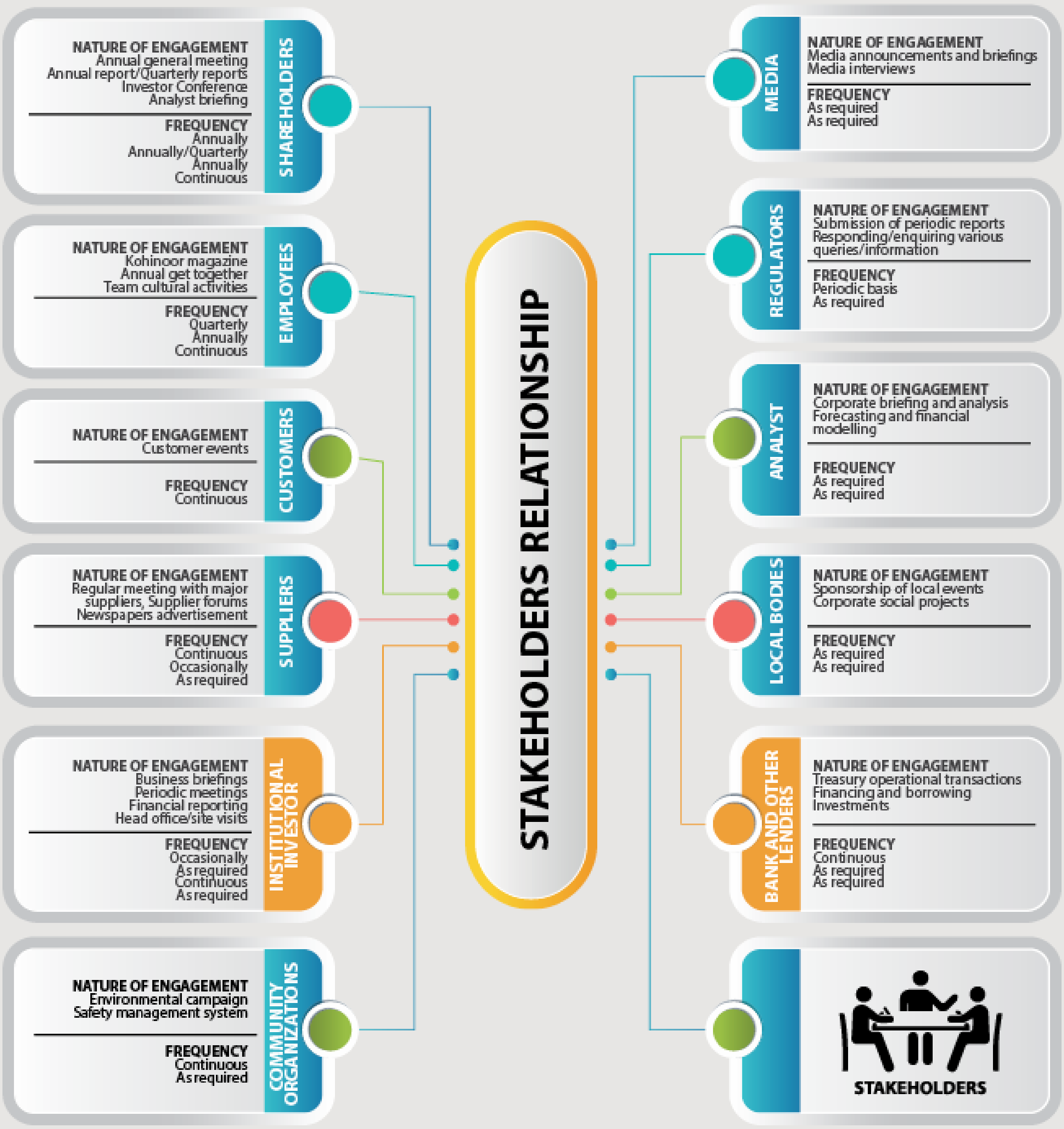
The Board has devised a mechanism to arrange interactive sessions between management of the Company and its shareholders to solicit and understand views of shareholders. It includes management briefings to its shareholders about the performance of the Company, macro and micro economic factors affecting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

PROCEDURES FOR STAKEHOLDERS ENGAGEMENT

Procedures for stakeholders engagement includes effective communication, good harmony, compliance with laws & regulations and customer focused approach which are the key success for establishment of collaborative relationship with stakeholder.

ENGAGEMENT FREQUENCY

The Company maintains its good relationships with all stakeholders based on mutual interest, integrity and confidence. We maintain collaborative relations with our stakeholders through harmonious and effective communication and through our customer focused approach. Moreover, the Company maintains good relationship with its Bankers and arranges Investors' conferences periodically to discuss business prospects and financial management plans with the Lenders which also enhances their confidence in the Company.



STEPS TO ENGAGE MINORITY SHAREHOLDERS TO ATTEND GENERAL MEETINGS

Notice of Annual General Meeting is sent to all shareholders of the Company at least twenty-one days before the date fixed for meeting. Such notice is published in Urdu and English languages in at least in one issue each of daily newspaper of respective language having nationwide circulation. Further, notice of AGM is also placed on Company's website. To capture the interest of minority shareholders the Company has been conducting corporate briefings, conference calls and road shows on regular basis including regularly updating our website about Company's general conditions.

SIGNIFICANT CORPORATE BRIEFING SESSIONS

The interactive sessions include the annual general meeting, extra ordinary general meetings, corporate briefings/road shows, responding to investor queries either raised on email, website or on telephone. During the year, following corporate briefings session was held with investors:

- Corporate Briefing Session (November 2022)

INVESTORS' RELATIONS SECTION ON CORPORATE WEBSITE

The Company disseminates information to its investors and shareholders through a mix of information exchange platforms, including its corporate website. The website is updated regularly to provide detailed and latest company information including financial highlights, investor information and other requisite information besides the link to SECP's investor education portal; the 'Jamapunji'.

HIGHLIGHTS ABOUT REDRESSAL OF INVESTORS' COMPLAINTS

During the year under review no formal complaints has been lodged by any shareholder of the Company.

09 BUSINESS MODEL




BUSINESS MODEL

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BUSNIESS MODEL

Kohinoor Textile Mills Limited (KTML) is a Public Listed Company engaged in the manufacture of Textile based product. The Company aims to maximize shareholder value by adopting a unique marketing mix strategy which offers superior quality products at competitive prices. Through smart and efficient Marketing, the Company solidifies its hold in a vastly competitive market to certify that KTML is a renowned symbol of trust and ethical integrity. Management stringently monitors its KPI's to measure and predict drivers of change to design innovative emergent strategies to better explore potential opportunities and mitigate business risks.

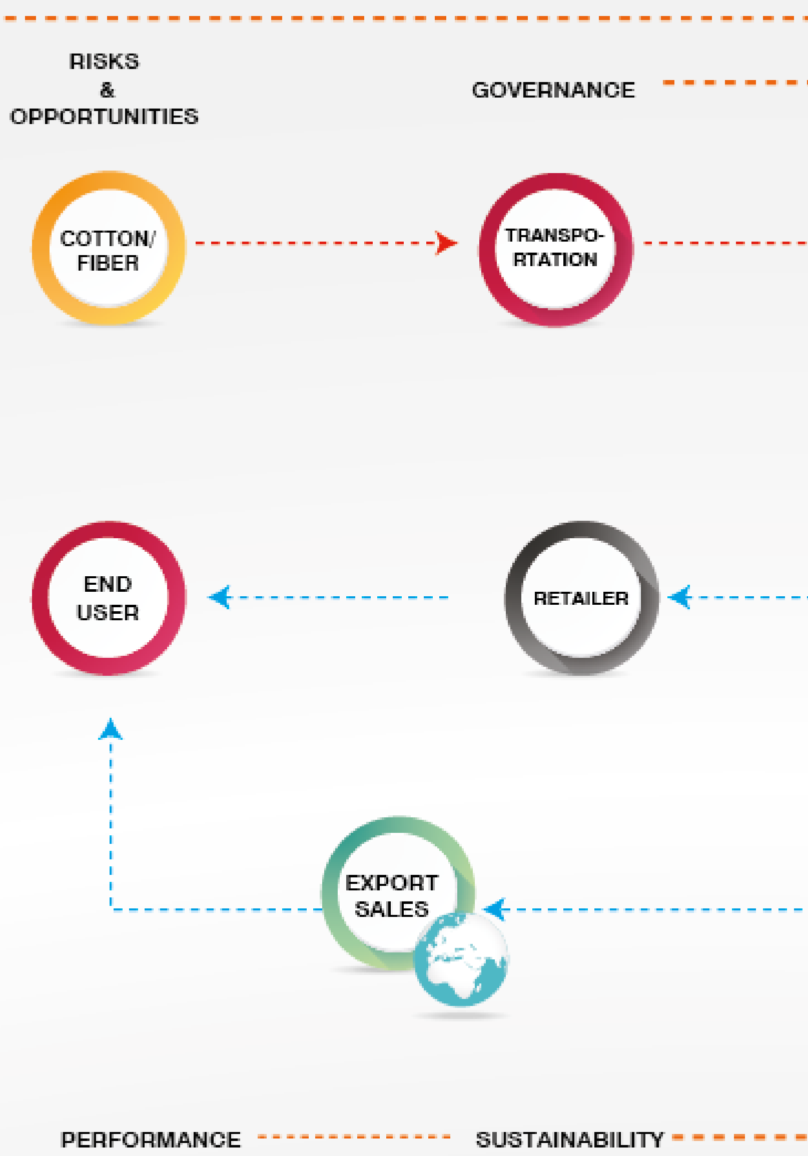
OUR CAPITALS (INPUTS)	OUR BUSINESS ACTIVITIES

Financial Capital
Rs 33,845 M capital employed
Equity 26,395 M
Total net assets Rs 30 B
Long term loans Rs 7.4 B

Manufactured capital
Physical assets employed by the company for its operational endeavors.
3 Textile production sites
180,144 Spindles, 384 MVS spindles
2,712 rotors, 384 looms
72,176 MW energy generated from fossil fuel
19,091 MW energy generated from solar power

Intellectual Capital:
Enterprise Resource Management (ERP) Software
Human Capital: 5,982 Number of Persons employed
Social and relationship Capital:
Efficient Marketing Department
Supply Chain Department
Financial Institution

Natural Capital
18,182 M.Tons cotton consumption in production
221,783 MMBTU natrual gas consumed in process
9,526 M.Tons fossil fuel for energy generation
1,199,699 M. Tons water consump-tion



INDUSTRY, INNOVATION AND INFRASTRUCTURE

DECENT WORK AND ECONOMIC GROWTH

AFFORDABLE AND CLEAN ENERGY

OUR CAPITALS (OUTPUTS)

Yarn Produced (Kg in '000): 96,830

Cloth produced (Meter in '000) : 37,443

Cloth Processed (Meter in '000): 14,651

OUTCOMES:

Financial Capital:
Rs. 6,727 Million contribution to national ex chequre Rs. 50.91 share price at year end
Rs. 42,047 Million Net sales
USD 53.100 Million Earned through export sales

Manufacturing Capital Vertically integrated Textile Unit
Human Capital Rs. 3,706 Million salaries and wages paid
Social & Relationship Capital
Rs. 1.890 Million Donation Made
ISO 9001 & 14001
Natural Capital Waste Water Treatment Plant
Solar Park

Key elements of the business model & relevance of those elements to the Company.

Capital	Key Elements
Input	Cotton, Man-made Fiber
Business Process	Spinning, Weaving, Process & Stitching
Out Put	Yarn, Grey Cloth, Home Textiles
Outcome	Economic & Social Benefits

10

STRIVING FOR EXCELLENCE

IN CORPORATE REPORTING




STRIVING FOR EXCELLENCE IN CORPORATE REPORTING

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COMPLIANCE WITH INTERNATIONAL INTEGRATED REPORTING FRAMEWORK (IR)

Kohinoor Textile Mills Limited is engaged in the production and sale of yarn, cloth and textile products. Management of the Company following the spirit of adhering to the best corporate governance practices and its reporting thereof is committed to generate greater value for the organization and its stakeholders. Keeping in view the globalized business scenario and the ever-increasing expectations of all the stakeholders being users of published annual report, integration of corporate governance briefings, social and environmental information with financial information is vital to organizational position and performance reporting.

The Company has adopted the International Integrated Reporting (IR) Framework to give an overview of the Company's business affairs by presenting all the financial and non-financial information considering the variable interests of a wide range of stakeholders. The management is committed to achieve excellence in transparent reporting in all aspects. The Company annually reviews the IR Framework to continuously improve the quality of information produced, and communicates its operations, brand, and financial structure to the stakeholders. Furthermore, the Company is prepared to manage any risk that may affect the long-term sustainability of the business and has progressed ahead in this Report to incorporate all 8 core Content Elements of IR Framework:-

- Organizational overview and external environment
- Governance
- Business model
- Risks and opportunities
- Strategy and resource allocation
- Performance
- Outlook
- Basis of preparation and presentation

Management acknowledges its responsibility of the integrity of this Report and have applied their collective mind and effort in its preparation and presentation. Full efforts have been made to disclose all material information to its stakeholders unless Management is of the view that its disclosure would cause significant competitive harm, however, it stands to note that there is a certain degree of challenge to objectively quantify certain qualitative factors that add value in the wake of disruption caused by the global COVID – 19 pandemic.

Even so, we are moving ahead with the tradition of providing information to its stakeholders that goes beyond the traditional requirements of financial reporting framework and other legal requirements, by doing so we believe the stakeholders gain a better understanding of the Company, its business, strategies, opportunities and risks, business model, governance and performance which itself is a form of value creation for its stakeholders.

COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The management of the Company strongly believes in adherence to unreserved compliance with all the applicable International Accounting Standards (IAS)/IFRS vital to true and fair preparation and presentation of financial information. Compliance to IFRS encourages sufficient disclosures of the financial statements that are beneficial for informed decisions of stakeholders. The Report has been prepared in compliance of:-

- The International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).
- Islamic Financial Accounting standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP)
- Provisions and directives of Companies Act, 2017
- Code of Corporate Governance Regulations, 2019
- Best Corporate Report (BCR) guidelines issued by ICAP & ICMAP.
- Core guidelines of the Integrated Reporting Framework issued by the IIRC.

11

ANALYSIS OF THE FINANCIAL INFORMATION




ANALYSIS OF THE FINANCIAL INFORMATION

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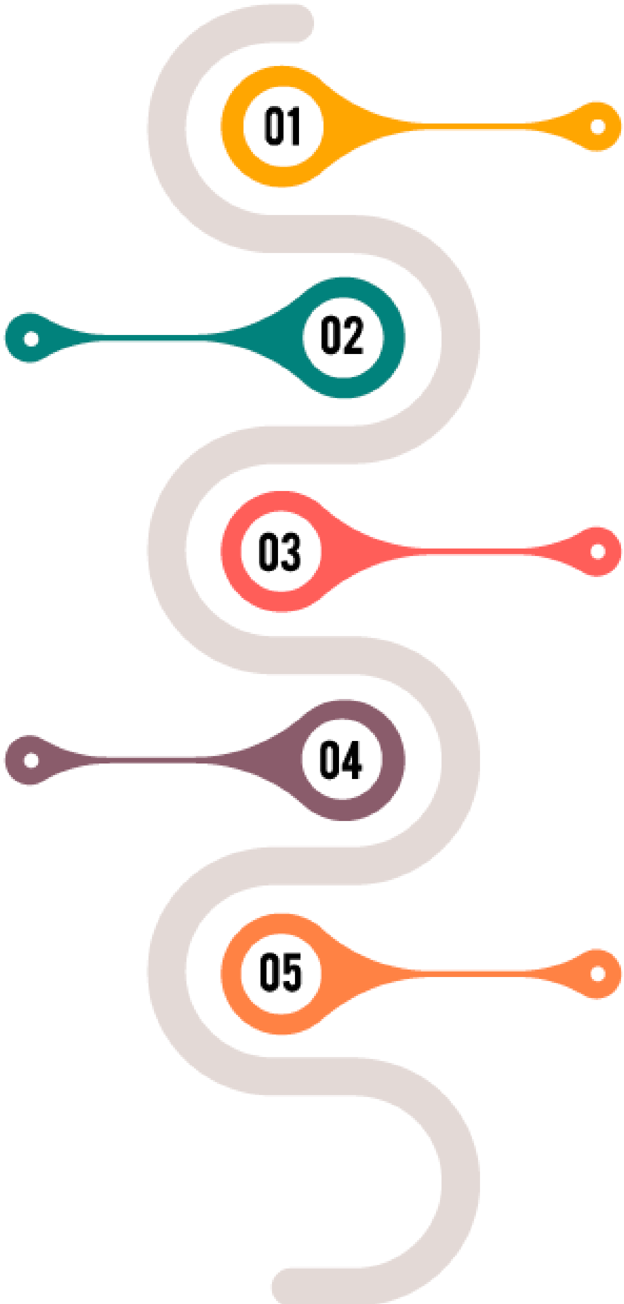
2023
YEAR AT A GLANCE

01	GROSS PROFIT	RUPEES IN THOUSAND	7,480,433
02	PROFIT BEFORE TAX	RUPEES IN THOUSAND	3,463,592
03	REVENUE	RUPEES IN THOUSAND	42,046,556
04	PROFIT AFTER TAX	RUPEES IN THOUSAND	2,407,262
05	GROSS PROFIT RATIO		18%
06	SHAREHOLDER'S EQUITY	RUPEES IN THOUSAND	26,394,797
07	RETURN ON FIXED ASSETS		12.53%
08	CURRENT RATIO		1.29
09	EARNINGS PER SHARE		Rs. 8.05
10	CASH FLOW FROM OPERATIONS TO SALES		4.38%
11	EBITDA Percentage to Sales		14.50%
12	INTEREST COVER RATIO		3.08

NON-FINANCIAL
KPIs



01 Manufactured Capital

Addition of 96 new looms at Raiwind production facility.

Addition of 21,600 new spindles at Gujar Khan production facility.

02 Human Capital

Revenue per employee 7,274 (Rupees in thousand).

Total Employee count of 5,982 employees.

284 female employees (2022: 256 female employees).

03 Intellectual Capital

State of the art Enterprise Resource Planning software i.e. Oracle R-12.

04 Natural Capital

Construction of rain water harvesting reservior with a capacity of 150,000 metric tonnes.

Solar plants with a capacity of total 14.5 Megawatt (2022: 12.3 Megawatt).

Reduction in carbon emission is approximately 330 million pounds (equivalent to 8,852 tons) annually.

05 Social and relationship capital

Contribution to National Exchequer 6.727 (Rupees in billion).

FINANCIAL REVIEW

FINANCIAL RESULTS

Financial highlights of key operating results for the year 2022-23 are as follows:

Statement of financial position highlights

Particulars	2023	2022
	(Rs. In Million)	
Equity (share capital and reserves)	26,395	24,300
Long term borrowing	7,450	5,191
Short term borrowing	6,895	5,235
Non-current assets	30,359	26,098
Current assets	17,528	13,825
Capital employed	33,845	29,491

COMMENTS ON FAVOURABLE / (UNFAVOURABLE) VARIANCES IN FINANCIAL RESULTS:

Equity (Share capital and reserves)

- Equity increased by 8.62% from Rs. 24,300 million (2022) to Rs. 26,395 million (2023) due to the profits made during the year.

Long term borrowing

- An Increase of Rs. 2,259 million (2022: Rs. 922 million) in long term borowing is due to more financing obtained for the expansion and modernization of production facilities and solar based power generation plants.

Short term borrowing

- The increase in short term borrowing in the current year is in line with the growing business operations and high working capital demands of the Company.

Trade and other payables

- Trade and other payables increased by Rs. 1,369 million, an increase of 46% in the financial year ended 30 June 2023 as compared to previous year on account of increase in the trade creditors during the year.

Non-current assets

- Increase in non-current assets amounting to Rs. 4,261 million (2022: Rs. 2,436 million) is due to planned modernization of production facilities.

Current assets

Stock-in-trade

- The rise in current assets is primarily attributed to an increase in the stock-in-trade held which has increased from Rs. 5,968 million in 2022 to Rs. 8,864 million in 2023, which aligns with our regular business expansion requirements.

Trade debts

- Trade debts saw a slight increase of Rs. 17 million as they moved to Rs. 4,431 million (2022: Rs. 4,413 million) during the year.

Other receiveables

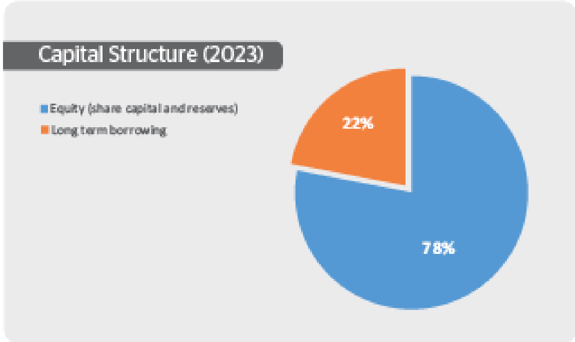
- Other receivables increased by 75% from Rs. 999 million (2022) to Rs. 1,744 million (2023) due to a substantial increase in sales tax refunable during the year.

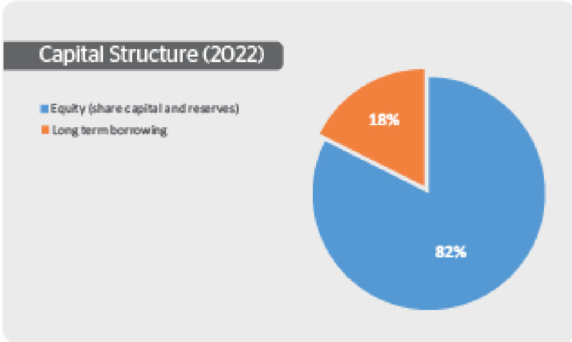
Buy back of shares

Buy back of shares enhances shareholder value by reducing the number of shares, potentially increasing earnings per share and stock prices. It also optimizes capital structure, offers tax advantages, and signals confidence to investors. Buy backs provide flexibility, and can be used for earnings management and value investing when a company believes its stock is undervalued.

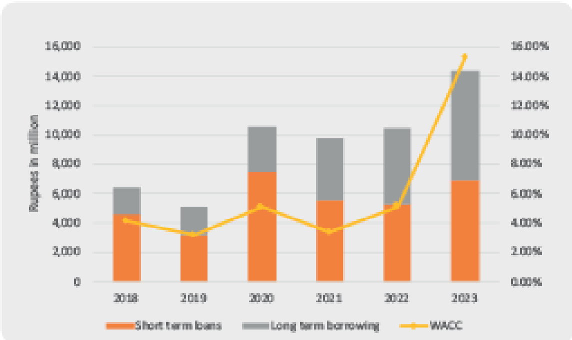
Among the Other Reserves, there is a reserve designated for the cancellation of Company's own shares. This reserve account for the acquisition of 5.986 million of the Company's ordinary shares, bought at market prices between March 13, 2023, and June 30, 2023, with the intention of cancelling them. Additionally, subsequent to the year-end, the Company has acquired an additional 24.011 million issued ordinary shares. Subsequent to year end, on 6 September, 2023 the Company has cancelled 29.997 million shares. The revised number of Company's paid up shares now is 269,299,456 shares (2022: 299,296,456 shares). Hence, no dividend was paid during the year (2022: Rs. 598.592 million).

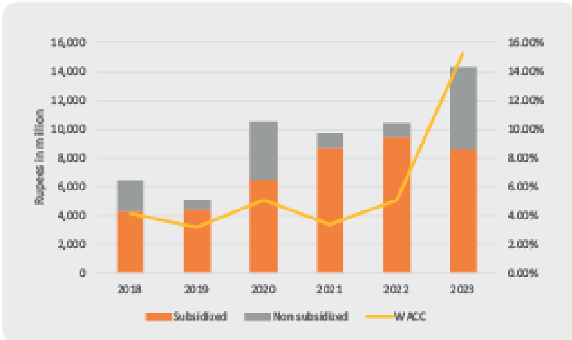
Capital Injected



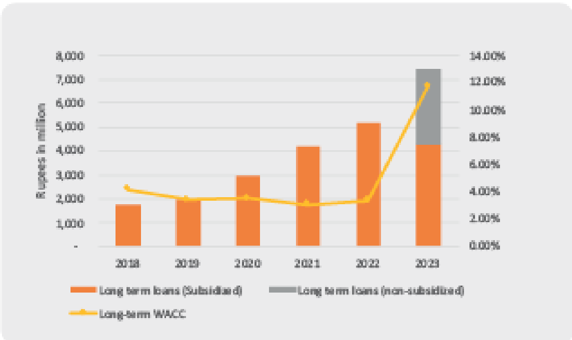


Loans Structure

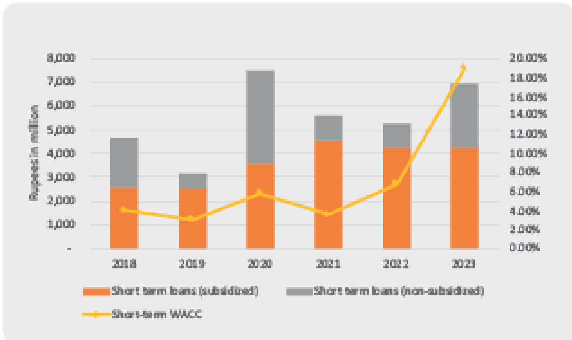




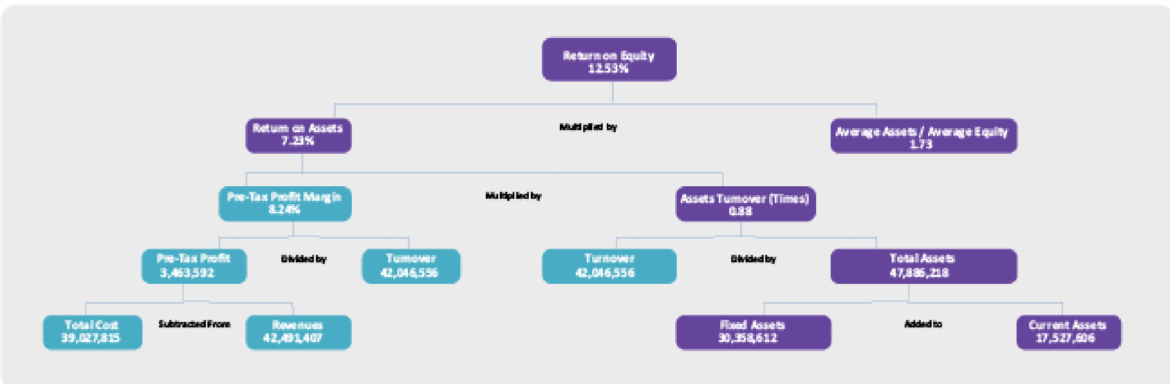
Long term and short term loans breakup



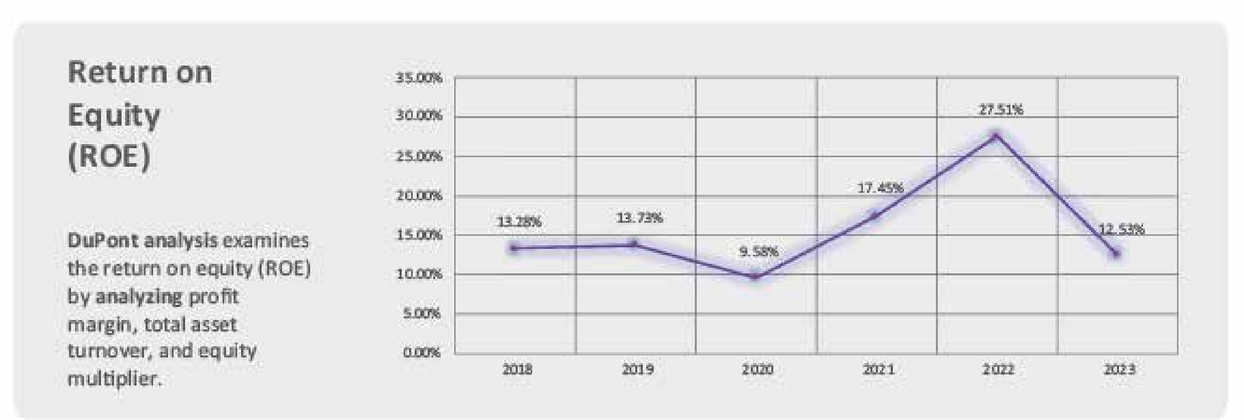
Subsidized and non subsidized loans breakup



Return on Equity (ROE)
DuPont Analysis (Rs. '000')



Year	Return on Equity (ROE)
2018	13.3%
2019	13.7%
2020	9.6%
2021	17.5%
2022	27.5%
2023	12.5%



Comments:

1 DuPont equation indicates decrease in ROE in the current period. As the raw material prices in the local as well as foreign markets saw a substantial increase over the year which in combination with currency devaluation caused the fall in the return on equity.

2 Unprecedented increase in the finance cost during the year has also contributed to a reduction in return on equity.

3 Profit margin declined in all the business segments except exports during the year which related to higher exchange rates during the year.

Description	2023	2022
	Number of shares	
Weighted average number of shares outstanding at the beginning of the year	299,296,456	299,296,456
Weighted average number of shares outstanding at the end of the year	298,923,616	299,296,456

SHARE PRICE SENSITIVITY ANALYSIS

Company's share price is directly linked with the operational and financial performance of Company. In the current situation, Management considers the following factors to which the performance and share price of the Company may be sensitive.

a. Agriculture Performance

In textile sector is mainly dependent on better results of agriculture sector for supply of quality cotton on cheaper rates. Good environmental conditions for cotton crop, having required rain falls, results in optimal quality of cotton with reasonable prices. Availability of quality cotton on cheaper rates supports to generate higher profit margins for producing various types of yarn which in turns affect positively the share price of Company.

b. Demand Factor

Increase in demand of yarn / fabric & Home Textile products may result in increase in market price which will contribute towards better profitability and Earnings per share (EPS) which will ultimately increase the share price.

c. Increase in Cost of Production

Any increase in variable cost (Raw materials, power & utilities cost) may badly affect the gross margins and will resultantly fall in the profitability and fall in EPS. This may badly affect the market price of the share.

d. Political Unrest (Strikes, protests)

Volatile political situation often creates disruption in the business processes. Strikes, protests creates hindrance in production operations which may adversely affect the Company to meet deadlines of National / International customers. This factor although not very much material at the moment, but may affect share price of the Company adversely.

e. Change in Government Policies

Any change in Government policies related to textile sector may affect the share price of the Company. If policy change is positive than share price will increase, otherwise vice versa.

SENSITIVITY ANALYSIS OF CHANGE IN MARKET CAPITALIZATION

Share price as at 30 June 2023 - Rs.	50.91
No. of shares	293,310,900
Market Capitalization as at 30 June 2023 - Rs.	14,932,457,919

Change in share price by	Change in Market Capitalization
+10%	1,493,245,792
-10%	(1,493,245,792)

FAIR VALUE OF PROPERTY, PLANT AND EQUIPMENT

Market value of the Company's property, plant and equipment is around Rs. 26.67 billion. The Company's property, plant and equipment except freehold land and capital work in progress are stated at cost less accumulated depreciation and accumulated impairment loss in its financial statements. Freehold land is stated at revalued amount at the date of revaluation less any identified impairment loss and capital work-in-progress is stated at cost.

SIGNIFICANT / MATERIAL ASSETS OR IMMOVABLE PROPERTY

The Company's material assets comprise of land, building, ring spinning machinery, MVS spinning machinery, open-end spinning machinery, wider width weaving looms, high definition digital printing machine, printing rotaries, dyeing and finishing machines, Jenbacher, Wartsila and Nigatta engines, and solar power plant installation.

FINANCIAL RESULTS

Financial highlights of key operating results for the year 2022-23 are as follows:

Statement of profit or loss highlights

Particulars	2023	2022
	(Rs. In Million)	
Revenue	42,047	39,558
Gross profit	7,480	10,169
Profit from operations	5,131	7,380
Finance cost	1,667	804
Profit before tax	3,464	6,576
Taxation	1,056	1,835
Profit after tax	2,407	4,741

COMMENTSONFAVOURABLE/(UNFAVOURABLE) VARIANCES IN FINANCIAL RESULTS:

Revenue

- The company witnessed a notable increase in revenue, amounting to Rs. 2,488 million, representing a 6% increment from the preceding year. This growth can be attributed to the Spinning business segment, which contributed an additional Rs. 1,501 million during the current fiscal year, reflecting a substantial 7% increase compared to the previous year. In contrast, the Home Textile division experienced a revenue uptick of Rs. 1,200 million, marking an 11.8% increase relative to the prior year. It is worth noting that this increase is primarily attributed to inflationary factors and, to some extent, volumetric changes.

Gross Profit

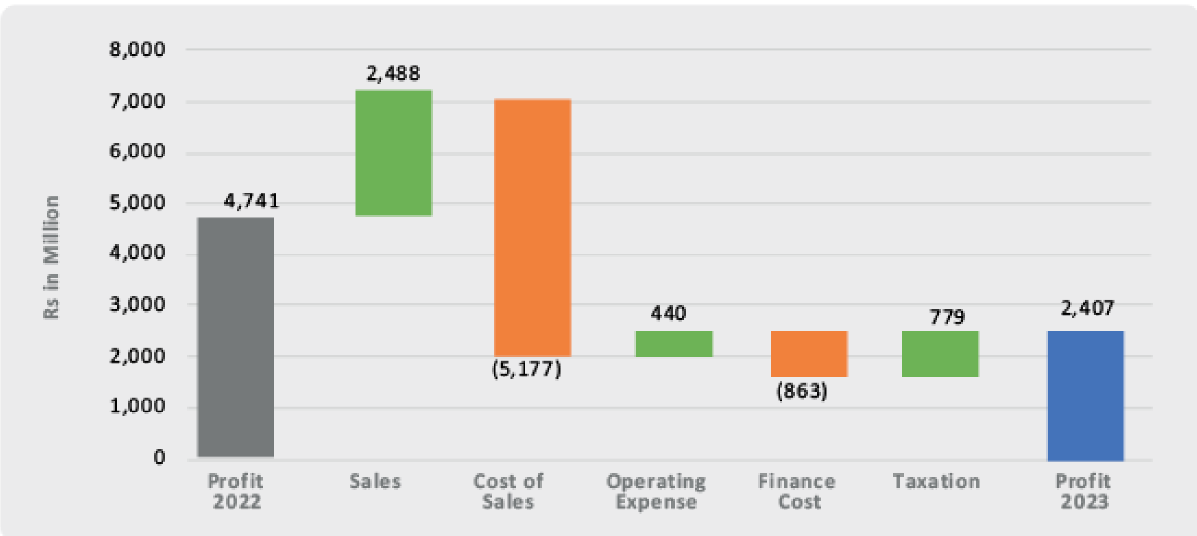
- The cost of raw materials, both in domestic and international markets, experienced a significant upsurge compared to the previous year. This, coupled with currency devaluation, contributed significantly to the overall increase in production costs. Furthermore, energy prices also witnessed substantial growth compared to the preceding year. Gross profits and profit margins exhibited a decline in all business segments, except for the export division. Notably, the spinning business segment recorded a considerable decrease, as the increased expenses related to raw materials and conversion costs did not align proportionally with sales rates.

Distribution Cost

- Distribution cost decreased from Rs. 1,595 million in 2022 to Rs. 1,320 million in 2023 because of the volumetric drop in export sales and related export-shipment expenses.

Finance cost

- Cost of financing went up by 107% (2022: 21%) during the fiscal year caused by the increased cost of financing due to hike in policy rate over the pervious year.



COMPOSITION OF LOCAL VERSUS IMPORTED MATERIAL AND SENSITIVITY ANALYSIS

	2023		2022	
	Rs. '000	%	Rs. '000	%
Local materials				
Raw materials	16,436,296	50.6%	15,247,363	55%
Stores and spares	1,327,012	4.1%	1,290,400	5%
Fuel and power	5,139,893	15.8%	3,198,929	12%
	22,903,201	70.5%	19,736,692	71.6%
Imported materials				
Raw materials	8,922,854	27.5%	7,251,188	26%
Stores and spares	662,177	2.04%	565,472	2%
	9,585,031	29.5%	7,816,660	28.4%
	32,488,232	100%	27,553,352	100%

Sensitivity Analysis:

For each percent change in value of foreign currency, cost of imported materials will change by Rs. 95.850 million (2022: Rs. 78.167 million).

	2023	2022
Appreciation of PKR	(95,850)	(78,167)
Depreciation of PKR	95,850	78,167
Percentage of COS	0.28%	0.27%

The company's management consistently observes international prices for imported materials and fluctuations in exchange rates. They proactively implement measures in accordance with the company's risk management policies to minimize the potential impacts of these factors.

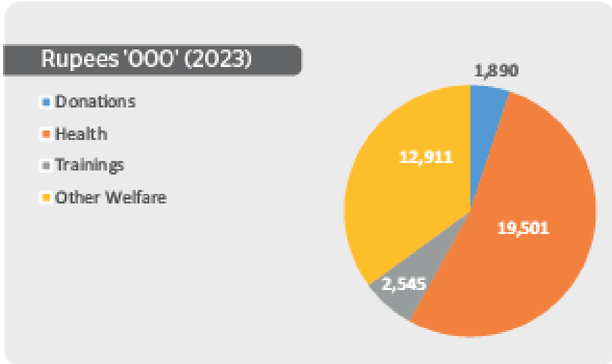
Taxation Provision and Assessment

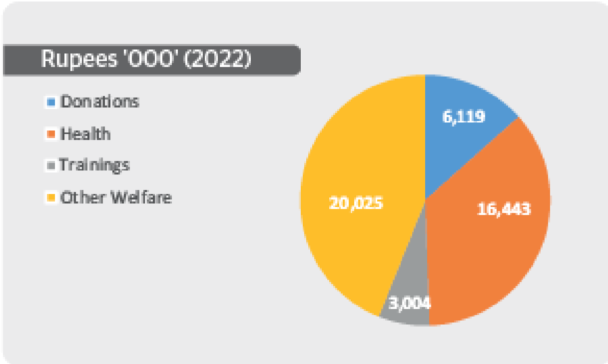
Management is confident that the provision for taxation made in financial statements is sufficient. A comparison of provision for taxation and assessed tax for last three years is as follows:

Particulars	2022	2021	2020
	Rupees in Million		
Provision	1645	578	393
Assessment	1026	559	336

Statement of Charity

	2023	2022
	(Rupees in thousand)	
Donations	1,890	6,119
Health	19,501	16,443
Trainings	2,545	3,004
Other Welfare	12,911	20,025
	36,847	45,591





Segmental Review of Business Performance

Segment wise profits before taxation and unallocated income and expenses for the year ended 30 June 2023 are as under:

Particulars	2023	2022
	(Rs. In Million)	
Spinning	2,853	6,373
Weaving	261	754
Processing and Home Textile	2,007	700

COMMENTS ON BUSINESS PERFORMANCE OF SEGMENTS:

Spinning:

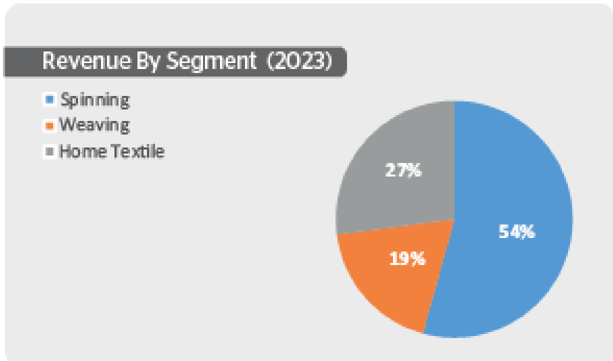
Decreased profit from operation is mainly attributable to drop in sales volume coupled with the increase in raw material, fuel prices and increase in the salaries expense for the year as compared to the previous fiscal year.

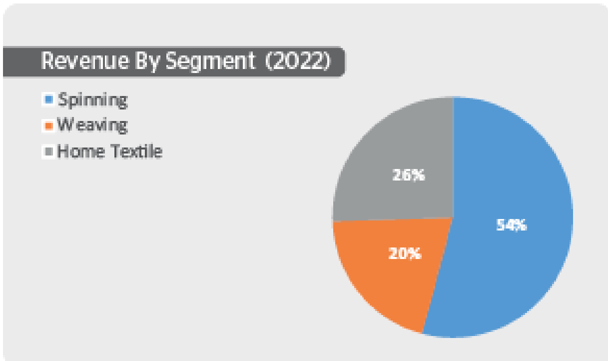
Weaving:

The decrease of about 65% in the current year is attributable to a decrease in net contribution margin by Rs. 12.55/mtr and increase in administrative expenses for the year.

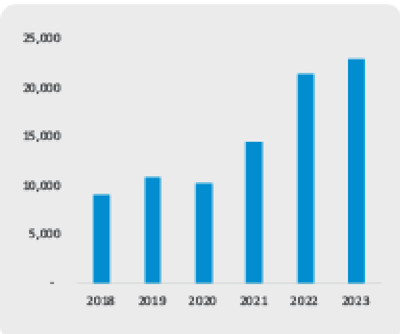
Processing and Home Textile:

Operating profits of Home Textile Division improved significantly during the year due to better selling margins, higher sale rates and favourable exchange rate movements as compared with preceding year.

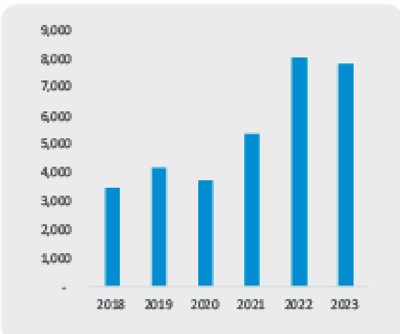




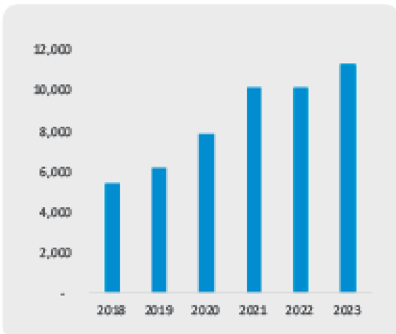
Spinning - Rupess in million



Weaving - Rupess in million



Home Textile - Rupess in million



Spinning:

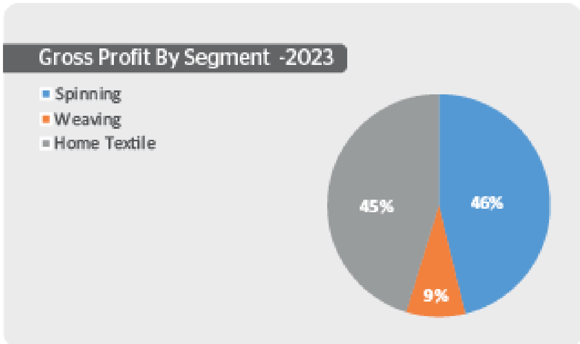
Increase in annual sales is mainly due to increase in average sale rate during the year as well due to increase in sale volume of the spinning division, encouraged by the addition of 21,600 new spindles.

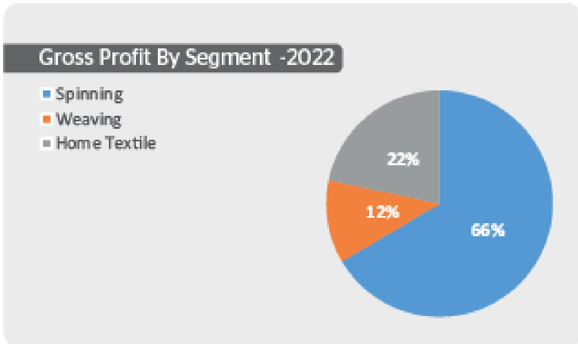
Weaving:

The exports of the weaving division saw a dip in the current period due to the macro-economical situation in the country. However, local sales of the weaving division has compensated the decrease in export sales during the year.

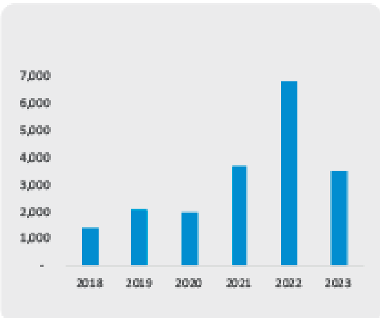
Processing and Home Textile:

Sales volume dropped by 20%. However, the Rupee devaluation of 41% resulted favourable variance from the previous fiscal year.

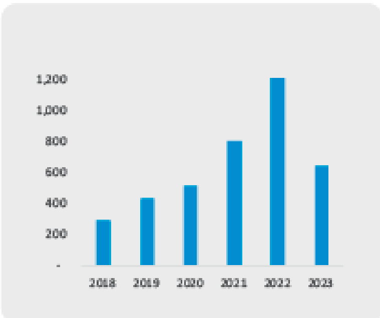




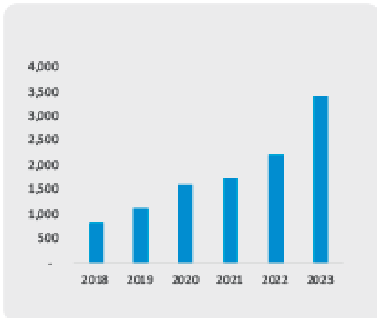
Spinning - Rupess in million

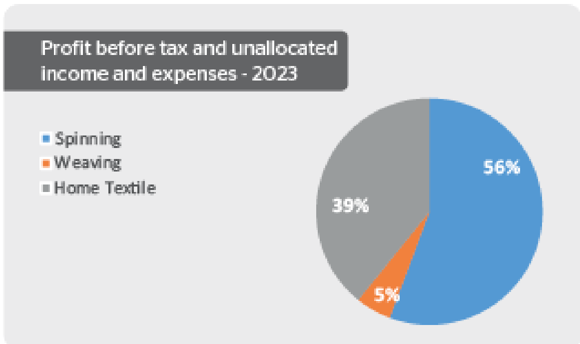


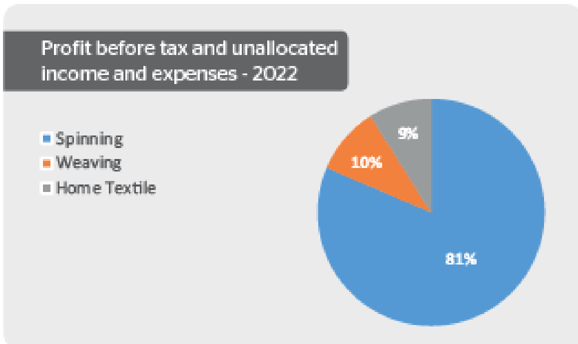
Weaving - Rupess in million



Home Textile - Rupess in million

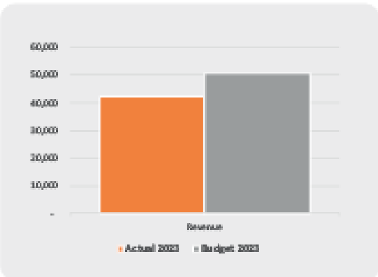




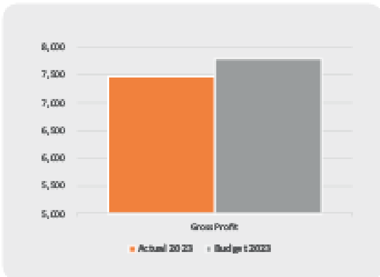


ACTUAL VS BUDGET:	Actual 2023	Budget 2023
	(Rs. In Million)	
Revenue	42,047	50,809
Gross profit	7,480	7,798
Profit from operations	5,131	4,504
Finance cost	1,667	1,459
Profit before taxation	3,464	3,187
Net profit after taxation	2,407	2,308

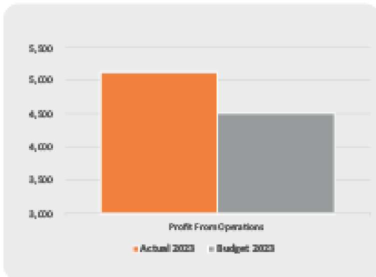
Revenue - Rs. in million



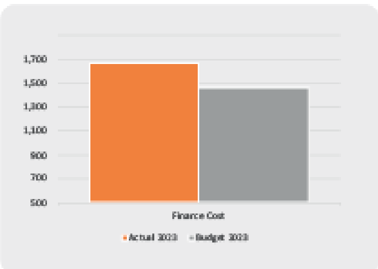
Gross Profit - Rs. in million



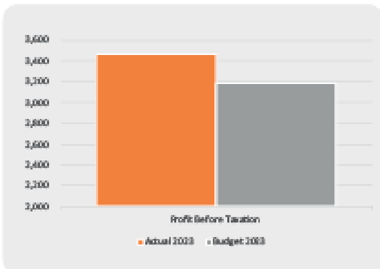
Profit From Operations - Rs. in million



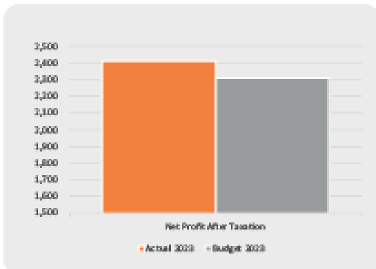
Finance Cost - Rs. in million



Profit Before Taxation - Rs. in million



Profit After Taxation - Rs. in million



Comments of the actual vs budgeted performance

- The volumetric decrease in the sales is the main reason behind the Company not achieving its sales target in the current period.

- The Costs of raw materials clubbed with the effects of currency devaluation caused the actual gross profit to be on the lower side as compared to the budgeted gross proft. Margins however, remained on the higher side as compared to the budget.

- Actual position of distribution expenses remained ahead of budgetary targets due to extraordinary efforts in all critical contemporary areas of performance as well as a fall in export related orders during the year.

- Cost of financing has increased due to hike in policy rate over the pervious year clubbed with the additional financing obtained during the year.

EXPLANATION OF NEGATIVE CHANGE IN THE PERFORMANCE AGAINST PRIOR YEARS:

Annual Results						
Particulars	Year Ended 30 June 2023		Year Ended 30 June 2022		YoY Variance	
	Rupees in thousand	%	Rupees in thousand	%	Rupees in thousand	%
Revenue	42,046,556		39,558,284		2,488,272	6%
Gross profit	7,480,433	18%	10,169,257	26%	(2,688,824)	-26%
Profit from operations	5,130,900	12%	7,379,749	19%	(2,248,849)	-30%
Profit Before tax	3,463,592	8%	6,575,626	17%	(3,112,034)	-47%
Profit after tax	2,407,262	6%	4,740,723	12%	(2,333,461)	-49%

Revenue:

The company experienced a 6% growth compared to the previous year, which can largely be attributed to the impact of inflationary forces and, to a certain extent, shifts in sales volume.

Gross Profit:

In the year 2023, the company's gross profit dropped by 26% due to increased raw material costs both domestically and internationally, currency devaluation, and rising energy prices. This decrease affected all business segments except for exports.

Profit from operations:

In the year 2023, the company's operating profit dropped by 30% due to a significant fall observed in the gross profit. This coupled with the inflationary impact during the year caused this substantial decrease in the Company's profit from operations.

Profit before tax:

Among various factors, a significant contributor to the Company's 47% decrease in pre-tax profit was the substantial rise in financing costs during the fiscal year. The increase in financing costs was primarily driven by the higher policy rate compared to the previous year.

Profit after tax:

In addition to above mentioned factors, the 49% decrease in after tax profit is also attributable to increased super tax rate which significantly affected the current & differed tax calculations.

FINANCIAL RESULTS

Financial highlights of key operating results for the year 2022-23 are as follows:

Statement of cash flow highlights

Particulars	2023	2022
	(Rs. In Million)	
Operating cash flows	1,843	3,416
- Finance cost paid	(1,291)	(749)
- Income tax paid	(851)	(1,205)
- Working capital changes	(2,119)	(3,006)
Investing cash flows	(5,116)	(3,359)
Financing cash flows	3,606	3

COMMENTS OF FAVORABLE/(UNFAVORABLE) VARIANCES IN

Operating cash flows

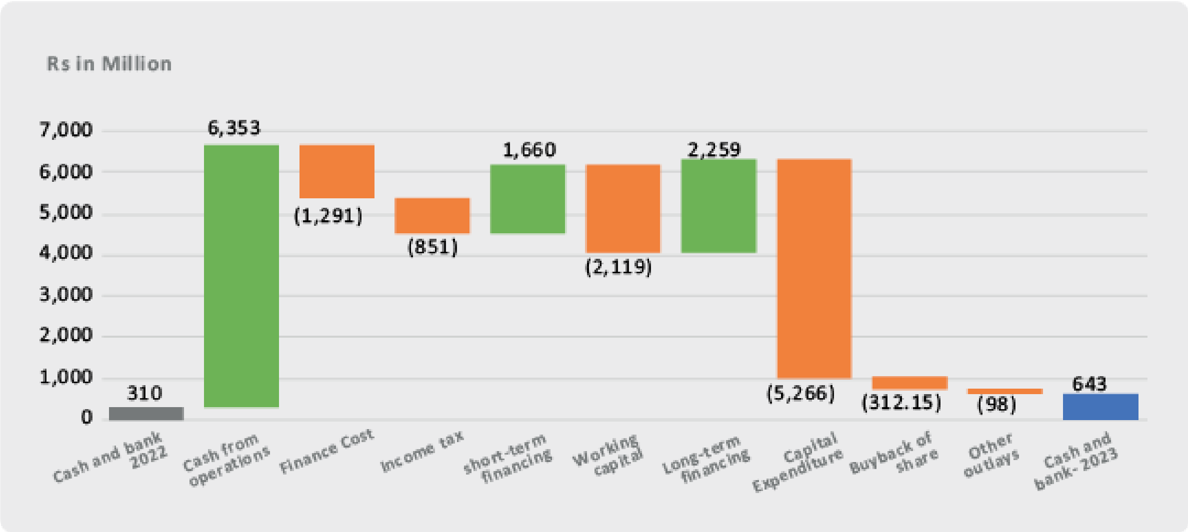
- Operating cash flows decreased significantly due to drop in margins because of high inflation causing significant increase in cost of raw materials and fuel prices.

Investing cash flows

- The rise in investing cash flows is primarily a result of the substantial expansion and modernization of production facilities.

Financing cash flows

- The substantial increase in financing cashflows is attributed to the funding acquired for the expansion and modernization of production facilities, as well as the implementation of solar-based power generation initiatives.



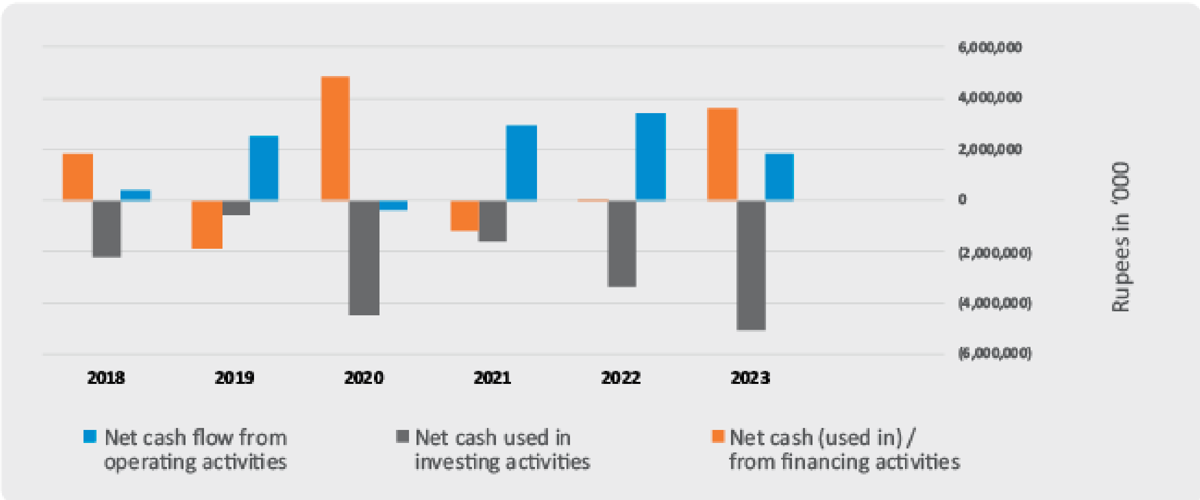
Breakup of cash and cash equivalents

Particulars	2023	2023
	Rupees in '000	
Cash in hand	17,004	1,774
Cash at bank - current accounts	202,863	111,856
Cash at bank - saving accounts	232,120	180,844
Cash at bank - saving accounts (held under lien against gurantees)	191,488	15,155
Total Cash at bank - saving accounts	423,608	195,999
	643,475	309,629

Summary of Cash flows

Financial Highlights	2023	2022	2021	2020	2019	2018
	Rupees in '000					
Net cash flow from operating activities	1,843,041	3,416,411	2,898,473	(390,215)	2,493,699	394,884
Net cash used in investing activities	(5,115,601)	(3,359,411)	(1,616,862)	(4,481,124)	(572,930)	(2,202,943)
Net cash (used in) / from financing activities	3,606,406	2,743	(1,218,338)	4,841,586	(1,866,308)	1,815,029
Net change in cash and cash equivalents	333,846	59,743	63,273	(29,753)	54,461	6,970

Cashflows



Free Cash Flows	2023	2022
	(Rs. in '000)	
Cash generated from operations	4,233,854	5,963,692
Capital expenditures	(5,265,764)	(3,186,982)
Free Cash Flows	(1,031,910)	2,776,710

Free Cash Flow (FCF) is the Cash a Company produces through its operations, less the cost of expenditures on assets. The reduction in a company's free cash flows due to increased capital expenditures is justified by various factors, including growth-focused investments, infrastructure enhancements, regulatory compliance, maintenance, strategic innovations, and market expansion efforts. This may involve taking on debt and timing variations in project completion. These decisions are driven by the company's long-term strategic objectives, aiming for future growth and competitiveness.

STATEMENT OF CASH FLOWS (DIRECT METHOD)

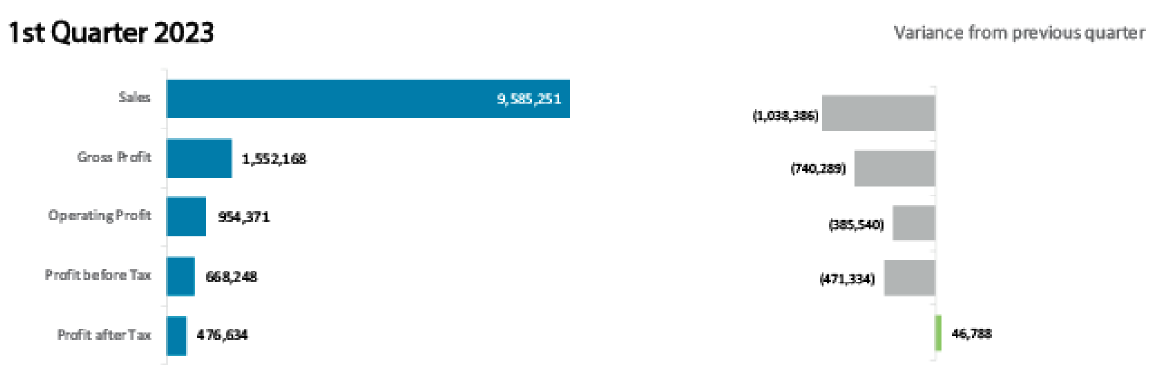
FOR THE YEAR ENDED 30 JUNE 2023

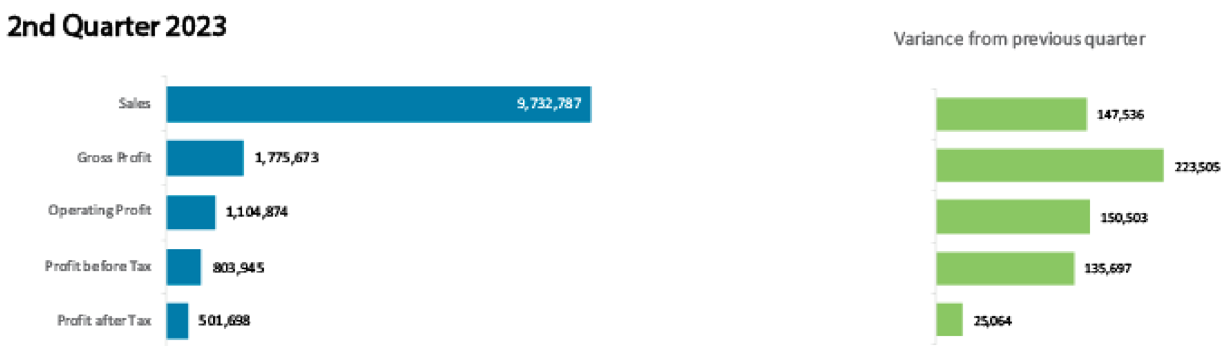
	2023	2022
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	41,988,292	38,358,872
Cash paid to suppliers and employees	(37,754,438)	(32,395,180)
Cash generated from operations	4,233,854	5,963,692
Finance cost paid	(1,291,462)	(749,197)
Income tax paid	(851,197)	(1,204,522)
Worker's welfare fund paid	(58,307)	(29,740)
Workers' profits participation fund paid	(182,692)	(553,088)
Gas Infrastructure Development Cess (GIDC) paid	-	(9,222)
Net increase in long term deposits	(7,155)	(1,512)
Net cash generated from operating activities	1,843,041	3,416,411
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(5,265,764)	(3,186,982)
Proceeds from disposal of property, plant and equipment	26,910	70,994
Proceeds from disposal of long term investments	28,021	(28,058)
Short term investments - net	(55,745)	(278,219)
Advances to subsidiary company	-	(700,000)
Repayment of advances from subsidiary company	-	700,000
Interest received	131,736	40,523
Dividend received	19,241	22,331
Net cash used in investing activities	(5,115,601)	(3,359,411)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term financing	3,093,962	1,946,684
Repayment of long term financing	(835,089)	(1,023,650)
Own share purchased for cancellation	(312,153)	-
Short term borrowings - net	1,660,056	(323,741)
Dividend paid	(370)	(596,550)
Net cash from financing activities	3,606,406	2,743
Net increase in cash and cash equivalents	333,846	59,743
Cash and cash equivalents at the beginning of the year	309,629	249,886
Cash and cash equivalents at the end of the year	643,475	309,629

RESULTS REPORTED IN INTERIM FINANCIAL STATEMENTS AND FINAL ACCOUNTS

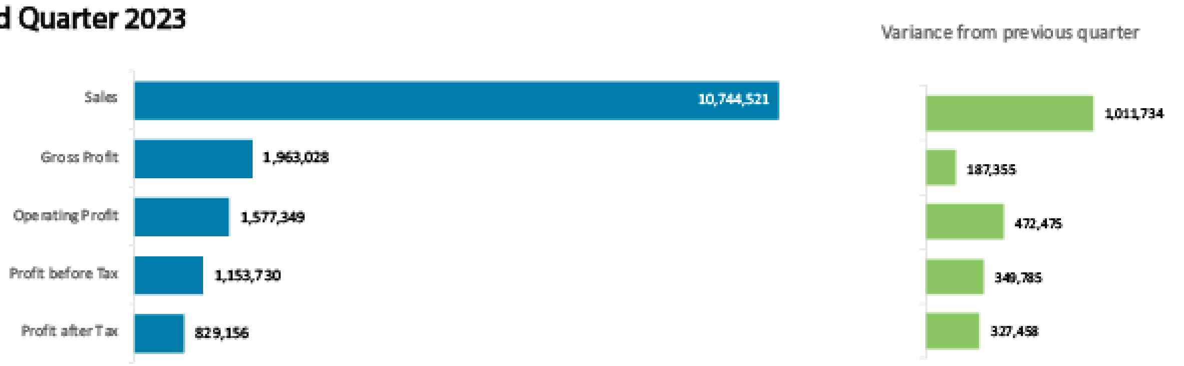
Particulars	Interim Reports Results						Annual	
	3 Months Period Ended 30-09-2022		6 Months Period Ended 31-12-2022		9 Months Period Ended 31-03-2023		Full Year Ended 30-06-2023	
	Rupees '000	%	Rupees '000	%	Rupees '000	%	Rupees '000	%
Net turnover	9,585,251		19,318,038		30,062,559		42,046,556	
Gross profit	1,552,168	16.19%	3,327,841	17.23%	5,290,869	17.60%	7,480,433	17.79%
Operating profit	954,371	9.96%	2,059,245	10.66%	3,636,594	12.10%	5,130,900	12.20%
Profit before tax	668,248	6.97%	1,472,193	7.62%	2,625,923	8.73%	3,463,592	8.24%
Profit after tax	476,634	4.97%	978,332	5.06%	1,807,488	6.01%	2,407,262	5.73%
Equity	24,776,322		25,278,020		26,107,176		26,394,797	
Current ratio (in time)	1.33		1.27		1.32		1.29	

GRAPHICAL PRESENTATION

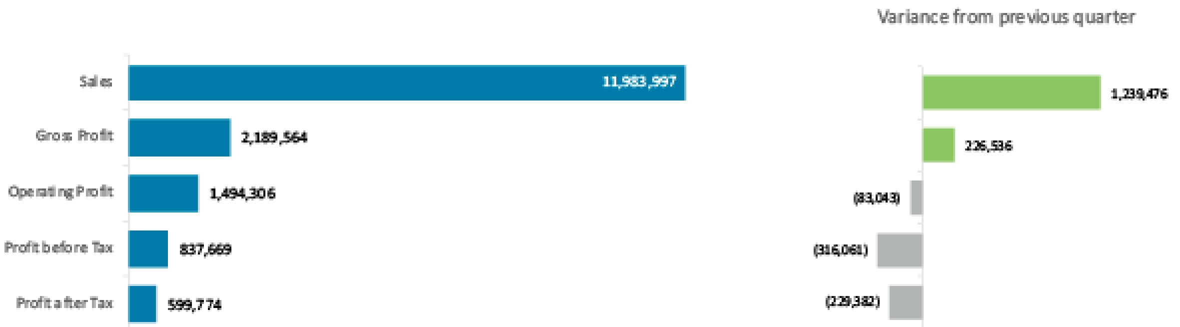




3rd Quarter 2023



4th Quarter 2023



ANALYSIS OF VARIATION IN RESULTS REPORTED IN INTERIM FINANCIAL STATEMENTS WITH THE FINAL ACCOUNTS

Quarter	Quarter 1 With Annual 30 June 2023	Quarter 2 With Annual 30 June 2023	Quarter 3 With Annual 30 June 2023
Gross Profit	Gross Profit was 16.19% as compared to annual GP of 17.79%. This was because of greater increase in materials rates and production costs in the first quarter as compared to the increase in sales rates.	Gross Profit was 17.23% as compared to annual GP of 17.79%. Margins improved as compared with the previous quarter mainly because of increased selling prices of yarn in the domestic market. However, the increase in materials rates and production costs were still higher than the increase in sales rates.	Gross Profit was 17.60% as compared to annual GP of 17.79%.
Operating Profit	Operating profit was 9.96% as compared to annual operating profit of 12.20%.	Operating profit for the first half year was 10.66% as compared to annual operating profit of 12.20% mainly due to higher selling prices of yarn in the second half of the year.	Operating profit for the first nine months was 12.10% as compared to annual operating profit of 12.20%.
Net Profit	Net profit after tax was Rupees 477 Million as compared to annual net profit of Rupees 2,407 Million, which makes up about 20% of the annual net profit.	Net profit after tax was Rupees 978 Million as compared to annual net profit of Rs. 2,407 Million. which makes up about 41% of the annual net profit.	Net profit after tax was Rupees 1,807 Million as compared to annual net profit of Rs. 2,407 Million. which makes up about 75% of the annual net profit
Share-holders' Equity	Shareholders' equity was Rupees 24,776 Million as compared to annual equity of Rupees 26,395 Million.	Shareholders' equity was Rupees 25,278 Million as compared to annual equity of Rupees 26,395 Million.	Shareholders' equity was Rupees 26,107 Million as compared to annual equity of Rupees 26,395 Million.
Current Ratio	Current ratio was 1.33 times as compared to annual ratio of 1.29. Ratio decreased during the year due to higher borrowings to meet working capital requirements later in the year.	Current ratio was 1.27 times as compared to annual ratio of 1.29. Ratio was low as compared to annual ratio due to higher borrowings to meet working capital requirements.	Current ratio was 1.32 times as compared to annual ratio of 1.29.

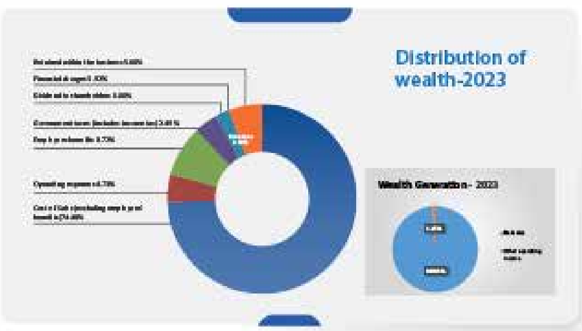
VALUE ADDITION AND DISTRIBUTION

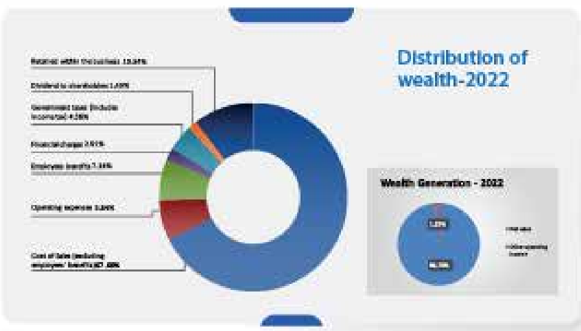
	2023		2022	
	Rs. '000	%	Rs. '000	%
Wealth Generated				
Revenue	42,046,556	98.95%	39,558,284	98.73%
Other operating income	444,851	1.05%	509,465	1.27%
	42,491,407	100.00%	40,067,749	100.00%
Distribution of wealth				
Cost of Sales (excluding employees' remuneration)	31,646,014	74.48%	27,085,783	67.60%
Distribution, administration & other expenses	2,006,772	4.72%	2,735,878	6.83%
Employees' remuneration	3,705,831	8.72%	2,860,220	7.14%
Financial charges	1,667,308	3.92%	804,123	2.01%
Government taxes (includes income tax)	1,056,330	2.49%	1,834,903	4.58%
Dividend to shareholders	-	0.00%	598,592	1.49%
Donations	1,890	0.004%	6,119	0.02%
Retained within the business	2,407,262	5.67%	4,142,131	10.34%
	42,491,407	100.00%	40,067,749	100.00%

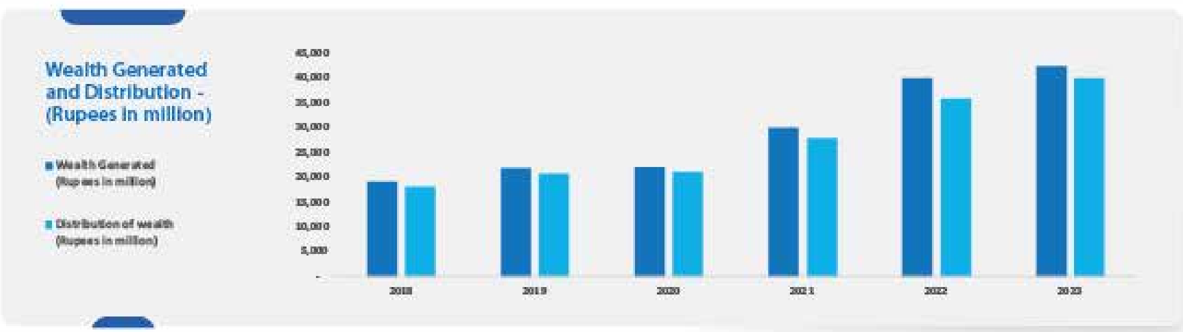
Economic Value Added	2023	2022
Net Profit after Tax	2,407,262	4,740,723
Less: Cost of capital	(515,637)	(713,941)
Economic Value Added	1,891,625	4,026,782

Economic value added (EVAD) is a measure of a Company's operating profit after tax generated in excess of cost of funds deployed. Ample EVAD exhibits that operations of the Company are driven with level of accuracy to full fill the requirements of finance providers.

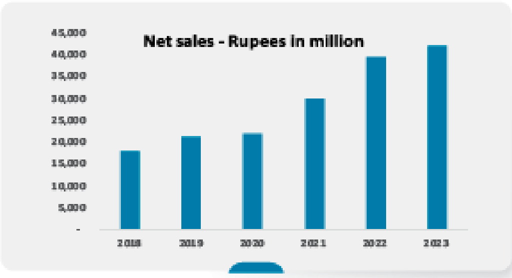
GRAPHICAL PRESENTATION

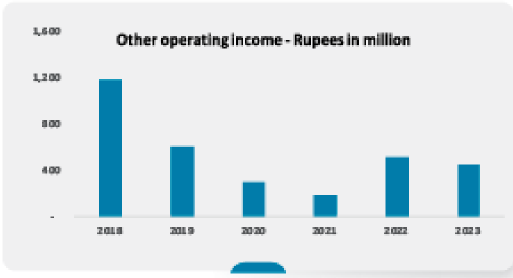




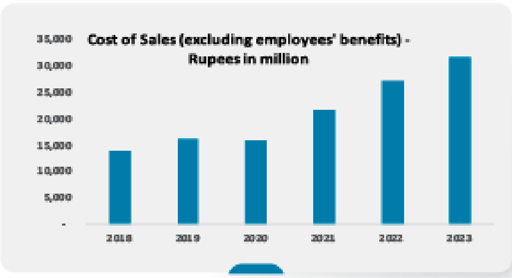


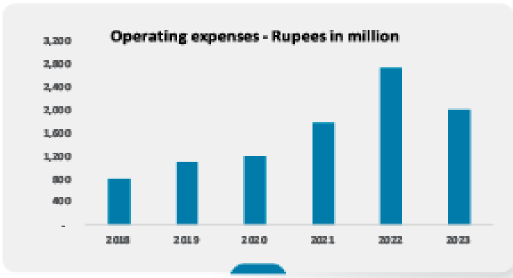
WEALTH GENERATION

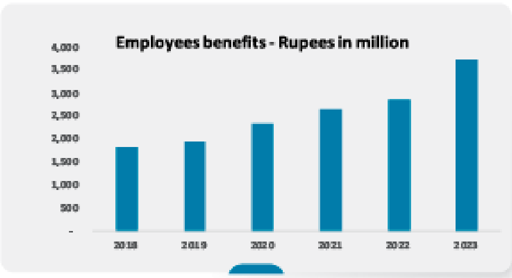


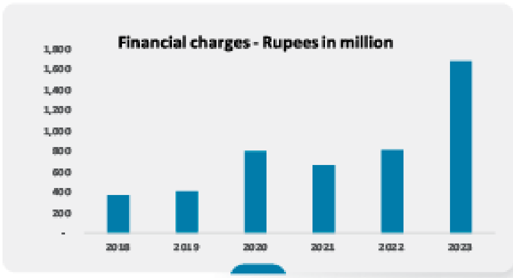


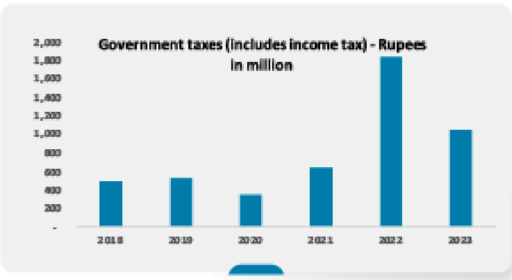
WEALTH DISTRIBUTION

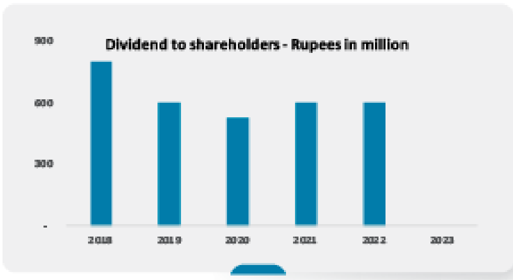


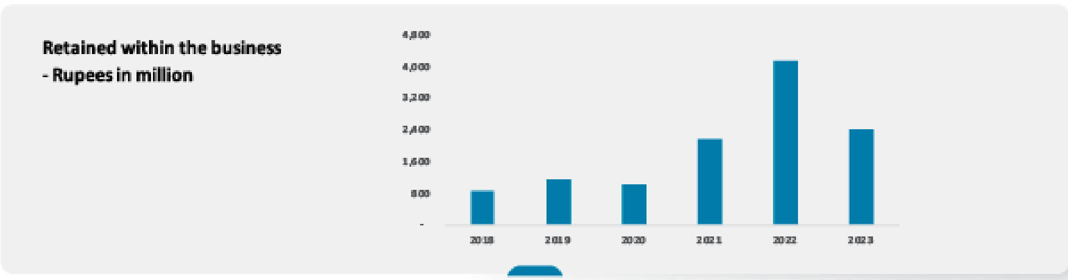










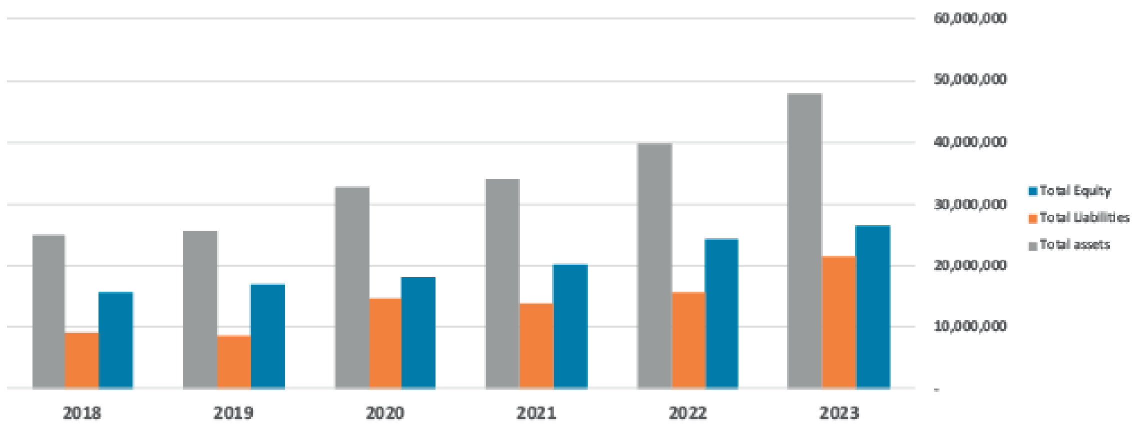


HORIZONTAL ANALYSIS OF FINANCIAL POSITION

BALANCE SHEET

	2023	Change w.r.t 2022	2022	Change w.r.t 2021	2021	Change w.r.t 2020	2020	Change w.r.t 2019	2019	Change w.r.t 2018	2018
	Rs "000"	%	Rs "000"	%	Rs "000"	%	Rs "000"	%	Rs "000"	%	Rs "000"
Total Equity	26,394,797	8.62	24,299,688	20.55	20,157,557	12.17	17,971,090	5.92	16,966,815	7.24	15,820,626
Total non-current liabilities	7,924,849	52.94	5,181,514	33.42	3,883,657	13.84	3,411,551	60.24	2,129,031	15.04	1,850,676
Total current liabilities	13,566,572	29.93	10,441,312	3.45	10,093,041	(10.85)	11,321,125	75.50	6,450,732	(10.41)	7,200,654
Total equity and liabilities	47,886,218	19.95	39,922,514	16.96	34,134,255	4.37	32,703,766	28.02	25,546,578	2.71	24,871,956
Total non-current assets	30,358,612	16.33	26,097,750	10.29	23,662,335	4.59	22,623,930	22.21	18,512,532	1.96	18,155,891
Total current assets	17,527,606	26.78	13,824,764	32.02	10,471,920	3.89	10,079,836	43.30	7,034,046	4.73	6,716,065
Total assets	47,886,218	19.95	39,922,514	16.96	34,134,255	4.37	32,703,766	28.02	25,546,578	2.71	24,871,956

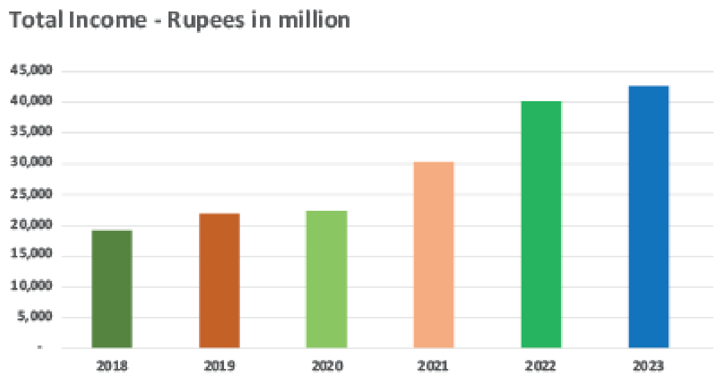
Horizontal Analysis: Statement of Financial Position Rupees '000

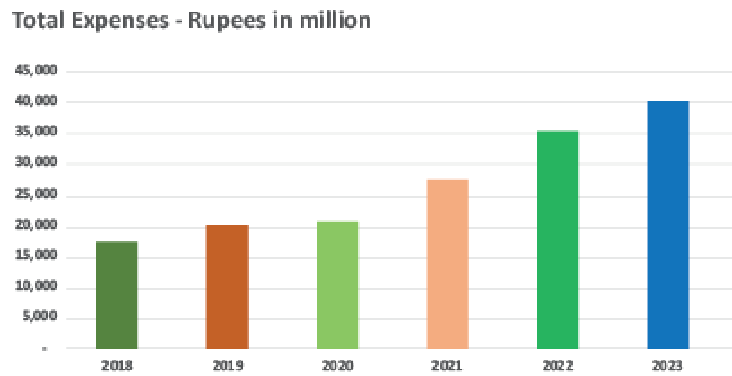


HORIZONTAL ANALYSIS OF FINANCIAL POSITION

HORIZONTAL ANALYSIS OF FINANCIAL PERFORMANCE

	2023	Change w.r.t 2022	2022	Change w.r.t 2021	2021	Change w.r.t 2020	2020	Change w.r.t 2019	2019	Change w.r.t 2018	2018
	Rs "000"	%	Rs "000"	%	Rs "000"	%	Rs "000"	%	Rs "000"	%	Rs "000"
Net sales	42,046,556	6.29	39,558,284	32.06	29,955,525	37.13	21,844,810	2.94	21,220,135	18.99	17,833,540
Cost of sales	34,566,123	17.62	29,389,027	23.36	23,822,897	33.43	17,854,630	1.11	17,659,063	15.00	15,355,788
Gross profit	7,480,433	(26.44)	10,169,257	65.82	6,132,628	53.69	3,990,180	12.05	3,561,072	43.72	2,477,752
Selling and distribution expenses	1,319,918	(17.23)	1,594,678	30.88	1,218,390	48.29	821,609	46.41	561,181	13.19	495,766
Administrative expenses	1,039,808	39.16	747,220	16.19	643,123	6.75	602,467	9.10	552,220	11.67	494,532
Other operating expenses	434,658	(54.58)	957,075	146.47	388,309	117.49	178,545	(51.00)	364,380	135.55	154,690
Other operating income	444,851	(12.68)	509,465	185.11	178,692	(39.12)	293,511	(51.79)	608,755	(48.56)	1,183,527
Profit from operations	5,130,900	(30.47)	7,379,749	81.70	4,061,498	51.49	2,681,070	(0.41)	2,692,046	6.98	2,516,291
Finance cost	1,667,308	107.34	804,123	21.14	663,789	(17.32)	802,869	95.29	411,111	13.50	362,200
Profit before taxation	3,463,592	(47.33)	6,575,626	93.53	3,397,709	80.90	1,878,201	(17.66)	2,280,935	5.89	2,154,091
Provision for taxation	1,056,330	(42.43)	1,834,903	186.09	641,380	83.17	350,158	(33.97)	530,291	8.27	489,769
Profit after taxation	2,407,262	(49.22)	4,740,723	71.99	2,756,329	80.38	1,528,043	(12.72)	1,750,644	5.19	1,664,322





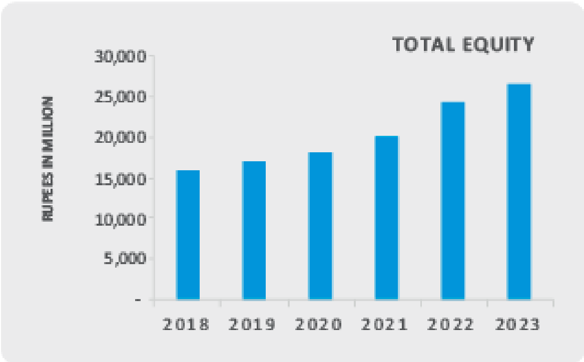
COMMENTS ON THE 6 YEARS HORIZONTAL ANALYSIS OF STATEMENT OF FINANCIAL POSITION AND STATEMENT OF PROFIT OR LOSS

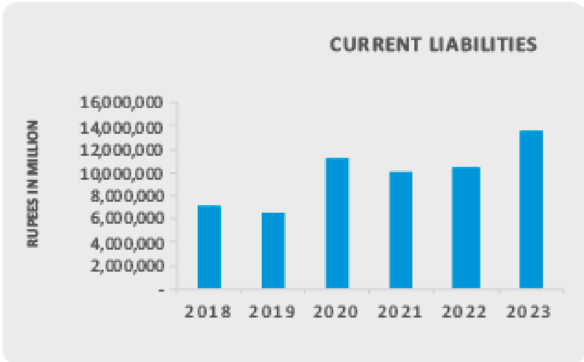
Equity:

Continuous increase in shareholder's equity is primarily because of profitable operations of the Company.

Current liabilities:

Increase in current liabilities over the year is in line with the growing business of the Company. This includes increase in short term borrowings and trade and other payables over the years.



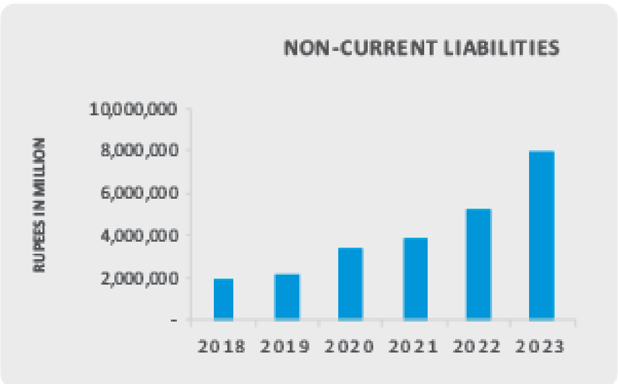


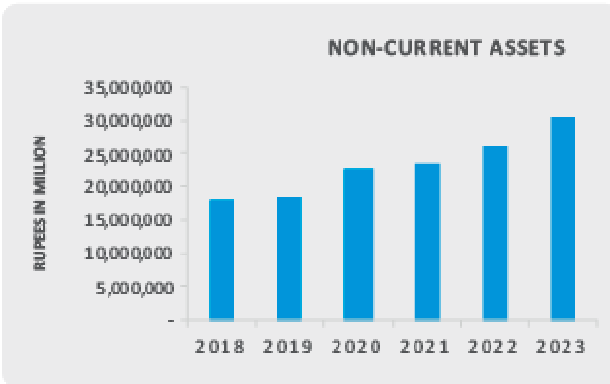
Non-current liabilities:

Increase in non-current liabilities is due to financing obtained for the expansion and modernization of production facilities and solar based power generation.

Non-current assets:

Tangible Fixed Assets experienced substantial growth, surging by 124% over six years, soaring from Rs.8.58 billion to Rs.19.22 billion. This remarkable increase can be attributed to strategic capital investments directed towards upgrading Plant & Machinery and expanding the spinning and weaving divisions by installing more spindles and looms in recent years. It is noteworthy that the Company consistently allocates an average of Rs.1.77 billion annually to enhance and modernize its Plant & Machinery, underlining a commitment to sustaining and improving operational efficiency.



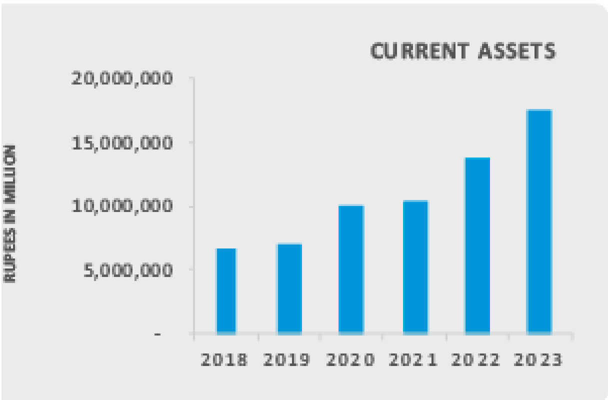


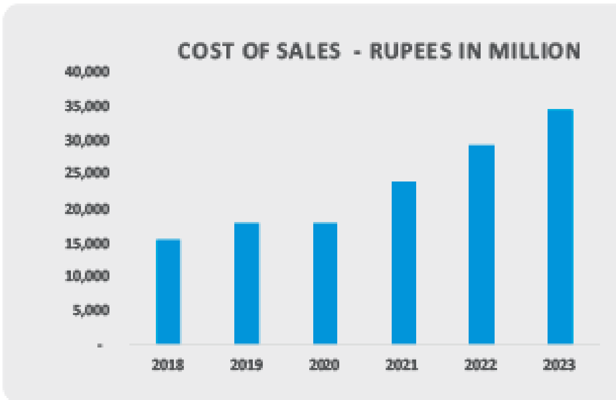
Current assets:

During financial year 2023, current assets have increased by 3,703 million (26.78%) on an aggregate basis mainly on account of increase in stock in trade due to increased business activities of the Company. The increase in our Company's current assets over the years aligns with our normal business growth. It's primarily due to expanding operations, better inventory management policies, increase in annual sales, strengthened cash reserves, and strategic investments over the years. This growth reflects prudent financial management and supports our long-term business strategy.

Cost of sales:

Gross profit has decreased by 26% due to higher cost of sales caused by high inflation in the region.



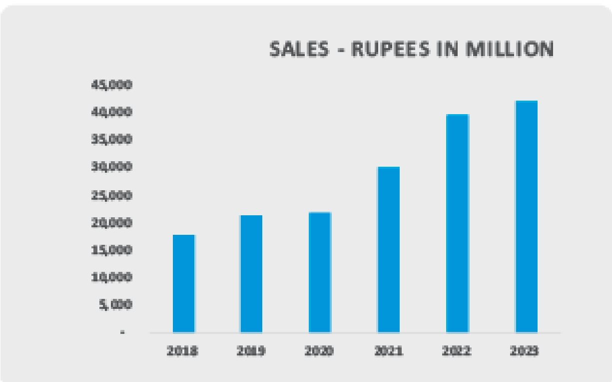


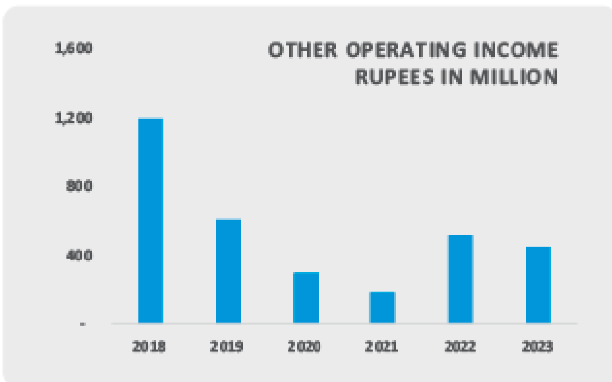
Net sales:

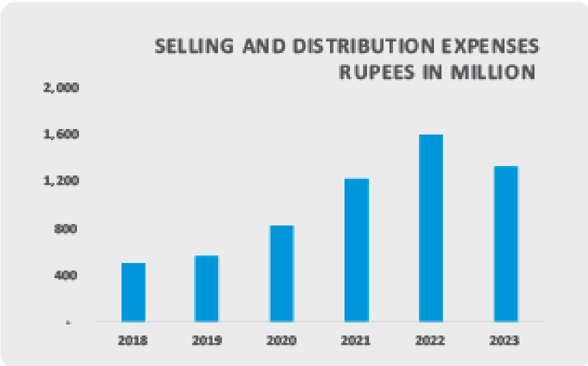
Revenue increased by 136% over the period of six years, (i.e. from Rs. 17.83 billion in 2018 to Rs. 42.05 billion in 2023) which resulted in average growth of 22.6% per year. The increase in revenue is mainly attributable to increased demand of yarn in local market and expansion in production capacity of spinning business in last couple of years. Also, the higher exchange rates and inflation in the country have contributed in increasing the revenue over the last few years.

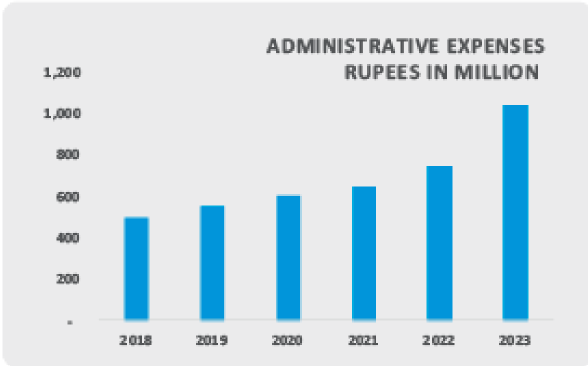
Other operating income and expenses:

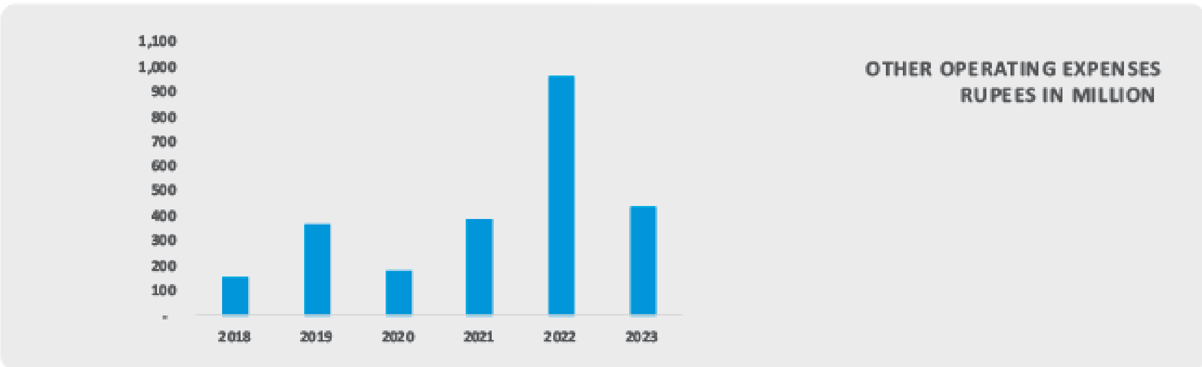
Distribution costs have decreased significantly due to lower export sales during the year as well as selection of stringent controls over critical contemporary areas of performance. Whereas administration expenses have increased in line with the high inflation rate in the country. Further, lower workers' profit participation fund & workers' welfare fund provisions have resulted in a significant decrease in other expenses.









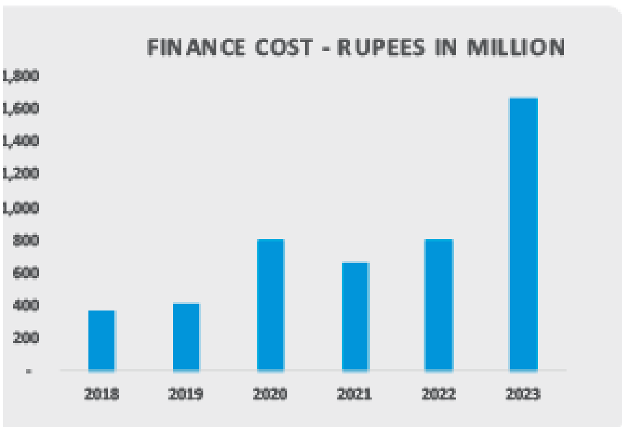


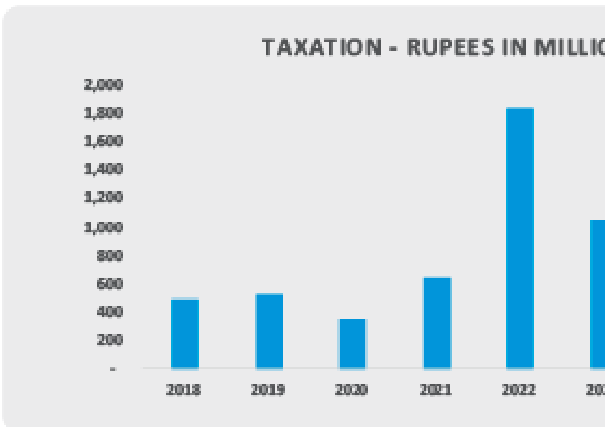
Finance cost:

Finance cost has continuously increased due to higher interest rates as compared to previous years & higher borrowings because of capital expenditures incurred by the company on modernization of plant and machinery and significant increase in working capital requirements.

Taxation:

Taxation has increased in line with the growing profits of the Company over the years. However, in the current fiscal year, taxation has decreased as compared to the previous year due to lower profits earned during the year because of tough economical conditions faced.



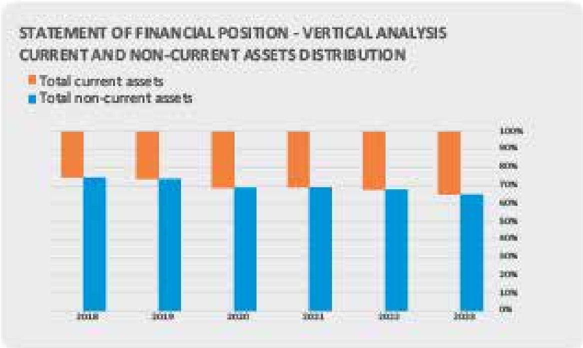


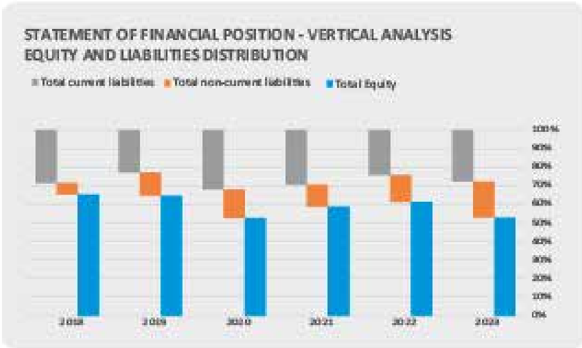
VERTICAL ANALYSIS OF FINANCIAL POSITION

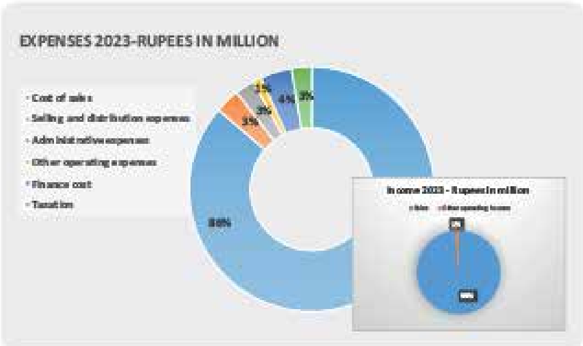
	2023	%	2022	%	2021	%	2020	%	2019	%	2018	%
							Rupees in thousand					
BALANCE SHEET												
Total equity	26,394,797	55.12	24,299,688	60.87	20,157,557	59.05	17,971,090	54.95	16,966,815	66.42	15,820,626	63.61
Total non-current liabilities	7,924,849	16.55	5,181,514	12.98	3,883,657	11.38	3,411,551	10.43	2,129,031	8.33	1,850,676	7.44
Total current liabilities	13,566,572	28.33	10,441,312	26.15	10,093,041	29.57	11,321,125	34.62	6,450,732	25.25	7,200,654	28.95
Total equity and liabilities	47,886,218	100.00	39,922,514	100.00	34,134,255	100.00	32,703,766	100.00	25,546,578	100.00	24,871,956	100.00
Total non-current assets	30,358,612	63.40	26,097,750	65.37	23,662,335	69.32	22,623,930	69.18	18,512,532	72.47	18,155,891	73.00
Total current assets	17,527,606	36.60	13,824,764	34.63	10,471,920	30.68	10,079,836	30.82	7,034,046	27.53	6,716,065	27.00
Total assets	47,886,218	100.00	39,922,514	100.00	34,134,255	100.00	32,703,766	100.00	25,546,578	100.00	24,871,956	100.00

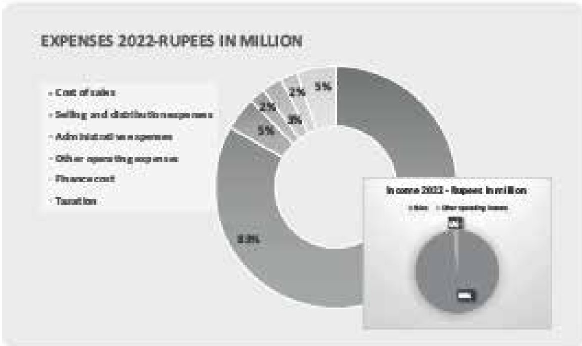
VERTICAL ANALYSIS OF FINANCIAL PERFORMANCE

	2023	%	2022	%	2021	%	2020	%	2019	%	2018	%
Net sales	42,046,556	100.00	39,558,284	100.00	29,955,525	100.00	21,844,810	100.00	21,220,135	100.00	17,833,540	100.00
Cost of sales	34,566,123	82.21	29,389,027	74.29	23,822,897	79.53	17,854,630	81.73	17,659,063	83.22	15,355,788	86.11
Gross profit	7,480,433	17.79	10,169,257	25.71	6,132,628	20.47	3,990,180	18.27	3,561,072	16.78	2,477,752	13.89
Selling and distribution expenses	1,319,918	3.14	1,594,678	4.03	1,218,390	4.07	821,609	3.76	561,181	2.64	495,766	2.78
Administrative expenses	1,039,808	2.47	747,220	1.89	643,123	2.15	602,467	2.76	552,220	2.60	494,532	2.77
Other operating expenses	434,658	1.03	957,075	2.42	388,309	1.30	178,545	0.82	364,380	1.72	154,690	0.87
Other operating income	444,851	1.06	509,465	1.29	178,692	0.60	293,511	1.34	608,755	2.87	1,183,527	6.64
Profit from operations	5,130,900	12.20	7,379,749	18.66	4,061,498	13.56	2,681,070	12.27	2,692,046	12.69	2,516,291	14.11
Finance cost	1,667,308	3.97	804,123	2.03	663,789	2.22	802,869	3.68	411,111	1.94	362,200	2.03
Profit before taxation	3,463,592	8.24	6,575,626	16.62	3,397,709	11.34	1,878,201	8.60	2,280,935	10.75	2,154,091	12.08
Provision for taxation	1,056,330	2.51	1,834,903	4.64	641,380	2.14	350,158	1.60	530,291	2.50	489,769	2.75
Profit after taxation	2,407,262	5.73	4,740,723	11.98	2,756,329	9.20	1,528,043	6.99	1,750,644	8.25	1,664,322	9.33









COMMENTS ON THE 6 YEARS VERTICAL ANALYSIS OF STATEMENT OF FINANCIAL POSITION AND STATEMENT OF PROFIT OR LOSS

Statement of Financial Position:

Equity:

Equity component is 55% of the balance sheet footing. A major factor for this is the constant profitability of the Company.

Non-current liabilities:

This year, non-current liabilities account for 16.55% of the balance sheet footing, up from 12.98% in the previous year. The primary reason for this increase is the Company's acquisition of additional long-term borrowings, primarily allocated to the expansion and modernization of production facilities.

Non-current assets:

Non-current assets increased from Rs. 26,098 Million in 2022 to Rs. 30,359 Million in 2023. Increase is due to capital expenditure on production facilities across all divisions of the Company.

Statement of Profit or Loss:

Gross margin:

In 2023, the cost of sales stands at 82.21% of total sales, up from 74.29% in 2022. This rise corresponds with the prevailing inflationary conditions in the country, particularly impacting fuel prices in the region. This has reduced the gross margin in the current year as compared to previous year.

Finance cost:

Finance cost increased due to higher interest rates as compared to previous year & higher borrowings because of significant increase in working capital requirements.

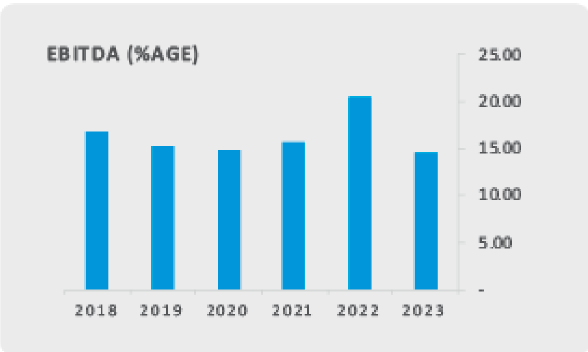
Profit from operations:

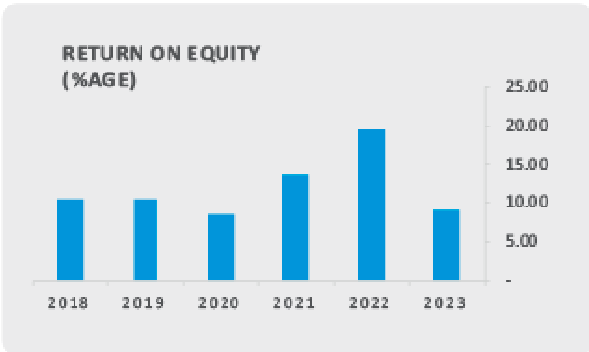
Selling and distribution expenses in the current year are 3.14% of total revenue as compared to 4.03% in the previous period. This is due to reduced exports in the current fiscal year. Moreover, other expenses have decreased due to decrease in workers' profit participation fund & workers' welfare fund provision.

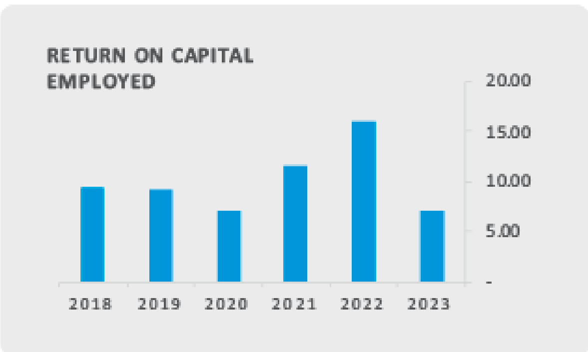
KEY OPERATING AND FINANCIAL DATA

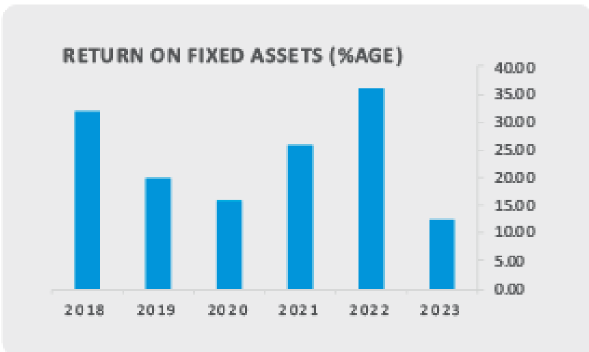
SIX YEARS SUMMARY

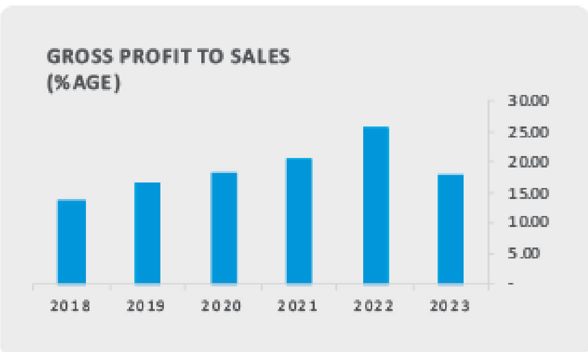
Financial Highlights	2023	2022	2021	2020	2019	2018
Profitability Ratios:						
Gross profit to sales (%age)	17.79	25.71	20.47	18.27	16.78	13.89
Net profit to sales (%age)	5.73	11.98	9.20	6.99	8.25	9.33
EBITDA (%age)	14.50	20.56	15.70	14.86	15.19	16.92
Operating leverage ratio	(5.08)	2.55	1.39	(0.14)	0.37	(10.50)
Return on equity (%age)	9.12	19.51	13.67	8.50	10.32	10.52
Return on capital employed (%age)	7.11	16.08	11.47	7.15	9.17	9.42
Profit before tax ratio (%age)	8.24	16.62	11.34	8.60	10.75	12.08
Effective tax rate (%age)	30.50	27.90	18.88	18.64	23.25	22.74
Cost / revenue ratio (%age)	82.21	74.29	79.53	81.73	83.22	86.11
Return on fixed assets	12.53	36.16	25.74	15.75	19.76	31.79
Return on total assets	10.71	18.49	11.90	6.75	7.26	11.85
Shareholders funds	55.12	60.87	59.05	54.95	66.42	63.61
Return on shareholder funds	9.12	19.51	13.67	8.50	10.32	10.52

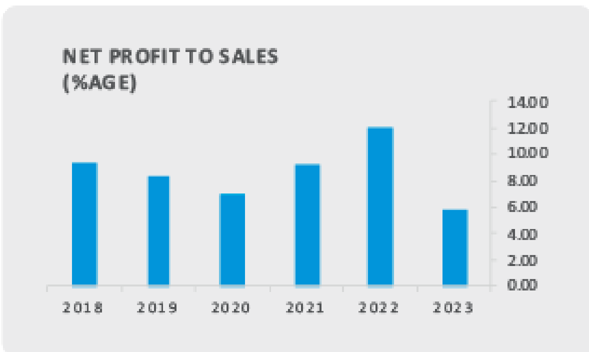












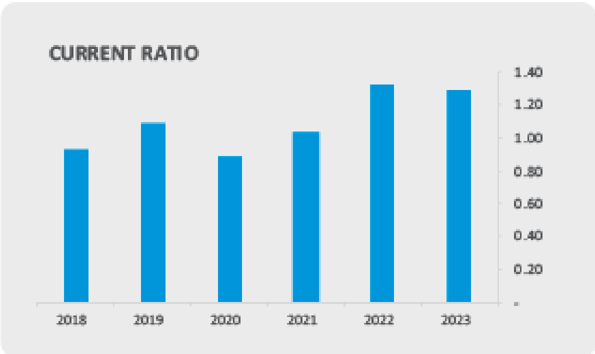
KEY OPERATING AND FINANCIAL DATA

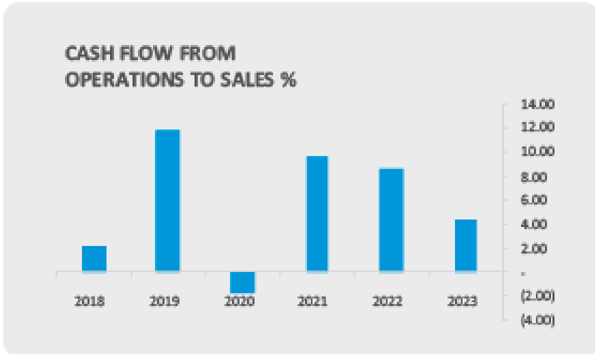
SIX YEARS SUMMARY

Financial Highlights	2023	2022	2021	2020	2019	2018
Liquidity Ratios:						
Current ratio	1.29	1.32	1.04	0.89	1.09	0.93
Acid test ratio	0.56	0.66	0.56	0.35	0.41	0.50
Cash to current liabilities	0.05	0.03	0.02	0.02	0.03	0.02
Cash flow from operations to sales %	4.38	8.64	9.68	(1.79)	11.75	2.21
Cash flow to capital expenditures	0.35	1.07	1.71	(0.28)	2.83	0.46
Cash flow coverage ratio	0.13	0.33	0.30	(0.04)	0.49	0.06

Current ratio:

In the textile industry, skilful working capital management is imperative to ensure enduring growth. Throughout the years, the Company's adept working capital strategies have steered it towards a more robust liquidity position. The current ratio, which gauges a firm's capacity to fulfil its short-term commitments, has witnessed a notable 39% upswing over a six-year span, escalating from 0.93 in 2018 to 1.29 in 2023.

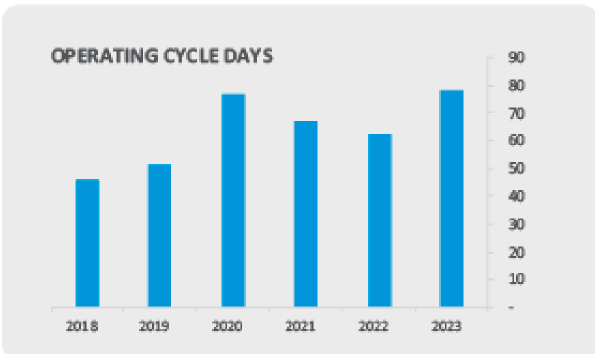


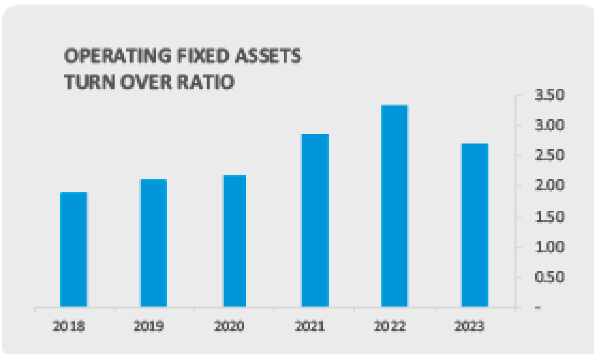


Financial Highlights	2023	2022	2021	2020	2019	2018
Activity / Turnover Ratios:						
No. of days in Inventory	78	62	72	94	66	54
No. of days in receivables	38	35	34	32	27	31
No. of days in creditors	39	35	40	50	41	39
Operating cycle	78	62	67	76	52	46
Inventory turnover	5	6	5	4	6	7
Debtors turnover ratio	10	10	11	11	13	12
Creditors turnover ratio	9	10	9	7	9	9
Total assets turnover / return on investment ratio	0.96	1.07	0.90	0.75	0.84	0.78
Fixed assets turnover ratio	2.46	2.88	2.49	1.97	2.01	1.75
Operating fixed assets turnover ratio	2.68	3.33	2.85	2.16	2.10	1.90

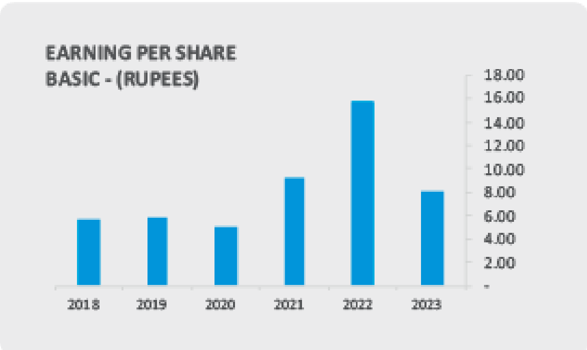
Operating cycle:

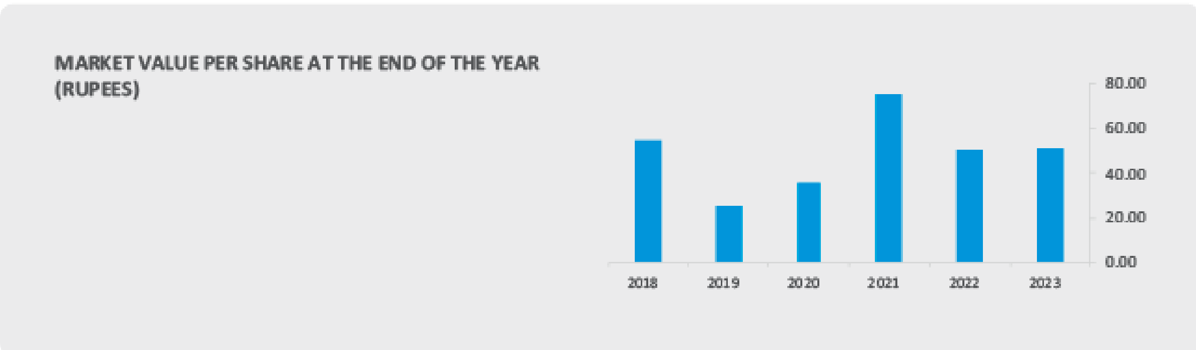
The operating cycle or cash operating cycle is a metric revealing the duration required for a company to transform its inventory investments into cash. This formula quantifies this timeframe in days. With effective working capital management, the Company has consistently kept its cash operating cycle at approximately 78 days.





Financial Highlights	2023	2022	2021	2020	2019	2018
Investment / Market Ratios:						
Earning per share - Basic - (Rupees)	8.05	15.84	9.21	5.11	5.85	5.64
Earning per share - Diluted - (Rupees)	8.05	15.84	9.21	5.11	5.85	5.64
Price earning ratio	6.32	3.16	8.17	6.96	4.28	9.75
Price to book ratio	50.91 : 89.99	50 : 81.19	75.2 : 67.35	35.51 : 60.04	25.05 : 56.69	54.99 : 52.86
Dividend yield ratio	-	10%	20%	20%	18%	28%
Dividend payout ratio (%age)	-	6.31	21.72	39.17	29.92	48.76
Dividend cover ratio - (Times)	-	15.84	4.60	2.55	3.34	2.05
Cash dividend per share - (Rupees)	-	1	2	2	1.75	3
Stock dividend per share	-	-	-	-	-	-
Breakup value per share - (Rupees):						
- without revaluation surplus	76.82	68.25	54.41	47.20	43.85	40.02
- with revaluation surplus	89.99	81.19	67.35	60.04	56.69	52.86
- with revaluation surplus and investments at fair value	123.31	110.22	96.89	89.59	72.26	95.83
Market value per share at the end of the year - (Rupees)	50.91	50.00	75.20	35.51	25.05	54.99
Share Price - High during the year - (Rupees)	63.07	88.71	80.00	45.00	57.25	106
Share Price - Low during the year - (Rupees)	34.05	50	35.51	19.28	25.05	54.99
Earning assets to total assets ratio (%age)	63.27	65.23	69.17	69.02	72.26	72.8





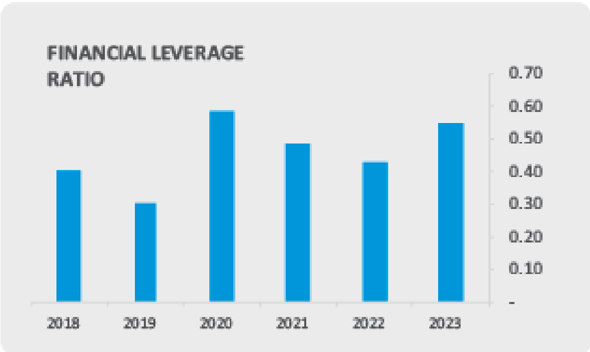
KEY OPERATING AND FINANCIAL DATA

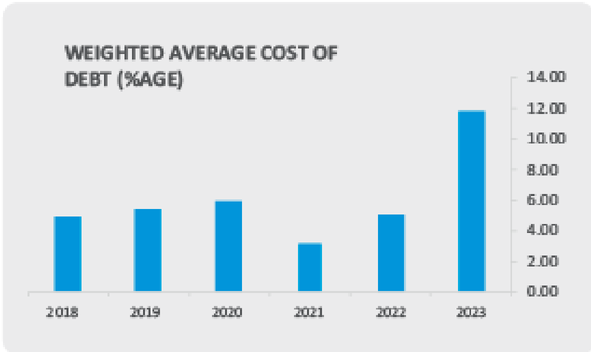
SIX YEARS SUMMARY

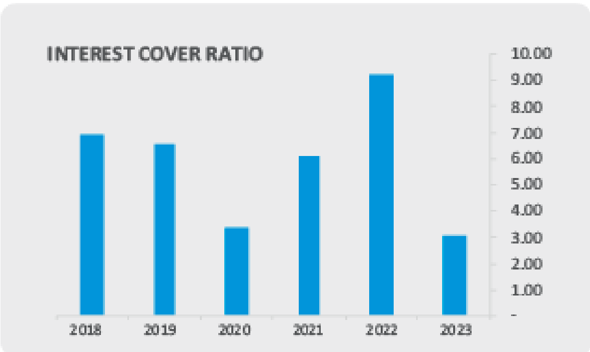
Financial Highlights	2023	2022	2021	2020	2019	2018
Capital Structure Ratios:						
Financial leverage ratio	0.54	0.43	0.48	0.58	0.30	0.40
Weighted average cost of debt (%age)	11.76	5.08	3.17	5.90	5.4	4.94
Long term debt to equity ratio (as per book)	22 : 78	18 : 82	17 : 83	14 : 86	10 : 90	10 : 90
Debt to equity ratio (as per market value)	33 : 67	26 : 74	16 : 84	22 : 78	21 : 79	9 : 91
Interest cover ratio	3.08	9.18	6.12	3.34	6.55	6.95
Average operating working capital to sales ratio	0.23	0.19	0.21	0.23	0.19	0.22
Net borrowing to EBITDA ratio	2.24	1.24	2.02	3.16	1.51	2.05
Net assets per share	89.99	81.19	67.35	60.04	56.69	52.86
Debt service coverage ratio	2.87	4.59	3.87	2.99	4.12	4.81

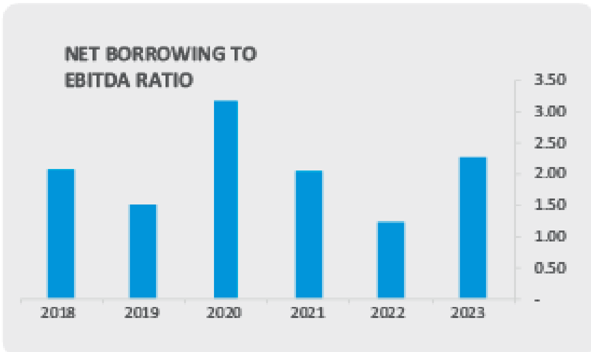
Interest cover ratio:

The Interest cover ratio is a financial ratio that is used to determine how well a company can pay the interest on its outstanding debts. The interest cover ratio of the Company has decreased during the year on account of increased borrowings by the Company for modernization of its production facilities, to meet its working capital needs and for installation of solar power projects.

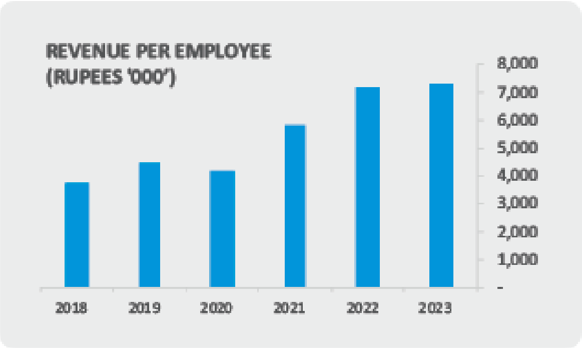


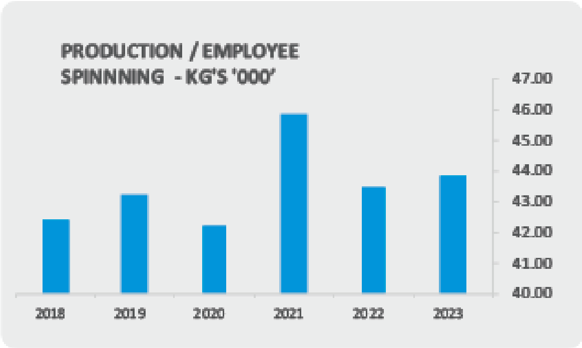


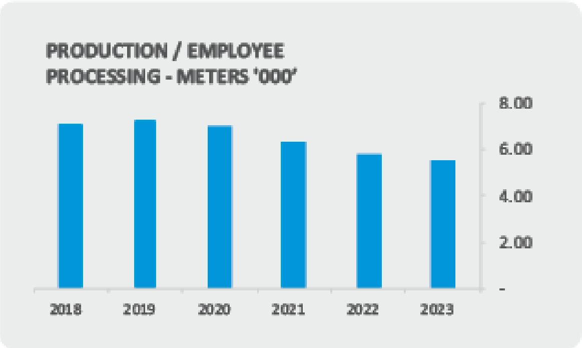


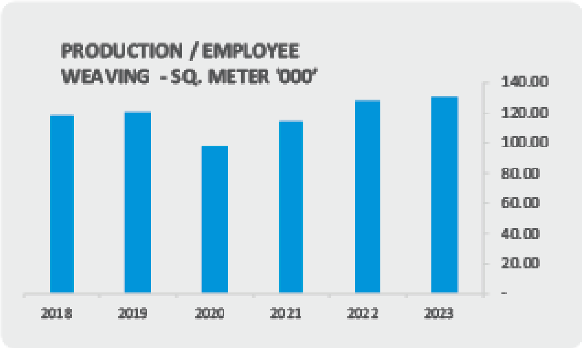


Financial Highlights	2023	2022	2021	2020	2019	2018
Employee Productivity Ratios:						
Production per employee						
Spinnning - Kg's 000	43.81	43.45	45.80	42.18	43.22	42.37
Processing - Meters ' 000	5.57	5.78	6.35	7.00	7.24	7.11
Weaving - Sq. Meter '000	129.57	127.34	114.28	98.09	119.55	117.72
Revenue per employee (Rupees '000)	7,274	7,162	5,812	4,147	4,477	3,730
Staff Turnover Ratio	3	2	1	2	3	4





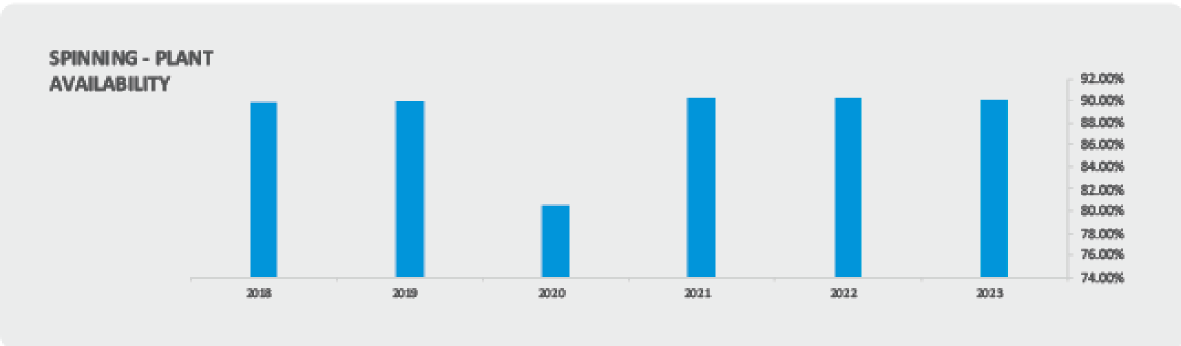


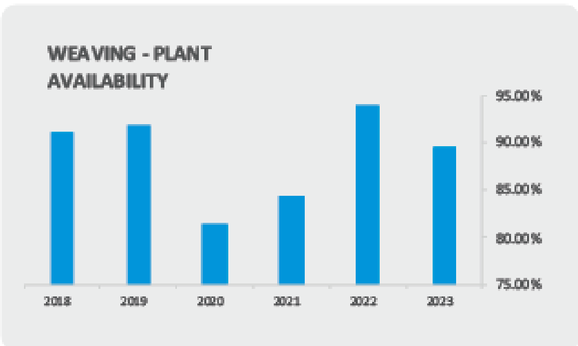


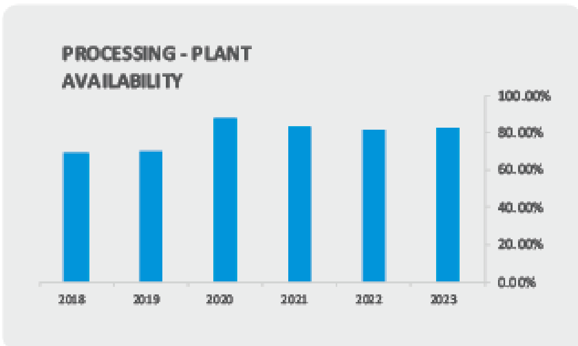
KEY OPERATING AND FINANCIAL DATA

SIX YEARS SUMMARY

Financial Highlights	2023	2022	2021	2020	2019	2018
Non-Financial Ratios:						
Plant Availability						
Spinning	90.08%	90.27%	90.30%	80.50%	89.90%	89.80%
Processing	82.30%	81.40%	83.30%	87.80%	70.10%	69.40%
Weaving	89.59%	93.95%	84.32%	81.40%	91.80%	91.20%
Customer Satisfaction index	3	2	1	2	3	4
Others:						
Spares inventory as % of asset cost	0.47%	0.59%	0.58%	0.43%	0.48%	2.11%
Maintenance cost as % operating expenses	6.12%	5.78%	7.64%	8.10%	7.40%	8%
Ratios for Shariah compliant companies:						
Loan on interest to market capitalization	37.38%	28.67%	24.62%	40.80%	23.70%	21.71%
Total interest-taking deposits to market capitalization	2.33%	1.75%	0.70%	0.61%	0.86%	0.26%
Income generated from prohibited component to Total Income	0.28%	0.12%	0.07%	0.34%	0.08%	0.09%





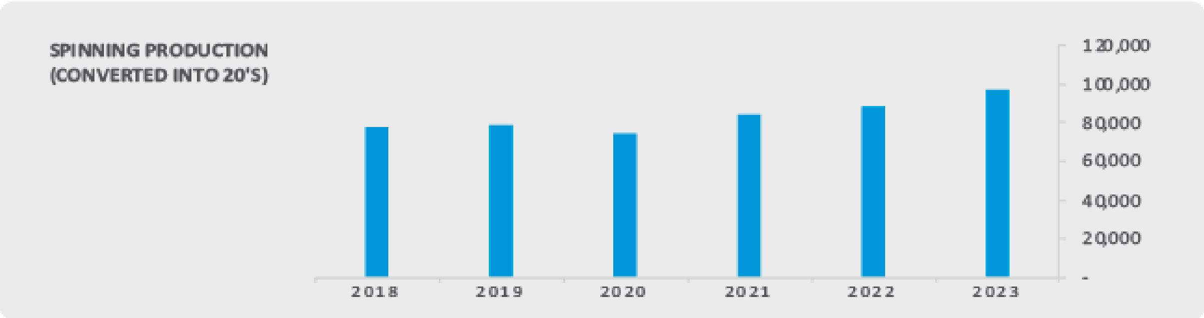


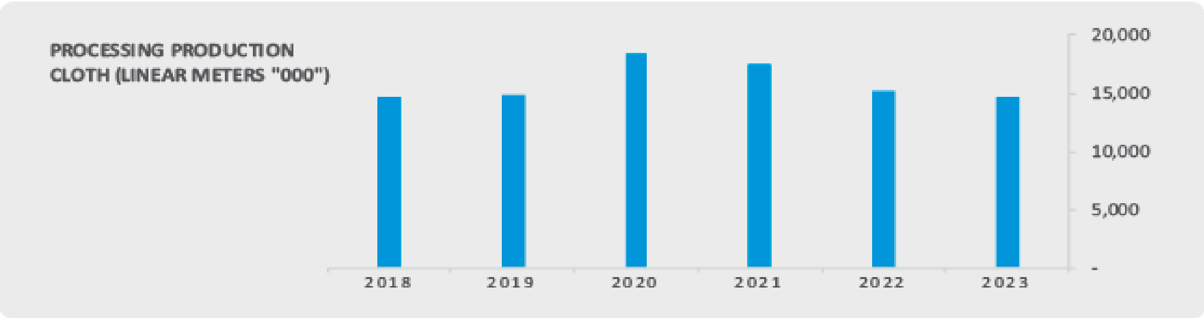
Financial Highlights

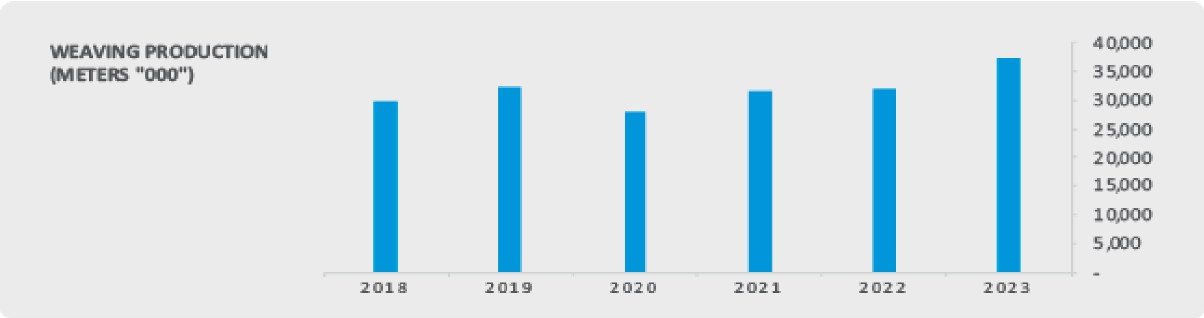
	2023	2022	2021	2020	2019	2018
Quantitative Data						
Yarn (Kgs "000") :						
Production (cont. into 20s)						
KTM Division	50,886	50,973	46,536	39,810	41,751	41,331
KGM Division	45,944	37,738	37,773	34,382	36,994	36,603
	96,830	88,711	84,309	74,192	78,745	77,934
Sales / Tran.for wvg.(actual count)						
KTM Division	18,056	19,907	19,329	16,118	16,699	16,483
KGM Division	8,283	6,975	6,573	6,071	5,858	5,724
	26,339	26,882	25,902	22,189	22,557	22,207
Cloth (Linear meters "000"):						
Processing (Rawalpindi Division)						
Production	14,651	15,162	17,525	18,468	14,757	14,613
Sales	14,692	14,542	18,101	15,067	12,967	13,809
Weaving (Raiwind Division)						
Production	37,442	32,031	31,705	27,919	32,447	29,857
Sales	36,068	31,399	32,998	26,654	32,299	29,817

Production Capacity:

Production in spinning / weaving divisions is continuously increasing due to inclusion of latest machinery with better efficiencies. Production of processing / home textile division is dependent on various factor such as run / cut size, print density etc. therefore, it is showing variable trend over the period.







HOW THE INDICATORS AND PERFORMANCE MEASURES HAVE CHANGED OVER THE PERIOD

Kohinoor Textile Mills Limited has an established mechanism of performance appraisal. Key Performance Indictors (KPIs), for both financial and non-financial economic activities, are set for each objective or project and then its progress is monitored and evaluated by the management against those KPIs.

Financial Review section of this report enlists and elaborates major KPIs that management of the Company prefers to review on regular basis to access the 'Operational' and 'Financial' performance of the Company's economic affairs. Key variances indicated by the KPIs are also explained briefly to help understand the performance of business activities.

Since, there isn't any change in the Company's principal business activities and related industry from previous year, except some expansion in fabric digital print and solar power installation, the management believes the set KPIs sufficiently indicates the project performance and didn't required any change.

METHODS AND ASSUMPTIONS USED IN COMPILING INDICATORS

A performance indicator represents parameters and factors that may caste an impact of decisive nature on a company's financial position, financial performance or liquidity position. Following are the key assumptions in compiling these indicators:

Financial Position:

- Appropriateness of capital mix in the company.
- Proportion of financial leverage in debt equity mix.
- Change in current ratio.

Financial performance:

- Maintaining high local sales retention.
- Monitoring key components of variable cost to be amongst top cost effective players.
- Initiating and maintaining techniques for optimal fixed cost absorption and appropriate mix of operational leverage.

Liquidity Position:

- Keeping an eye on funds used in / generated from operating, investing and financial cash flow activities.
- Reviewing funds used in working capital management.
- Effectively segregating cash and non-cash items.

All the indicators are devised in the light of these basic assumptions and are periodically reviewed and monitored. Furthermore, Company performance variance analysis from corresponding figures of comparative periods and from budgeted figures as comparability over time provides good basis of Corporate Reporting. These indicators are finally used to report financial information to all users of the financial statements in the form of annual financial statements.

DEFINITIONS AND GLOSSARY OF TERMS

Gross Profit ratio:

The relationship of the gross profit made for a specified period and the sales or turnover achieved during that period.

Net Profit Ratio:

Net profit ratio is the ratio of net profit (after taxes) to net sales.

Operating Profit Ratio:

The Operating profit ratio indicates the ratio of company's profit before interest and taxes to net sales.

Current Ratio:

A company's current assets divided by its current liabilities. This ratio gives you a sense of a company's ability to meet short-term liabilities, and is a measure of financial strength in the short term. A ratio of 1 implies adequate current assets to cover current liabilities: the higher above 1, the better it is.

Debt-Equity Ratio:

The ratio of a company's liabilities to its equity. The higher the level of debt, the more important it is for a company to have positive earnings and steady cash flow. For Comparative purposes, debt-equity is most useful for companies within the same industry.

Earnings Per Share (EPS):

The portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serve as an indicator of a company's profitability.

Profit Margin:

Determined by dividing net income by net sales during a time period and is expressed as a percentage. Net profit margin is a measure of efficiency and the higher the margin, the better it is. Trends in margin can be attributed to rising/ falling production costs or rising / falling price of the goods sold.

Return on Equity (ROE):

A percentage that indicates how efficiently common stockholders' invested money is being used. The percentage is the result of dividing net earnings by common stockholders' equity. The ROE is used for measuring growth and profitability. You can compare a company's ROE to the ROE of its industry to determine how a company is doing compared to its competition.

Return on Investment (ROI):

Also Known as return on invested capital (ROIC). ROI is a measure of how well management has used the company's resources. ROI is calculated by dividing earnings by total assets. It is a broader measure than return on equity (ROE) because assets include debt as well as equity. It is a useful to compare a company's ROI with others in the same industry.

Du Pont Analysis:

A type of analysis that examines a company's Return on Equity (ROE) by splitting it into three main components; profit margin, total asset turnover and equity multiplier. This analysis highlight the main driving factor of ROE and the factor which needs to be addressed to improve the ROE.

Free Cash Flow:

Free Cash Flow (FCF) is the Cash a Company produces through its operations, less the cost of expenditures on assets & net borrowings. Ample availability of Cash depicts financial health of a Company to discharge its financial and operational commitments hence having lesser dependency on external sources of finance providers.

Economic Value Added:

Economic value added (EVAD) is a measure of a Company's operating profit after tax generated in excess of cost of funds deployed. Ample EVAD exhibits that operations of the Company are driven with level of accuracy to full fill the requirements of finance providers.

This disclosure is being added as per requirements of Securities and Exchange Commission of Pakistan vide SRO 924(1) / 2015, dated 09 September 2015.

12 FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023




FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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KOHINOOR

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INDEPENDENT AUDITOR'S REPORT

To the members of Kohinoor Textile Mills Limited

Opinion

We have audited the annexed financial statements of Kohinoor Textile Mills Limited (the Company), which comprise the statement of financial position as at 30 June 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 30 June 2023 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Sr. No.	Key audit matters	How the matters were addressed in our audit
1	**Inventory existence and valuation:** As at 30 June 2023, inventory is stated at Rupees 9,932.998 million, break up of which is as follows: - Stores, spare parts and loose tools Rupees 1,069.324 million - Stock-in-trade Rupees 8,863.674 million Inventory is measured at the lower of cost and net realizable value. We identified existence and valuation of inventory as a key audit matter due to its size, representing 20.743% of total assets of the Company as at 30 June 2023, and the judgment involved in valuation. For further information on inventory, refer to the following: - Summary of significant accounting policies, Inventories note 2.16 to the financial statements. - Stores, spare parts and loose tools note 19 and Stock-in-trade note 20 to the financial statements.	Our procedures over existence and valuation of inventory included, but were not limited to: • To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management; • For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets; • We tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last recorded invoice; • On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any; • We assessed the percentage write down applied to older inventory with reference to historic inventory write downs and recoveries on slow moving inventory; • In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs; and • We also made enquiries of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.

Sr. No.	Key audit matters	How the matters were addressed in our audit
2	**Capital expenditures** The Company is investing significant amounts in its operations and there are a number of areas where management judgment impacts the carrying value of property, plant and equipment and its respective depreciation profile. These include among other the decision to capitalize or expense costs; and review of useful lives of the assets including the impact of changes in the Company's strategy. We focused on this area since the amounts have a significant impact on the financial position of the Company and there is significant management judgment required that has significant impact on the reporting of the financial position for the Company. Therefore, considered as one of the key audit matters. For further information, refer to the following: - Summary of significant accounting policies, property, plant, equipment and depreciation note 2.7 to the financial statements. Property, plant and equipment note 15 to the financial statements.	Our procedures included, but were not limited to: • We tested operating effectiveness of controls in place over the property, plant and equipment cycle including the controls over whether costs incurred on activities is capital or operating in nature; • We evaluated the appropriateness of capitalization policies and depreciation rates; • We performed tests of details on costs capitalized; and • We verified the accuracy of management's calculation used for the impairment testing.
3	**Revenue recognition** The Company recognized net revenue of Rupees 42,046.556 million for the year ended 30 June 2023. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets. For further information, refer to the following: - Summary of significant accounting policies, Revenue recognition note 2.23 to the financial statements. - Revenue note 27 to the financial statements.	Our procedures included, but were not limited to: • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents; • We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period; • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'; and • We also considered the appropriateness of disclosures in the financial statements.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Raheel Arshad.

RIAZ AHMAD & COMPANY
Chartered Accountants

Islamabad

DATE: 11 September 2023

UDIN: AR202310187y1LpoQnP7

STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	2023	2022
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
370,000,000 (2022: 370,000,000) ordinary shares of Rupees 10 each		3,700,000	3,700,000
30,000,000 (2022: 30,000,000) preference shares of Rupees 10 each		300,000	300,000
		4,000,000	4,000,000
Issued, subscribed and paid-up share capital	3	2,992,964	2,992,964
Reserves	4		
Capital reserves			
Share premium		986,077	986,077
Surplus on revaluation of freehold land		3,861,708	3,871,774
Own shares purchased for cancellation		(312,153)	-
		4,535,632	4,857,851
Revenue reserves			
General reserve		1,450,491	1,450,491
Unappropriated profit		17,415,710	14,998,382
		18,866,201	16,448,873
Reserves		23,401,833	21,306,724
Total equity		26,394,797	24,299,688
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	6,408,355	4,303,554
Deferred government grants	6	13,441	17,400
Gas Infrastructure Development Cess (GIDC) payable	7	-	-
Deferred income tax liability	8	1,503,053	860,560
		7,924,849	5,181,514
CURRENT LIABILITIES			
Trade and other payables	9	4,331,413	2,962,356
Accrued mark-up	10	483,829	108,158
Short term borrowings	11	6,894,851	5,234,795
Current portion of non-current liabilities	12	1,338,436	1,180,230
Unclaimed dividend		32,264	32,634
Taxation - net	13	485,779	923,139
		13,566,572	10,441,312
TOTAL LIABILITIES		21,491,421	15,622,826
CONTINGENCIES AND COMMITMENTS	14		
TOTAL EQUITY AND LIABILITIES		47,886,218	39,922,514

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

CHIEF EXECUTIVE OFFICER   DIRECTOR   CHIEF FINANCIAL OFFICER

	Note	2023	2022
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	19,218,251	13,112,163
Investment properties	16	-	1,824,360
Long term investments	17	11,078,733	11,106,754
Long term deposits	18	61,628	54,473
		30,358,612	26,097,750
CURRENT ASSETS			
Stores, spare parts and loose tools	19	1,069,324	985,823
Stock-in-trade	20	8,863,674	5,967,667
Trade debts	21	4,430,883	4,413,988
Advances	22	277,849	700,856
Short term deposits and prepayments	23	30,361	35,897
Other receivables	24	1,744,173	998,782
Short term investments	25	467,867	412,122
Cash and bank balances	26	643,475	309,629
		17,527,606	13,824,764
TOTAL ASSETS		47,886,218	39,922,514

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2023

	Note	2023	2022
		(Rupees in thousand)	
REVENUE	27	42,046,556	39,558,284
COST OF SALES	28	(34,566,123)	(29,389,027)
GROSS PROFIT		7,480,433	10,169,257
DISTRIBUTION COST	29	(1,319,918)	(1,594,678)
ADMINISTRATIVE EXPENSES	30	(1,039,808)	(747,220)
OTHER EXPENSES	31	(434,658)	(957,075)
		(2,794,384)	(3,298,973)
		4,686,049	6,870,284
OTHER INCOME	32	444,851	509,465
PROFIT FROM OPERATIONS		5,130,900	7,379,749
FINANCE COST	33	(1,667,308)	(804,123)
PROFIT BEFORE TAXATION		3,463,592	6,575,626
TAXATION	34	(1,056,330)	(1,834,903)
PROFIT AFTER TAXATION		2,407,262	4,740,723

	Note	2023	2022
		--------------Rupees--------------	
EARNINGS PER SHARE - BASIC AND DILUTED	35	8.05	15.84

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

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2023

	2023	2022
	(Rupees in thousand)	
PROFIT AFTER TAXATION	2,407,262	4,740,723
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	2,407,262	4,740,723

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

CHIEF EXECUTIVE OFFICER　　DIRECTOR　　CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

	Share capital	Reserves							Total reserves	Total equity
		Capital reserves				Revenue reserves				
		Share premium	Surplus on revaluation of freehold land	Own shares purchased for cancellation	Sub - Total	General reserve	Unappropriated profit	Sub - Total		
	(Rupees in thousand)									
Balance as at 01 July 2021	2,992,964	986,077	3,871,774	-	4,857,851	1,450,491	10,856,251	12,306,742	17,164,593	20,157,557
Transactions with owners:										
- final dividend for the year ended 30 June 2021 @ Rupee 1.00 per share	-	-	-	-	-	-	(299,296)	(299,296)	(299,296)	(299,296)
- interim dividend for the year ended 30 June 2022 @ Rupee 1.00 per share	-	-	-	-	-	-	(299,296)	(299,296)	(299,296)	(299,296)
	-	-	-	-	-	-	(598,592)	(598,592)	(598,592)	(598,592)
Profit for the year	-	-	-	-	-	-	4,740,723	4,740,723	4,740,723	4,740,723
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	4,740,723	4,740,723	4,740,723	4,740,723
Balance as at 30 June 2022	2,992,964	986,077	3,871,774	-	4,857,851	1,450,491	14,998,382	16,448,873	21,306,724	24,299,688
Own shares purchased during the year for cancellation (Note 4)	-	-	-	(312,153)	(312,153)	-	-	-	(312,153)	(312,153)
Surplus on revaluation of investment property (Note 4)	-	-	(10,066)	-	(10,066)	-	10,066	10,066	-	-
Profit for the year	-	-	-	-	-	-	2,407,262	2,407,262	2,407,262	2,407,262
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	2,407,262	2,407,262	2,407,262	2,407,262
Balance as at 30 June 2023	2,992,964	986,077	3,861,708	(312,153)	4,535,632	1,450,491	17,415,710	18,866,201	23,401,833	26,394,797

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

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	Note	2023	2022
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	4,233,854	5,963,692
Finance cost paid		(1,291,462)	(749,197)
Income tax paid		(851,197)	(1,204,522)
Workers' welfare fund paid		(58,307)	(29,740)
Workers' profits participation fund paid		(182,692)	(553,088)
Gas Infrastructure Development Cess (GIDC) paid		-	(9,222)
Net increase in long term deposits		(7,155)	(1,512)
Net cash generated from operating activities		1,843,041	3,416,411
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(5,265,764)	(3,186,982)
Proceeds from disposal of property, plant and equipment		26,910	70,994
Proceeds from disposal of long term investments		28,021	(28,058)
Short term investments - net		(55,745)	(278,219)
Advances to subsidiary company		-	(700,000)
Repayment of advances from subsidiary company		-	700,000
Interest received		131,736	40,523
Dividend received		19,241	22,331
Net cash used in investing activities		(5,115,601)	(3,359,411)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		3,093,962	1,946,684
Repayment of long term financing		(835,089)	(1,023,650)
Own share purchased for cancellation		(312,153)	-
Short term borrowings - net		1,660,056	(323,741)
Dividend paid		(370)	(596,550)
Net cash from financing activities		3,606,406	2,743
Net increase in cash and cash equivalents		333,846	59,743
Cash and cash equivalents at the beginning of the year		309,629	249,886
Cash and cash equivalents at the end of the year		643,475	309,629

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

CHIEF EXECUTIVE OFFICER   DIRECTOR   CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

1. THE COMPANY AND ITS OPERATIONS

1.1 Kohinoor Textile Mills Limited (the Company) is a public limited company incorporated in Pakistan under the Companies Act, 1913 (now the Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 42-Lawrence Road, Lahore. The principal activity of the Company is manufacturing of yarn and cloth, processing and stitching the cloth and trade of textile products.

1.2 Geographical location and addresses of all business units are as follows:

Sr. No.	Manufacturing units and office	Address
	Manufacturing units:	
1	Spinning and Home textile units	Peshawar Road, Rawalpindi.
2	Spinning unit	Gulyana Road, Gujar Khan, District Rawalpindi.
3	Weaving unit	8 K.M. Manga Raiwind Road, District Kasur.
	Head office	42-Lawrence Road, Lahore.

1.3 These financial statements are the separate financial statements of the Company. Consolidated financial statements of the Company are prepared separately. Details of the Company's investment in subsidiaries are stated in note 17 to these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

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

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

b) Accounting convention

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

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Financial instruments – fair value

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on conditions existing at the reporting date.

Useful lives, patterns of economic benefits and impairment

Estimates with respect to residual values, useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment and with a corresponding effect on the depreciation charge and impairment.

Inventories

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made on each reporting date on inventories for excess inventories, obsolescence and declines in net realizable value and an allowance is recorded against the inventory balances for any such declines.

Income tax

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

Allowance for expected credit losses

The allowance for Expected Credit Losses (ECLs) assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Provisions

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

Contingencies

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

Impairment of investment in subsidiary companies

In making an estimate of recoverable amount of the Company's investment in subsidiary companies, the management considers future cash flows.

Revenue from contracts with customers involving sale of goods

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

Revaluation of land (Note 45)

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

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2022:

- 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 amends IAS 1 'Presentation of Financial Statements'.

- Annual improvements to IFRS standards 2018-2020 which amended IFRS 9 'Financial Instruments' and IFRS 16 'Leases'.

- Reference to the Conceptual Framework (Amendments to IFRS 3)' published by the International Accounting Standards Board (IASB) with amendments to IFRS 3 'Business Combinations'.

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

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

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2022 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) Amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2023 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 states that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income taxes') effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors') effective for annual periods beginning on or after 1 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

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

On 22 September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 1 January 2024.

On 25 May 2023, the IASB issued 'Suppliers Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangement. The amendments are effective for reporting period beginning on or after 1 January 2024.

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

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

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

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

2.2 Employee benefit

The Company operates an approved funded provident fund scheme covering all its permanent employees. Equal monthly contributions are made both by the Company and employees at the rate of 8.33 percent of basic salary and cost of living allowance to the fund. The Company's contributions to the fund are charged to statement of profit or loss.

2.3 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

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

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

2.4 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Figures are rounded off to the nearest thousand of Pak Rupees.

2.5 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

2.6 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

2.7 Property, plant, equipment and depreciation

Operating fixed assets

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition. Freehold land is stated at revalued amount less any identified impairment loss.

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

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

Depreciation

Depreciation on operating fixed assets is charged to the statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the asset over their estimated useful lives at the rates given in note 15.1. Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are de-recognized. The residual values and useful lives of assets are reviewed by the management, at each financial year end and adjusted if impact on depreciation is significant.

De-recognition

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

Capital work-in-progress

Capital work-in-progress is stated at cost less identified 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 operating fixed assets as and when these are available for use.

2.8 Investment properties

Land and buildings held for capital appreciation or to earn rental income are classified as investment properties. Investment properties are carried at fair value which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The valuation of the properties is carried out with sufficient regularity.

Gain or loss arising from a change in the fair value of investment properties is recognized in the statement of profit or loss for the year in which it arises.

2.9 IFRS 16 "Leases"

Right-of-use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses (if any). Cost comprises of the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to statement of profit or loss as incurred.

Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortized cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

2.10 Investments and other financial assets

a) Classification

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

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

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

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

Debt instruments

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

Amortized cost

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

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is de-recognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/ (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss (FVTPL)

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

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognized in other income / (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

2.11 Financial liabilities - classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

2.12 Impairment of financial assets

The Company recognizes loss allowances for ECLs on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVTOCI; and
- Contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and

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

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

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

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

The Company has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

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

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

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

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

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

2.13 De-recognition of financial assets and financial liabilities

a) Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

b) Financial liabilities

The Company derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

2.14 Offsetting of financial instruments

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

2.15 Investment in subsidiaries

Investments in subsidiaries are stated at cost less impairment loss, if any, in accordance with the provisions of IAS 27 'Separate Financial Statements'.

2.16 Inventories

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

Stores, spare parts and loose tools

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

Stock-in-trade

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

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

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

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

2.17 Trade debts and other receivables

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

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

2.18 Borrowings

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

2.19 Borrowing cost

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

2.20 Trade and other payables

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

2.21 Cash and cash equivalents

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

2.22 Share capital

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

2.23 Revenue recognition

Sale of goods

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

Processing services

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

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

Interest

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

Dividend

Dividend on equity investments is recognized when right to receive the dividend is established.

Other revenue

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

2.24 Contract assets

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

2.25 Customer acquisition costs

Customer acquisition costs are capitalized as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortized on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

2.26 Customer fulfillment costs

Customer fulfillment costs are capitalized as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the Company that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfillment costs are amortized on a straight-line basis over the term of the contract.

2.27 Right of return assets

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

2.28 Contract liabilities

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

2.29 Refund liabilities

Refund liabilities are recognized where the Company receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Company does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

2.30 Derivative financial instruments

Derivatives are initially recognized at fair value. Any directly attributable transaction costs are recognized in the statement of profit or loss as incurred. They are subsequently remeasured at fair value on regular basis and at each reporting date as a minimum, with all their gains and losses, realized and unrealized, recognized in the statement of profit or loss.

2.31 Segment reporting

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

Segment results that are reported to the chief executive officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which can not be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has three reportable business segments. Spinning (Producing different quality of yarn using natural and artificial fibers), Weaving (Producing different quality of greige fabric using yarn) and Processing and Home Textile (Processing greige fabric for production of printed and dyed fabric and manufacturing of home textile articles).

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

2.32 Impairment of non-financial assets

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

2.33 Government grants

The Company follows deferral method of accounting for government grant related to subsidized long term loan. Government grant is initially recognized as deferred grant and measured as the difference between the initial carrying value of the long term loan recorded at market rate (i.e. fair value of the long term loan in this case) and the proceeds of subsidized long term loan received. In subsequent years, the grant is recognized in statement of profit or loss, in line with the recognition of interest expenses the grant is compensating and is presented as a reduction of related interest expense.

2.34 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. 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.

2.35 Contingent assets

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

2.36 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

2.37 Dividend and other appropriations

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

3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2023 (Number of Shares)	2022 (Number of Shares)		2023 (Rupees in thousand)	2022 (Rupees in thousand)
1,596,672	1,596,672	Ordinary shares of Rupees 10 each allotted on reorganization of Kohinoor Industries Limited	15,967	15,967
26,156,000	26,156,000	Ordinary shares allotted under scheme of arrangement of merger of Part II of Maple Leaf Electric Company Limited	261,560	261,560
26,858,897	26,858,897	Ordinary shares allotted under scheme of arrangement of merger of Kohinoor Raiwind Mills Limited and Kohinoor Gujar Khan Mills Limited	268,589	268,589
75,502,560	75,502,560	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	755,025	755,025
169,182,327	169,182,327	Ordinary shares of Rupees 10 each issued as fully paid in cash	1,691,823	1,691,823
299,296,456	299,296,456		2,992,964	2,992,964

	Note	2023 (Rupees in thousand)	2022
4. RESERVES			
Composition of reserves is as follows:			
Capital reserves			
Share premium	4.1	986,077	986,077
Surplus on revaluation of freehold land and investment properties:	4.2		
- Freehold land	15.1		
As at 01 July		2,608,182	2,608,182
Transferred from investment properties		1,253,526	-
		3,861,708	2,608,182
- Investment properties			
As at 01 July		1,263,592	1,263,592
Transferred to surplus on revaluation of freehold land		(1,253,526)	-
Transferred to unappropriated profit		(10,066)	-
As at 30 June		-	1,263,592
		3,861,708	3,871,774
Own shares purchased for cancellation	4.3	(312,153)	-
		4,535,632	4,857,851
Revenue reserves			
General reserve	4.4	1,450,491	1,450,491
Unappropriated profit		17,415,710	14,998,382
		18,866,201	16,448,873
		23,401,833	21,306,724

4.1 This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

4.2 This represents net accumulative increase in the carrying amount as a result of revaluation of freehold land. This surplus on revaluation of freehold land is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

4.3 This represents 5.986 million own ordinary shares purchased by the Company during the year, for the purpose of cancellation, from 13 March 2023 to 30 June 2023 at market price prevailing at the date of purchase. The purchase was made pursuant to the approvals of Board of Directors and the Shareholders of the Company in their meeting held on 06 February 2023 and 03 March 2023 respectively, where the Company was allowed to purchase / buy back its issued ordinary shares up to the maximum of 30 million ordinary shares, through Pakistan Stock Exchange Limited, at spot / current share price prevailing during the period from 13 March 2023 to 29 August 2023. Subsequent to the year end, the Company has purchased further 24.011 million issued ordinary shares and cancelled the entire 29.997 million issued order share.

4.4 This represents reserve created out of profits for general purposes.

	Note	2023 (Rupees in thousand)	2022
5. LONG TERM FINANCING			
Long term loans:			
From banking companies and other financial institutions - secured	5.1	7,432,812	5,164,912
Less: Current portion shown under current liabilities	12	(1,024,457)	(861,358)
		6,408,355	4,303,554

LENDER	2023	2022	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST PAYABLE	SECURITY
	.....Rupees in thousand.....						
5.1 Long term loans							
The Bank of Punjab	-	18,263	600,000	SBP LTFF rate + 2.50%	Sixteen equal quarterly installments commenced from 09 September 2016 and ended on 07 November 2022.	Quarterly	Joint pari passu charge amounting to Rupees 2,861.643 million (inclusive of 25% margin) over plant and machinery and mortgage charge of Rupees 934 million on land measuring 43 Acres, 07 Kanal and 12 Marlas of the Company.
	285,318	335,002	400,000	SBP LTFF rate + 1.00%	Thirty six equal quarterly installments commenced from 31 January 2018 and ending on 19 February 2030.	Quarterly	
	348,269	424,764	500,000	SBP LTFF rate + 1.00%	Twenty four equal quarterly installments commenced from 26 February 2019 and ending on 02 July 2030.	Quarterly	
	363,600	400,000	400,000	SBP LTFF rate + 1.00%	Twenty four unequal quarterly installments commenced from 03 February 2023 and ending on 09 February 2029.	Quarterly	
	349,917	364,439	500,000	SBP LTFF rate + 1.00%	Twenty four unequal quarterly installments commenced from 21 January 2023 and ending on 24 July 2029.	Quarterly	
	82,638			3 Month Kibor + 1%			
	432,555					Quarterly	
	459,269	-	500,000	3 Month Kibor + 1%	Twenty four unequal quarterly installments commencing from 14 November 2023 and ending on 07 May 2030	Quarterly	
	1,889,011	1,542,468	2,900,000				
MCB Bank Limited	123,825	123,825	123,825	SBP LTFF rate + 1.00%	Thirty two unequal quarterly installments commencing from 12 November 2023 and ending on 12 August 2031.	Quarterly	Joint pari passu charge amounting to Rupees 3,816 million (inclusive of 25% margin) over plant and machinery of the Company.
MCB Bank Limited	1,732,699	-	1,750,000	3 Month Kibor + 1%	Thirty two unequal quarterly installments commencing from 21 October 2024 and ending on 20 November 2032.	Quarterly	
MCB Bank Limited (Note 5.1.1)	465,719	466,488	488,011	SBP TERF rate + 1.00%	Twenty four equal quarterly installments commenced from 25 May 2023 and ending on 04 June 2031.	Quarterly	
	2,322,243	590,313	2,361,836				
National Bank of Pakistan	333,515	395,274	500,000	SBP LTFF rate + 1.00%	Twelve equal half yearly installments commenced from 30 June 2018 and ending on 27 October 2027.	Half yearly	Joint pari passu charge amounting to Rupees 2,192.493 million (inclusive of 25% margin) over plant and machinery of the Company.
	131,395	166,455	218,000	SBP LTFF rate + 1.25%	Twelve equal half yearly installments commenced from 27 June 2020 and ending on 09 June 2027.	Half yearly	
	113,968	136,762	143,000	SBP LTFF rate + 1.00%	Twelve unequal half yearly installments commenced from 03 March 2023 and ending on 03 March 2028.	Half yearly	
	374,646	500,000	500,000	SBP LTFF rate + 1.00%	Twelve unequal half yearly installments commenced from 10 September 2022 and ending on 23 April 2029.	Half yearly	
	122,337			6 Month Kibor + 1.5%			
	496,983						
	184,453	257,591	500,000	SBP LTFF rate + 1.25%	Twelve unequal half yearly installments commenced from 30 March 2021 and ending on 24 January 2027.	Half yearly	
	1,260,314	1,456,082	1,861,000				

LENDER	2023	2022	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST PAYABLE	SECURITY
	.....Rupees in thousand.....						
PAIR Investment Company Limited	92,308	132,011	180,500	SBP LTFF rate + 1%	Twenty four equal quarterly installments commenced from 17 July 2018 and ending on 23 August 2026.	Quarterly	Joint pari passu charge amounting to Rupees 324.64 million (inclusive of 25% margin) over plant and machinery of the Company.
	101,077	118,170	119,500	SBP LTFF rate + 1.5%	Twenty unequal quarterly installments commenced from 14 June 2022 and ending on 02 August 2028.	Quarterly	
	193,385	250,181	300,000				
United Bank Limited	144,048	68,894	500,000	SBP LTFF rate + 1.25%	Twenty unequal quarterly installments commencing from 01 April 2024 and ending on 16 February 2030.	Quarterly	Joint pari passu charge amounting to Rupees 1,066.667 million (inclusive of 25% margin) over plant and machinery of the Company.
	27,341			3 Month Kibor + 1%			
	171,389						
	300,000	-	300,000	3 Month Kibor + 1%	Twenty equal quarterly installments commencing from 13 September 2023 and ending on 13 December 2029.	Quarterly	
	471,389	68,894	800,000				
Askari Bank Limited	109,802	141,180	350,000	SBP LTFF rate + 1.25%	Thirty six equal quarterly installments commenced from 28 January 2018 and ending on 31 October 2027.	Quarterly	Joint pari passu charge amounting to Rupees 467 million (inclusive of 25% margin) over land and building and Rupees 178 million (inclusive of 25% margin) over plant and machinery of Raiwind Division.
Allied Bank Limited	388,100	464,293	500,000	SBP LTFF rate + 1.00%	Twenty four equal quarterly installments commenced from 21 July 2021 and ending on 20 December 2028.	Quarterly	Joint pari passu charge amounting to Rupees 1,839.453 million (inclusive of 25% margin) over plant and machinery of the Company.
Allied Bank Limited	381,708	385,025	800,000	SBP LTFF rate + 1.00%	Twenty four unequal quarterly installments commenced from 24 January 2023 and ending on 20 June 2030.	Quarterly	
	416,860			3 Month Kibor + 0.75%			
	798,568						
Allied Bank Limited (NOTE 5.1.2)	-	266,476	1,000,000	SBP LTFF rate for payment of wages & salaries + 0.5% to 1.00%	Eight equal quarterly installments commenced from 31 January 2021 and ended on 25 November 2022.	Quarterly	
	1,186,668	1,115,794	2,300,000				
	7,432,812	5,164,912	10,872,836				

5.1.1 This represents long-term loan obtained under "SBP Temporary Economic Refinance Facility" for import of plant and machinery. The facility carries markup at the rate of 1% per annum. The loan has been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using market rates. The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) and as per selected opinion issued in November 2020 by the Institute of Chartered Accountants of Pakistan.

The reconciliation of the carrying amount is as follows:

	Note	2023	2022
		(Rupees in thousand)	
Balance at beginning of the year		466,488	418,522
Disbursements during the year		-	46,477
Repayments during the year		(4,892)	-
		461,596	464,999
Discounting adjustments for recognition at fair value - deferred government grant		-	(2,481)
Unwinding of discount on liability		4,123	3,970
Balance as at end of the year		465,719	466,488

5.1.2 These represent long-term loans obtained under "SBP Refinance Scheme for payment of wages and salaries to workers". The effective interest rate is calculated at 7.75% and the loans have been recognized at the present value. These loans are repayable in 8 equal quarterly installments commenced from 31 January 2021 discounted at the effective rate of interest. The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan. The reconciliation of the carrying amount is as follows:

	Note	2023	2022
		(Rupees in thousand)	
Balance at beginning of the year		266,476	711,395
Repayments during the year		(271,380)	(478,620)
		(4,904)	232,775
Unwinding of discount on liability		4,904	33,701
Balance as at end of the year		-	266,476

5.2. Effective rate of mark-up charged during the year on these finances ranged from 0.5% to 23.07% (2022: 0.5% to 16.05%) per annum.

	Note	2023	2022
		(Rupees in thousand)	
6. DEFERRED GOVERNMENT GRANTS			
At beginning of the year		26,427	61,617
Government grant recognized during the year	6.1	-	2,481
Less: Amortisation of deferred government grant during the year		(9,027)	(37,671)
		17,400	26,427
Less: Current portion of deferred government grant	12	(3,959)	(9,027)
		13,441	17,400

6.1 This represents deferred government grants in respect of long term loan obtained under "SBP Temporary Economic Refinance Facility" for import of plant and machinery and SBP Refinance Scheme for payment of wages and salaries to workers as disclosed in note 5.1.1 & 5.1.2 to the financial statements, respectively. There are no unfulfilled conditions or other contingencies attached to these grants.

	Note	2023	2022
		(Rupees in thousand)	
7. GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC) PAYABLE			
Balance at the beginning of the year		309,845	243,471
Add: Adjustment during the year		-	69,231
Add: Unwinding of discount on GIDC payable	33	175	11,789
Less: Gain on remeasurement of GIDC	32	-	(5,424)
Less: Payments made during the year		-	(9,222)
		310,020	309,845
Less: Current portion of GIDC payable	12	(310,020)	(309,845)
	7.1	-	-

7.1 This represents Gas Infrastructure Development Cess (GIDC) that was levied through GIDC Act, 2015. During the year ended 30 June 2021, Honorable Supreme Court of Pakistan upheld the GIDC Act, 2015 to be constitutional and intra vires. The Company has filed a review petition in Honorable Sindh High Court Karachi which is pending adjudication. The Company is to pay the balance amount of GIDC in 24 equal monthly installments. However, GIDC payable has been recorded at amortized cost in accordance with IFRS 9.

	Note	2023	2022
		(Rupees in thousand)	
8. DEFERRED INCOME TAX LIABILITY			
This comprises of following:			
Deferred tax liability on taxable temporary differences in respect of:			
Accelerated tax depreciation		1,566,930	904,357
Deferred tax asset on deductible temporary differences in respect of:			
Allowance for expected credit losses		(59,794)	(41,264)
Provision against obsolete stock in trade		(1,522)	(1,288)
Provision against slow moving stores, spare parts and loose tools		(2,561)	(1,245)
		(63,877)	(43,797)
	8.1	1,503,053	860,560
8.1 Movement in deferred tax balances is as follows:			
At beginning of the year		860,560	671,102
Recognized in statement of profit or loss:			
- accelerated tax depreciation on operating fixed assets		662,573	209,891
- allowance for expected credit losses		(18,530)	(20,126)
- provision against obsolete stock in trade		(234)	(156)
- provision against slow moving stores, spare parts and loose tools		(1,316)	(151)
	34	642,493	189,458
		1,503,053	860,560

	Note	2023	2022
		(Rupees in thousand)	

9. TRADE AND OTHER PAYABLES

	Note	2023	2022
Creditors		2,235,852	1,101,941
Accrued liabilities		538,765	647,417
Duties and taxes		552,402	516,122
Sindh infrastructure development cess	9.1	349,878	198,652
Contract liabilities - unsecured		333,800	205,600
Workers' welfare fund	9.2	207,314	194,936
Payable to subsidiary company - Maple Leaf Cement Factory Limited - net		11,665	38,402
Withholding income tax payable		27,086	5,779
Payable to employees' provident fund trust		17,933	13,759
Retention money payable		55,459	39,394
Others		1,259	354
		4,331,413	2,962,356

9.1 Sindh infrastructure development cess

	Note	2023	2022
Balance as at 01 July		198,652	99,238
Add: Provision for the year		151,226	99,414
Balance as at 30 June	9.1.1	349,878	198,652

9.1.1 This represents provision for infrastructure cess imposed by the Province of Sindh through Sindh Finance Act, 1994 and its subsequent versions including the final version i.e. Sindh Development and Maintenance of Infrastructure Cess Act, 2017. The Company filed writ petition in Honorable Sindh High Court, Karachi whereby stay was granted and directions were given to provide bank guarantees in favor of Director Excise and Taxation, Karachi. The Honorable Sindh High Court, Karachi passed order dated 04 June 2021 against the Company and directed to encash bank guarantees. Being aggrieved by the order, the Company along with others filed petitions for leave to appeal before Honorable Supreme Court of Pakistan against the Sindh High Court's judgment in relation to Sindh infrastructure development cess. On 01 September 2021, after hearing the petitioners, the Honorable Supreme Court dictated the order in open court granting leave to appeal to the petitioners and restraining the Sindh Government from encashing the bank guarantees furnished in pursuance of the interim orders passed by the Sindh High Court. The Honorable Supreme Court also directed the release of future consignments subject to furnishing of bank guarantees for the disputed amount.

9.2 Workers' welfare fund

	Note	2023	2022
		(Rupees in thousand)	
Balance as on 01 July		194,936	90,480
Provision for the year	31	70,685	134,196
		265,621	224,676
Less: Payment during the year		(58,307)	(29,740)
		207,314	194,936

	Note	2023	2022
		(Rupees in thousand)	

10. ACCRUED MARK-UP

Long term financing		198,924	48,339
Short term borrowings		284,905	59,819
		483,829	108,158

11. SHORT TERM BORROWINGS

From banking companies - secured			
Short term running finances	11.1 & 11.2	208,524	104,103
Other short term finances	11.1 & 11.3	2,404,661	814,500
State Bank of Pakistan (SBP) refinances	11.1 & 11.4	4,278,931	4,278,931
Temporary overdraft	11.5	2,735	37,261
		6,894,851	5,234,795

11.1 These finances are obtained from banking companies under mark up arrangements and are secured by pledge of raw materials, charge on current assets of the Company including hypothecation of work-in-process, stores and spares, letters of credit, firm contracts and book debts. These form part of total credit facilities of Rupees 13,908 million (2022: Rupees 12,525 million). Markup on these finances is payable quarterly or at maturity.

11.2 The rates of mark-up range from 15.16% to 23.08% (2022: 8.50% to 15.31%) per annum on balance outstanding.

11.3 The rates of mark-up range from 15.25% to 23.05% (2022: 1.15 % to 16.16%) per annum on balance outstanding.

11.4 The rates of mark-up range from 3.0% to 18.0% (2022: 3.0% to 7.50%) per annum on balance outstanding.

11.5 This represents temporary overdraft due to cheques issued by the Company at the statement of financial position date.

	Note	2023	2022
		(Rupees in thousand)	

12. CURRENT PORTION OF NON-CURRENT LIABILITIES

Long term financing	5	1,024,457	861,358
Deferred government grants	6	3,959	9,027
Current portion of GIDC payable	7	310,020	309,845
		1,338,436	1,180,230

	Note	2023	2022
		(Rupees in thousand)	

13. TAXATION - NET

	Note	2023	2022
Balance as at 01 July		923,139	482,216
Add: Provision for the year	34	413,837	1,645,445
Less: Tax deducted at source / paid during the year		(851,197)	(1,204,522)
Balance as at 30 June		485,779	923,139

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

a) The Company filed income tax return for the tax year 2011 having tax loss amounting to Rupees 721.390 million and creating a refund of Rupees 107.808 million. Assessment under section 122(5A) dated 12 June 2017 of the Income Tax Ordinance, 2001 was finalized by restricting loss to Rupees 435.435 million and reducing refund to Rupees Nil. The Company filed an appeal before Commissioner Inland Revenue (Appeals) (CIR(A)) who granted partial relief to the Company vide order dated 08 March 2021. Another assessment under section 122(5A) dated 14 February 2017 was finalized by creating a demand of Rupees 12.185 million. The Company filed an appeal before CIR(A) who upheld the order of assessing officer through order dated 28 January 2021. The Company filed appeals before Honorable Appellate Tribunal Inland Revenue (ATIR) against above orders which are still pending for hearing. No provision has been made in these financial statements as the Company, based on the advice of its legal counsel is hopeful of a favorable outcome .

b) The Company filed income tax return for tax year 2012 having tax loss of Rupees 766.104 million and creating a refund of Rupees 56.126 million. An assessment under section 221 of the Income Tax Ordinance, 2001 has been finalized on the issue that full and final tax on exports cannot be adjusted against minimum tax @ 1% and creating demand of Rupees 49.807 million and the same has been upheld by the CIR(A). The impugned demand has been adjusted against refund for tax year 2013. An appeal has been filed by the Company in ATIR, ATIR vide order dated 04 April 2022 remanded back the case to assessing officer. The department filed an appeal before Honorable Lahore High Court, which was fixed for hearing on 07 February 2023 and is pending adjudication. Furthermore, an assessment under section 122(5A) of the Income Tax Ordinance, 2001 dated 22 December 2017 has been finalized and taxable income has been assessed at Rupees 520.126 million by creating demand of Rupees 91.535 million. The Company filed an appeal before CIR(A) who, vide its order dated 08 March 2021, granted relief on major issues, while upheld the order on various other issues. The Company filed appeal before the Honorable Appellate Tribunal Inland Revenue where the case is still pending. No provision has been made in these financial statements as the Company is hopeful of a favorable outcome based on the advice of its legal counsel.

c) The Company filed income tax return for tax year 2014 having tax loss of Rupees 178.170 million and creating a refund of Rupees 11.051 million. An assessment under section 122(1) of the Income Tax Ordinance, 2001 has been finalized and taxable income had been assessed at Rupees 234.312 million creating demand of Rupees 22.462 million. The Company filed an appeal before CIR(A) who granted relief on major issues, while upheld the order on various other issues. The Company filed appeal before the ATIR who, vide its order dated 25 January 2021, decided the case in favour of the Company. The department has filed appeal against this order in Lahore High Court which is pending adjudication. No provision has been made in these financial statements as the Company is hopeful of a favorable outcome based on the advice of its legal counsel.

d) The Company filed income tax return for the tax year 2018 having taxable income amounting to Rupees 483.836 million and creating a refund of Rupees 138.836 million. Assessment under section 122 (5A) dated 30 January 2023 of the Income Tax Ordinance, 2001 was finalized and taxable income had been assessed at Rupees 725.486 million, creating demand of Rupees 81.153 million. The Company has paid an amount of Rupees 30 million under protest and filed an appeal before CIR(A) which is pending adjudication. No provision has been made in these financial statements as the Company is hopeful of a favorable outcome based on the advice of its legal counsel.

e) The Company has filed a petition against the National Highway Authority's (NHA) demand for payment of registration fee of Rupees 75 million in accordance with the National Highway Authority Act of 1991. The argument is based on the fact that the Company is registered with relevant local bodies at the time of its establishment and that registration with NHA is not required. Moreover, legislation cannot be applied retrospectively to any company. A single bench of the Lahore High Court granted interim relief in favour of the Company in its order dated 22 October 2020, and the issue is presently pending adjudication. No provision has been made in these financial statements as the Company is hopeful of favorable outcome based on the advice of its legal counsel.

f) On 31 August 2021, a sales tax demand of Rupees 2,390.023 million along with penalty of Rupees 120.001 million under section 11 of Sales Tax Act, 1990 was created for the tax period July 2016 to June 2019. The Company filed an appeal before CIR(A) who decided the issues of claim of input tax relating to purchases and levy of further tax in favour of the Company while the remaining issues were annulled and remanded back to the department through order dated 29 October 2021. Pursuant to order passed by the CIR(A), Deputy Commissioner Inland Revenue (DCIR) commenced remand back proceedings vide notice dated 05 January 2022, for fresh consideration of the issues remanded back by the CIR(A). However, the Company has filed an appeal against the order of the CIR(A) before the ATIR which is pending adjudication. The management, based on advice of the legal counsel, is confident of favorable outcome of its appeal.

g) The Company and tax authorities filed appeals before different appellate authorities regarding sales tax and custom duty matters. Pending the outcome of appeals filed by the Company and tax authorities, no provision has been made in these financial statements which on the basis adopted by the authorities would amount to Rupees 451.507 million (2022: Rupees 358.538 million), since the Company has strong grounds against the assessments framed by the relevant authorities.

h) The Company filed recovery suit in Lahore High Court, Rawalpindi Bench amounting to Rupees14.683 million (2022: Rupees 14.683 million) against supplier for goods supplied by him. Pending the outcome of the cases, no provision has been made in these financial statements since the Company is confident about favorable outcome of the cases based on the advice of its legal counsel.

i) The Company filed suits before Civil Court, Rawalpindi and Lahore High Court, against demands raised by Sui Northern Gas Pipelines Limited (SNGPL) amounting to Rupees 72.811 million. No provision has been made in these financial statements, since the Company is confident about favorable outcome based on the advice of its legal counsel.

j) Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies aggregate to Rupees 731.610 million (2022: Rupees 624.323 million).

14.2 Commitments in respect of:

a) Contracts for capital expenditures amounting to Rupees 61.542 million (2022: Rupees Nil).

b) Letters of credit for capital expenditure amounting to Rupees 600.809 million (2022: Rupees 2,994.800 million).

c) Letters of credit other than for capital expenditure amounting to Rupees 1,269.175 million (2022: Rupees 2,244.977 million).

	Note	2023	2022
		(Rupees in thousand)	
15. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	15.1	17,848,405	11,272,055
Capital work-in-progress	15.2	1,369,846	1,840,108
		19,218,251	13,112,163

15.1 Operating fixed assets

	Freehold land	Office buildings	Factory and other buildings	Residential and other buildings	Plant and machinery	Services and other equipment	Computer and IT installations	Furniture and fixtures	Office equipment	Vehicles	Total
	(Rupees in thousand)										
At 30 June 2021											
Cost / revalued amount	2,768,287	39,088	1,816,824	157,205	11,625,939	70,054	146,879	143,049	70,412	309,482	17,147,219
Accumulated depreciation	-	(9,716)	(931,827)	(78,380)	(5,607,054)	(40,360)	(111,063)	(65,728)	(37,128)	(146,592)	(7,027,848)
Net book value	2,768,287	29,372	884,997	78,825	6,018,885	29,694	35,816	77,321	33,284	162,890	10,119,371
Year ended 30 June 2022											
Opening net book value	2,768,287	29,372	884,997	78,825	6,018,885	29,694	35,816	77,321	33,284	162,890	10,119,371
Additions	-	-	-	25,105	6,250	670	8,791	5,823	15,210	31,914	93,763
Transfers from capital work in progress (Note 15.2)	-	-	237,922	2,499	1,556,654	-	-	-	-	42,946	1,840,021
Disposals:											
Cost	-	-	-	-	(86,091)	-	(873)	-	-	(39,196)	(126,160)
Accumulated depreciation	-	-	-	-	68,876	-	635	-	-	30,472	99,983
	-	-	-	-	(17,215)	-	(238)	-	-	(8,724)	(26,177)
Depreciation charge	-	(351)	(89,431)	(6,667)	(606,128)	(3,132)	(11,056)	(3,115)	(3,921)	(31,122)	(754,923)
Closing net book value	2,768,287	29,021	1,033,488	99,762	6,958,446	27,232	33,313	80,029	44,573	197,904	11,272,055
At 30 June 2022											
Cost / revalued amount	2,768,287	39,088	2,054,746	184,809	13,102,752	70,724	154,797	148,872	85,622	345,146	18,954,843
Accumulated depreciation	-	(10,067)	(1,021,258)	(85,047)	(6,144,306)	(43,492)	(121,484)	(68,843)	(41,049)	(147,242)	(7,682,788)
Net book value	2,768,287	29,021	1,033,488	99,762	6,958,446	27,232	33,313	80,029	44,573	197,904	11,272,055
Year ended 30 June 2023											
Opening net book value	2,768,287	29,021	1,033,488	99,762	6,958,446	27,232	33,313	80,029	44,573	197,904	11,272,055
Additions	-	-	85,711	-	231,495	16,021	13,112	3,335	5,919	65,391	420,984
Tranfers from:											
Capital work in progress (Note 15.2)	-	-	834,079	131,854	4,299,368	-	-	-	-	49,741	5,315,042
Investment properties (Note 16)	1,799,335	25,025	-	-	-	-	-	-	-	-	1,824,360
	1,799,335	25,025	834,079	131,854	4,299,368	-	-	-	-	49,741	7,139,402
Disposals:											
Cost	-	-	-	-	(37,805)	-	(964)	-	-	(37,473)	(76,242)
Accumulated depreciation	-	-	-	-	28,122	-	658	-	-	28,109	56,889
	-	-	-	-	(9,683)	-	(306)	-	-	(9,364)	(19,353)
Depreciation charge	-	(1,064)	(104,979)	(13,089)	(784,897)	(3,752)	(10,757)	(3,132)	(4,482)	(38,531)	(964,683)
Closing net book value	4,567,622	52,982	1,848,299	218,527	10,694,729	39,501	35,362	80,232	46,010	265,141	17,848,405
At 30 June 2023											
Cost / revalued amount	4,567,622	64,113	2,974,536	316,663	17,595,810	86,745	166,945	152,207	91,541	422,805	26,438,987
Accumulated depreciation	-	(11,131)	(1,126,237)	(98,136)	(6,901,081)	(47,244)	(131,583)	(71,975)	(45,531)	(157,664)	(8,590,582)
Net book value	4,567,622	52,982	1,848,299	218,527	10,694,729	39,501	35,362	80,232	46,010	265,141	17,848,405
Depreciation rate (%)	-	5	5 - 10	5 - 10	10	10	30	10	10	20	

15.1.1 Freehold land was revalued by an independent valuer Anderson Consulting (Private) Limited (Evaluators, Surveyors, Stock Inspectors, Architects & Engineers) as at 30 June 2023. Book value of freehold land on cost basis is Rupees 705.914 million (2022: Rupees 160.105 million) as at 30 June 2023. Had there been no revaluation, the value of freehold land would have been lower by Rupees 3,861.708 million (2022: Rupees 2,608.182 million). Forced sale value of freehold land is Rupees 3,882.480 million (2022: Rupees 2,353.044 million).

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

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / Loss	Mode of disposal	Particulars of purchasers
	---------------(Rupees in thousand) ---------------						
Plant and Machinery							
Machine Schlafhorst Auto Winder RM-338	10,789	8,649	2,140	4,949	2,809	Negotiation	H.A. Haq Spinning Mills (Private) Limited, Faisalabad
Machine Schlafhorst Auto Winder RM-338	12,430	9,408	3,022	4,949	1,927	Negotiation	H.A. Haq Spinning Mills (Private) Limited, Faisalabad
Machine Schlafhorst Auto Winder RM-338	10,936	9,016	1,920	2,520	600	Negotiation	H.A. Haq Spinning Mills (Private) Limited, Faisalabad
Dryer Refriger	2,100	487	1,613	726	(887)	Negotiation	M/S AirMec, Lahore
Dryer Refriger	1,550	562	988	684	(304)	Negotiation	M/S AirMec, Lahore
	37,805	28,122	9,683	13,828	4,145		
Vehicles							
Honda City LEF-16-7093	1,842	1,245	597	1,502	905	Negotiation	Tabassum Hassan, Company's employee, Lahore
Honda Vezel LED-16-208	3,709	2,576	1,133	1,974	841	Negotiation	Miss Sadia Mohsin, Lahore
Toyota Corolla LEC-19-585	2,475	1,251	1,224	2,062	838	Negotiation	Shahid Farooq, Company's employee, Lahore
Porsche Jeep LEE-13-3	27,646	21,624	6,022	6,022	-	Negotiation	Maple Leaf Cement Factory Limited, Lahore
	35,672	26,696	8,976	11,560	2,584		
Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000	2,765	2,071	694	1,522	828		
	76,242	56,889	19,353	26,910	7,557		

	Note	2023 (Rupees in thousand)	2022

15.1.3 Depreciation charged during the year has been allocated as follows:

	Note	2023	2022
Cost of sales	28	895,917	701,565
Administrative expenses	30	68,766	53,358
		964,683	754,923

15.1.4 Particulars of immovable properties (i.e. land and buildings) are as follows:

Location	Usage of Immovable Property	Total Area (Acres)	Covered Area ("000" Sqr meters)
Peshawar Road, Rawalpindi	Manufacturing facilities	64.68	1,147.55
Residential and offices		56.58	832.57
Land		43.95	-
8 KM, Manga Raiwind Road, District Kasur	Manufacturing facilities	13.22	280.26
	Residential and offices	8.11	122.58
Land		11.24	-
Gulyana Road, Gujar Khan, District Rawalpindi	Manufacturing facilities	13.18	279.62
	Residential and offices	23.96	177.69
	Land	13.54	
42-Lawrence Road, Lahore	Land and building	4.69	2.42
		253.15	2,842.69

15.2 Capital work in progress

	Note	Civil works and buildings	Plant and machinery	Advances for capital expenditure	Total
		--------(Rupees in thousand)--------			
At 30 June 2021		175,859	408,896	2,155	586,910
Add: Additions during the year		500,798	2,178,994	413,427	3,093,219
Less: Transferred to operating fixed assets during the year	15.1	(240,421)	(1,556,654)	(42,946)	(1,840,021)
At 30 June 2022		436,236	1,031,236	372,636	1,840,108
Add: Additions during the year		709,105	3,746,784	388,891	4,844,780
Less: Transferred to operating fixed assets during the year	15.1	(951,717)	(3,940,949)	(422,376)	(5,315,042)
At 30 June 2023		193,624	837,071	339,151	1,369,846

16. INVESTMENT PROPERTIES

	Note	2023 (Rupees in thousand)	2022
Year ended 30 June			
Opening net book value		1,824,360	1,824,360
Transferred to operating fixed assets	16.1	(1,824,360)	-
Closing net book value		-	1,824,360

16.1 Investment properties comprising land and building situated at Rawalpindi and Lahore have been transferred to property, plant and equipment due to change in use. The fair value of investment properties have been determined by an independent valuer, Anderson Consulting (Private) Limited (Evaluators, Surveyors, Stock Inspectors, Architects & Engineers) at the date of transfer (i.e. 31 December 2022) on the basis of their professional assessment of the current prices in an active market for similar properties in the same location and condition.

	Note	2023	2022
		(Rupees in thousand)	
17. LONG TERM INVESTMENTS			
Equity instruments	17.1	11,078,733	11,078,733
Debt instruments - at amortized cost:			
Term deposit receipts:			
- United Bank Limited		-	13,950
- MCB Bank Limited		-	13,927
		-	27,877
Add: Accrued markup		-	144
		-	28,021
		11,078,733	11,106,754

17.1 Equity instruments - subsidiary companies:

	Note	2023	2022
Maple Leaf Cement Factory Limited - Quoted	17.1.1	8,578,733	8,578,733
Maple Leaf Capital Limited - Un-quoted	17.1.2	2,500,000	2,500,000
		11,078,733	11,078,733

17.1.1 The Company holds 606,497,944 (2022: 606,497,944) ordinary shares of Rupees 10 each of Maple Leaf Cement Factory Limited. Equity held 56.51% (2022: 55.22%).

17.1.2 The Company holds 250,000,000 (2022: 250,000,000) ordinary shares of Rupees 10 each of Maple Leaf Capital Limited. Equity held 82.92% (2022: 82.92%).

18. LONG TERM DEPOSITS

These mainly include interest free deposits made to utility companies for provision of utility connections.

	Note	2023	2022
		(Rupees in thousand)	
19. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores	19.1	986,044	911,718
Spare parts and loose tools		89,846	77,877
		1,075,890	989,595
Less: Provision against slow moving stores, spare parts and loose tools	19.2	(6,566)	(3,772)
		1,069,324	985,823

19.1 This includes stores in transit of Rupees 0.16 million (2022: Rupees 46.813 million).

	Note	2023	2022
		(Rupees in thousand)	
19.2 Provision against slow moving stores and spares			
As at 01 July		3,772	3,772
Add: Provision for the year	31	2,794	-
As at 30 June		6,566	3,772

20. STOCK-IN-TRADE

	Note	2023	2022
Raw materials	20.1 & 20.2	4,172,047	3,150,732
Work-in-process		1,371,247	925,168
Finished goods	20.3	3,324,284	1,895,671
		8,867,578	5,971,571
Less: Provision against obsolete stock in trade		(3,904)	(3,904)
		8,863,674	5,967,667

20.1 Raw materials include stock in transit of Rupees 85.971 million (2022: Rupees 162.638 million). Further, Raw materials of Rupees 20.772 million (2022: Rupees 200.016 million) are being carried at net realizable value and the aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 0.619 million (2022: Rupees 139.533 million).

20.2 Raw materials include stock amounting to Rupees 3.228 million (2022: Rupees 20.224 million) with external parties for processing.

20.3 Finished goods include stock in transit of Rupees 169.372 million (2022: Rupees 126.121 million). Further, finished goods of Rupees 432.802 million (2022: Rupees 243.416 million) are being carried at net realizable value and the aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 28.737 million (2022: Rupees 39.297 million).

21. TRADE DEBTS

	Note	2023	2022
		(Rupees in thousand)	
Considered good:			
Secured (against letters of credit)		2,481,959	2,634,803
Unsecured		2,102,243	1,904,226
		4,584,202	4,539,029
Less: Allowance for expected credit losses	21.2	(153,319)	(125,041)
		4,430,883	4,413,988

21.1 Revenue from the sale of goods is recognized at the time of delivery, while payment is generally due within 30 to 90 days from delivery in case of local sales, and 45 to 120 days in case of export sales.

	Note	2023	2022
		(Rupees in thousand)	
21.2 Allowance for expected credit losses			
Opening balance		125,041	72,888
Recognized during the year	31	41,369	52,153
Trade debts written off during the year		(13,091)	-
Balance at end of year		153,319	125,041

21.3 As at 30 June 2023, trade debts of Rupees 1,758.038 million (2022: Rupees 1,646.542 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

	2023	2022
	(Rupees in thousand)	
Upto 1 month	1,233,297	1,074,815
1 to 6 months	482,715	561,664
More than 6 months but less than one year	40,881	633
More than one year	1,145	9,430
	1,758,038	1,646,542

21.4 Default is triggered when more than 360 days have passed. As at the reporting date there were no defaulting parties of outstanding trade debts from export sales.

21.5 The majority of export debtors of the Company are situated in Asia, Europe and America.

22. ADVANCES

	Note	2023	2022
		(Rupees in thousand)	
Considered good:			
Advances to Employees - interest free	22.1		
- Executives	22.2	2,883	6,740
- Other employees		1,943	1,980
		4,826	8,720
Advances to suppliers - unsecured and considered good		245,423	582,262
Advances against letters of credit		27,600	109,874
		277,849	700,856

22.1 These represent short term advances given to employees as per Company's policy for general purposes. These are secured against employee benefits. These are interest free and are not carried at amortized cost as the impact was considered immaterial.

22.2 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 6.176 million (2022: Rupees 6.740 million).

23. SHORT TERM DEPOSITS AND PREPAYMENTS

	Note	2023	2022
		(Rupees in thousand)	
Short term deposits		8,681	4,426
Short term prepayments		21,680	31,471
		30,361	35,897

	Note	2023	2022
		(Rupees in thousand)	

24. OTHER RECEIVABLES

Considered good:

	Note	2023	2022
Sales tax refundable		1,484,651	762,635
Custom duty receivable		15,993	15,993
Mark up rate support receivable from financial institutions		3,633	3,633
Export rebate		66,468	39,427
Duty draw back receivable		136,705	136,705
Receivable from Workers' profits participation fund	24.1	34,597	32,435
Due from subsidiary company - Maple Leaf Capital Limited		-	4,240
Others		2,126	3,714
		1,744,173	998,782

24.1 Workers' profits participation fund

	Note	2023	2022
Balance as on 01 July		32,435	(172,343)
Interest for the period	33	-	(496)
Provision for the year	31	(180,530)	(347,814)
		(148,095)	(520,653)
Add: Payments during the year		182,692	553,088
		34,597	32,435

24.1.1 Interest is paid at prescribed rate under the Companies Profits (Workers' Participation) Act, 1968 on funds retained by the Company till the date of allocation to workers.

	Note	2023	2022
		(Rupees in thousand)	

25. SHORT TERM INVESTMENTS

	Note	2023	2022
At amortized cost:			
Term deposit receipts:	25.1		
- JS Bank Limited		6,960	6,960
- United Bank Limited		459,694	317,600
- The Bank of Khyber		-	80,000
		466,654	404,560
Add: Accrued markup		1,213	6,581
		467,867	411,141
Fair value through profit or loss:			
Mutual funds: MCB - Arif Habib Savings and Investments Limited		-	981
		467,867	412,122

25.1 These term deposit receipts have maturity period ranging from one to six months. The effective rate of profit ranges from 11.45% to 20.50% (2022: 11% to 12%). These are under lien with the bank against guarantees given on behalf of the Company.

	Note	2023	2022
		(Rupees in thousand)	

26. CASH AND BANK BALANCES

	Note	2023	2022
Cash in hand		17,004	1,774
Cash at bank:			
- On current accounts	26.1 & 26.3	202,863	111,856
- On saving accounts	26.1, 26.2 & 26.3	423,608	195,999
		626,471	307,855
		643,475	309,629

26.1 The balances in current and saving accounts include USD 226,729 (2022: USD 110,264).

26.2 The balances in saving accounts carry rate of profit ranging from 6.84% to 19.50% (2022: 2.75% to 12.25%) per annum.

26.3 The balances in current and saving accounts include an amount of Rupees 191.488 million (2022: Rupees 15.155 million) held under lien against guarantees issued by the bank on behalf of the Company.

	Note	2023	2022
		(Rupees in thousand)	

27. REVENUE

	Note	2023	2022
Revenue from contracts with customers:			
- Export sales		13,257,868	14,544,023
- Local sales	27.1 & 27.5	28,703,696	24,934,728
		41,961,564	39,478,751
Export rebate		84,992	79,533
		42,046,556	39,558,284

	2023	2022
27.1 Local sales	33,692,338	29,198,883
Less: sales tax	(4,988,642)	(4,264,155)
	28,703,696	24,934,728

27.2 Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Company's reportable segments (Note 40).

	Spinning		Weaving		Processing and Home Textiles		Company	
	2023	2022	2023	2022	2023	2022	2023	2022
	(Rupees in thousand)							
Primary geographical markets								
Europe	-	-	2,107,104	4,362,025	3,959,339	3,330,060	6,066,443	7,692,085
United States of America and Canada	-	-	131,401	40,233	5,563,573	5,625,195	5,694,974	5,665,428
Asia, Africa, Australia	-	-	152,082	324,381	1,344,369	862,129	1,496,451	1,186,510
Pakistan	22,930,290	21,429,627	5,423,648	3,290,628	349,758	214,473	28,703,696	24,934,728
Export rebate and duty draw back	-	-	-	-	84,992	79,533	84,992	79,533
	22,930,290	21,429,627	7,814,235	8,017,267	11,302,031	10,111,390	42,046,556	39,558,284
Major product / service lines								
Yarn	22,715,285	21,342,523	-	-	-	-	22,715,285	21,342,523
Greige fabric	-	-	7,793,880	8,017,267	-	-	7,793,880	8,017,267
Made-ups	-	-	-	-	10,539,667	9,466,007	10,539,667	9,466,007
Finished fabric	-	-	-	-	462,348	506,540	462,348	506,540
Processing income	-	-	-	-	184,597	24,952	184,597	24,952
Waste	215,005	87,104	20,355	-	30,427	34,358	265,787	121,462
Export rebate and duty draw back	-	-	-	-	84,992	79,533	84,992	79,533
	22,930,290	21,429,627	7,814,235	8,017,267	11,302,031	10,111,390	42,046,556	39,558,284
Revenue from contracts with customers	22,930,290	21,429,627	7,814,235	8,017,267	11,217,039	10,031,857	41,961,564	39,478,751
Export rebate and duty draw back	-	-	-	-	84,992	79,533	84,992	79,533
	22,930,290	21,429,627	7,814,235	8,017,267	11,302,031	10,111,390	42,046,556	39,558,284
Timing of revenue recognition								
Products transferred at a point in time	22,930,290	21,429,627	7,814,235	8,017,267	11,302,031	10,111,390	42,046,556	39,558,284
Products and services transferred over time	-	-	-	-	-	-	-	-
External revenue as reported	22,930,290	21,429,627	7,814,235	8,017,267	11,302,031	10,111,390	42,046,556	39,558,284

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

27.4 The amount of Rupees 172.143 million included in contract liabilities (Note 9) at 30 June 2022 has been recognized as revenue during the year (2022: Rupees 129.773 million).

27.5 These include sales of Rupees 4,789.829 million (2022: Rupees 4,561.786 million) to direct exporters against standard purchase orders (SPOs).

	Note	2023	2022
		(Rupees in thousand)	

28. COST OF SALES

	Note	2023	2022
Raw materials consumed	28.1	24,337,835	21,550,452
Salaries, wages and other benefits	28.2	2,920,109	2,303,244
Processing charges		11,503	7,567
Stores, spare parts and loose tools consumed		1,905,688	1,603,002
Packing materials consumed		811,974	700,006
Fuel and power		5,139,893	3,198,929
Repair and maintenance		232,495	246,955
Insurance		46,601	41,903
Other factory overheads		138,800	82,114
Depreciation	15.1.3	895,917	701,565
		36,440,815	30,435,737
Work-in-process			
Opening stock		925,168	786,993
Closing stock		(1,371,247)	(925,168)
		(446,079)	(138,175)
Cost of goods manufactured		35,994,736	30,297,562
Finished goods			
Opening stock		1,895,671	987,136
Closing stock		(3,324,284)	(1,895,671)
		(1,428,613)	(908,535)
Cost of sales		34,566,123	29,389,027

28.1 Raw materials consumed

	2023	2022
Opening stock	3,150,732	2,202,633
Add: Purchased during the year	25,359,150	22,498,551
	28,509,882	24,701,184
Less: Closing stock	(4,172,047)	(3,150,732)
	24,337,835	21,550,452

28.2 Salaries, wages and other benefits include provident fund contribution of Rupees 76.783 million (2022: Rupees 58.970 million) by the Company.

	Note	2023	2022
		(Rupees in thousand)	

29. DISTRIBUTION COST

	Note	2023	2022
Salaries and other benefits	29.1	139,760	119,326
Outward freight and handling		75,588	194,713
Clearing and forwarding		715,507	1,031,089
Commission to selling agents		279,619	223,709
Travelling and conveyance		26,565	4,375
Insurance		2,578	2,636
Vehicles' running		7,919	4,622
Electricity, gas and water		4,857	3,053
Postage, telephone and fax		2,917	2,510
Sales promotion and advertisement		49,193	267
Miscellaneous		15,415	8,378
		1,319,918	1,594,678

29.1 Salaries and other benefits include provident fund contribution of Rupees 5.738 million (2022: Rupees 4.889 million) by the Company.

	Note	2023	2022
		(Rupees in thousand)	

30. ADMINISTRATIVE EXPENSES

	Note	2023	2022
Salaries and other benefits	30.1	645,962	437,650
Travelling and conveyance		41,870	16,849
Repair and maintenance		59,965	40,843
Rent, rates and taxes	30.3	8,575	8,527
Insurance		14,543	12,223
Vehicles' running		44,114	28,476
Printing, stationery and periodicals		11,280	8,929
Electricity, gas and water		24,421	16,613
Postage, telephone and fax		10,373	8,310
Legal and professional		17,405	42,576
Fee and subscription		14,515	9,725
Security, gardening and sanitation		54,967	45,274
Entertainment		9,709	10,017
Training and seminars		2,545	3,004
Depreciation	15.1.3	68,766	53,358
Miscellaneous		10,798	4,846
		1,039,808	747,220

30.1 Salaries and other benefits include provident fund contribution of Rupees 21.037 million (2022: Rupees 15.258 million) by the Company.

30.2 The Company has shared expenses aggregating to Rupees 36.489 million (2022: Rupees 21.666 million) on account of combined offices with the Maple Leaf Cement Factory Limited - subsidiary company. These expenses have been recorded in respective accounts.

30.3 It includes Rupees 0.158 million (2022: Rupees 0.276 million) in respect of short term leases.

	Note	2023	2022
		(Rupees in thousand)	

31. OTHER EXPENSES

	Note	2023	2022
Auditor's remuneration	31.1	3,991	2,871
Donations	31.2 & 31.3	1,890	6,119
Duty draw back receivable written off		-	105,827
Sales tax refundable written off		129,915	229,575
Provision for Slow moving stores, spare parts and loose tools	19.2	2,794	-
Slow moving stores, spare parts and loose tools written off		-	78,520
Allowance for expected credit losses	21.2	41,369	52,153
Advances to suppliers written off		3,484	-
Workers' profits participation fund	24.1	180,530	347,814
Workers' welfare fund	9.2	70,685	134,196
		434,658	957,075

31.1 Auditors' remuneration

	2023	2022
Audit fee	3,000	2,100
Reimbursable expenses	841	451
Certifications	150	320
	3,991	2,871

31.2 It represents donation amounting to Rupees 0.89 million (2022: Rupees 6.119 million) to Gulab Devi Chest Hospital, Lahore and Rupees 1.00 million (2022: Rupees Nil) to Flood relief activities of Government of Pakistan.

31.3 None of the directors and their spouses have any interest in the donee's fund.

32. OTHER INCOME

	Note	2023	2022
		(Rupees in thousand)	
Income from financial assets:			
Exchange gain - net		184,790	310,646
Return on bank deposits		75,811	24,676
Return on investments		55,925	15,847
Dividend income on investments carried at fair value through profit or loss		19,241	22,331
Long outstanding liabilities written back		13,097	-
Interest income on loans and advances to Maple Leaf Capital Limited		-	7,088
		348,864	380,588
Income from non-financial assets:			
Scrap sales		88,430	77,011
Gain on disposal of operating fixed assets	15.1.2	7,557	44,817
Gain on sale of stores and spares		-	1,625
Gain on remeasurement of GIDC payable	7	-	5,424
		95,987	128,877
		444,851	509,465

	Note	2023	2022
		(Rupees in thousand)	

33. FINANCE COST

	Note	2023	2022
Mark-up / finance charges / interest on:			
Long term financing		555,282	154,111
Short term borrowings from banking companies		1,048,806	527,135
Unwinding of discount on GIDC payable	7	175	11,789
Workers' profits participation fund	24.1	-	496
		1,604,263	693,531
Bank charges and commission		63,045	110,592
		1,667,308	804,123

34. TAXATION

	Note	2023	2022
Current tax:			
- Current year		697,202	1,645,445
- Prior year		(283,365)	-
	13	413,837	1,645,445
Deferred tax	8.1	642,493	189,458
	34.1	1,056,330	1,834,903

34.1 The provision for current tax represents corporate tax on local sales and income from other sources, final tax on export sales and super tax on income calculated as per section 4C of income tax ordinance, 2001. Reconciliation of tax expense and product of accounting profit multiplied by the applicable rate is as follows:

	Note	2023	2022
		(Rupees in thousand)	
Profit before tax		3,463,592	6,575,626
Tax on profit @ 29% (2022: 29%)		1,004,442	1,906,932
Tax effect of lower rate on income from exports and dividend		(207,942)	(620,932)
Tax effect of prior year adjustment		(283,365)	-
Tax effect of alternate corporate tax		23,365	-
Tax effect of permanent differences		193,193	71,177
Tax effect of super tax		173,470	422,711
Effect of rate change on deferred tax		156,467	-
Others		(3,300)	55,015
		1,056,330	1,834,903

35. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share which is based on:

		2023	2022
Profit attributable to ordinary shares	RUPEES IN THOUSAND	2,407,262	4,740,723
Weighted average number of ordinary shares	NUMBERS	298,923,616	299,296,456
Earnings per share	RUPEES	8.05	15.84

35.1 Weighted average number of ordinary shares

Outstanding number of shares before buy back	NUMBERS	299,296,456	299,296,456
Less: Impact of own shares purchased	NUMBERS	(372,840)	-
		298,923,616	299,296,456

	Note	2023 (Rupees in thousand)	2022 (Rupees in thousand)
36. CASH GENERATED FROM OPERATIONS			
Profit before taxation		3,463,592	6,575,626
Adjustment for non-cash charges and other items:			
Depreciation		964,683	754,923
Finance cost		1,667,308	804,123
Gain on disposal of operating fixed assets		(7,557)	(44,817)
Return on term deposit receipts		(55,925)	(15,847)
Return on bank deposits		(75,811)	(24,676)
Dividend income		(19,241)	(22,331)
Allowance for expected credit losses		41,369	52,153
Gain on remeasurement of GIDC payable		-	(5,424)
Duty draw back receivable written off		-	105,827
Sales tax refundable written off		129,915	229,575
Slow moving stores, spare parts and loose tools written off		-	78,520
Provision for Slow moving stores, spare parts and loose tools		2,794	-
Advances to suppliers written off		3,484	-
Long outstanding liabilities written back		(13,097)	-
Provision for Workers' profits participation fund		180,530	347,814
Provision for Workers' welfare fund		70,685	134,196
Working capital changes	36.1	(2,118,875)	(3,005,970)
		4,233,854	5,963,692

36.1 Working capital changes

	2023	2022
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(86,295)	(252,870)
Stock-in-trade	(2,896,007)	(1,994,809)
Trade debts	(58,264)	(1,199,412)
Advances	419,523	(93,044)
Short term deposits and prepayments	5,536	(16,907)
Other receivables	(875,306)	76,122
	(3,490,813)	(3,480,920)
Increase in trade and other payables	1,371,938	474,950
	(2,118,875)	(3,005,970)

36.2 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2023 Liabilities from financing activities				
	Long term financing	Short term borrowings	Own share purchaed for cancellation	Unclaimed dividend	Total
	------------ (Rupees in thousand) ------------				
Balance as at 01 July 2022	5,164,912	5,234,795	-	32,634	10,432,341
Proceeds from long term financing	3,093,962	-	-	-	3,093,962
Repayment of long term financing	(835,089)	-	-	-	(835,089)
Own share purchased for cancellation	-	-	(312,153)	-	(312,153)
Short term borrowings - net	-	1,660,056	-	-	1,660,056
Dividend declared	-	-	-	-	-
Dividend paid	-	-	-	(370)	(370)
Other charges - non-cash movement	9,027	-	-	-	9,027
Balance as at 30 June 2023	7,432,812	6,894,851	(312,153)	32,264	14,047,774

	2022 Liabilities from financing activities			
	Long term financing	Short term borrowings	Unclaimed dividend	Total
	------------ (Rupees in thousand) ------------			
Balance as at 01 July 2021	4,206,688	5,558,536	30,592	9,795,816
Proceeds from long term financing	1,946,684	-	-	1,946,684
Repayment of long term financing	(1,023,650)	-	-	(1,023,650)
Short term borrowings - net	-	(323,741)	-	(323,741)
Dividend declared	-	-	598,592	598,592
Dividend paid	-	-	(596,550)	(596,550)
Other charges - non-cash movement	35,190	-	-	35,190
Balance as at 30 June 2022	5,164,912	5,234,795	32,634	10,432,341

37. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements in respect of remuneration including certain benefits to the Chief Executive Officer, Directors and Executives of the Company are given below:

	Chief Executive Officer		Directors		Executives	
	2023	2022	2023	2022	2023	2022
	-----------------(Rupees in Thousand)----------------					
Managerial remuneration	49,560	28,140	49,798	30,342	187,357	145,740
Allowances						
House rent	4,955	4,064	2,780	2,327	38,146	31,011
Conveyance	-	-	-	-	126	-
Medical	4,955	2,435	4,980	2,844	17,852	13,874
Utilities	6,652	6,477	3,730	6,501	38,512	29,472
Special allowance	16,060	8,854	17,644	10,995	49,351	38,772
Bonus	76,923	-	-	-	-	-
Contribution to provident fund	4,128	2,344	4,148	2,527	15,112	11,165
	163,233	52,314	83,080	55,536	346,456	270,034
Number of persons	1	1	2	2	72	61

Chief Executive Officer and Directors are provided with the Company's maintained vehicles, free medical facilities and residential telephone facilities for both business and personal use. Chief Executive Officer is also provided with free furnished accommodation along with utilities.

Executives are provided with the Company's maintained vehicles in accordance with the Company's policy.

The aggregate amount charged in these financial statements in respect of directors' meeting fee paid to 3 (2022: 2) non-executive directors was Rupees 519,442 (2022: Rupees 216,665).

No remuneration was paid to non-executive directors of the Company.

38. TRANSACTIONS WITH RELATED PARTIES

38.1 The related parties comprise of subsidiary companies, associated undertakings, directors of the Company and their close relatives, key management personnel and staff retirement fund. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2023	2022
	(Rupees in thousand)	
Subsidiary companies		
Maple Leaf Cement Factory Limited		
Purchase of goods and services	2,142	101,341
Sale of property, plant and equipment	6,022	-
Expenses paid by Maple Leaf Cement Factory Limited on behalf of the Company	2,082	1,948
Common expenses	36,489	21,666
Maple Leaf Capital Limited		
Expenses on behalf of the Maple Leaf Capital Limited	5,211	-
Payment received against expenses	6,584	-
Advances	-	700,000
Repayment of advances	-	700,000
Mark up charged on advances	-	7,088
Payment received against markup on funds transferred	1,235	-
Post employment benefit plan		
Contribution to provident fund	103,558	79,117
Other related parties		
Sale of property, plant and equipment	1,974	-

38.2 The related party status of outstanding balances as at 30 June 2023 are included in trade and other payables (Note 9), long term investments (Note 17) and other receivables (Note 24). The receivables and payables are primarily unsecured in nature.

38.3 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place.

Company name	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year ended		Aggregate % of shareholding
		2023	2022	
Maple Leaf Capital Limited	Subsidiary	Yes	Yes	82.92%
Maple Leaf Cement Factory Limited	Subsidiary	Yes	Yes	56.51%
Maple Leaf Power Limited	Sub-subsidiary	No	No	56.51%
Maple Leaf Industries Limited	Sub-subsidiary	No	-	56.51%

38.4 The Saim Family Trust, British Virgin Islands (BVI) through Mercury Management Inc., BVI and Hutton Properties Limited, BVI (related parties) holds 73,390,896 [24.52%] (2022: 73,390,896) and 55,256,992 [18.46%] (2022: 55,256,992) ordinary shares respectively of the Company on which dividend amounting to Rupees Nil (2022: Rupees 146,781,792) and Rupees Nil (2022: Rupees 102,054,984) respectively was paid during the year.

38.5 TRG Pakistan Limited is the associated company of the Company due to common directorship. The Company has not entered into any transaction with TRG Pakistan Limited during the year.

39. PLANT CAPACITY AND ACTUAL PRODUCTION

SPINNING:

- Rawalpindi Division

	2023	2022
	(NUMBERS)	
Ring Spindles (average) installed / worked	85,680	85,680
	(KILOGRAMS IN THOUSAND)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1,095 shifts (2022: 1,095 shifts)	46,646	46,931
Actual production converted into 20s count based on 3 shifts per day for 1,094 shifts (2022: 1,094 shifts)	42,461	42,675
	(NUMBERS)	
Open-end Rotors (average) installed / worked	2,712	2,712
	(KILOGRAMS IN THOUSAND)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1,095 shifts (2022: 1,095 shifts)	5,926	6,053
Actual production converted into 20s count based on 3 shifts per day for 1,094 shifts (2022: 1,094 shifts)	5,196	5,288
	(NUMBERS)	
MVS Spindles (average) installed / worked	384	384
	(KILOGRAMS IN THOUSAND)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1,095 shifts (2022: 1,064)	3,518	3,301
Actual production converted into 20s count based on 3 shifts per day for 1,095 shifts (2022: 1,063)	3,229	3,010

	2023	2022
- Gujar Khan Division	(NUMBERS)	
Ring Spindles (average) installed / worked	94,464	72,864
	(KILOGRAMS IN THOUSAND)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1,095 shifts (2022: 1,095 shifts)	51,402	41,986
Actual production converted into 20s count based on 3 shifts per day for 1,094 shifts (2022: 1,094 shifts)	45,944	37,738

WEAVING:

- Raiwind Division	(NUMBERS)	
Looms installed / worked	384	288
	(SQUARE METERS IN THOUSAND)	
100% plant capacity at 60 picks based on 3 shifts per day for 1,095 shifts (2022: 1,095 shifts)	135,806	116,566
Actual production converted to 60 picks based on 3 shifts per day for 1,095 shifts (2022: 1,095 shifts)	121,667	109,516

PROCESSING AND STITCHING OF CLOTH :

- PROCESSING	(METERS IN THOUSAND)	
Capacity at 3 shifts per day for 1,095 shifts (2022: 1,095 shifts)	41,975	41,975
Actual production at 3 shifts per day for 1,095 shifts (2022: 1,095 shifts)	14,651	15,162

- STITCHING

The plant capacity of this division is indeterminable due to multi-product plant involving varying processes of manufacturing and run length of order lots.

POWER PLANT:

- Rawalpindi Division	(MEGA WATTS)	
Annual rated capacity based on 365 days (2022: 365 days)	260,908	260,908
Actual generation		
Furnace engines	36,062	20,400
Gas engines	22,772	34,536
Solar	6,674	7,035
- Raiwind Division		
Annual rated capacity based on 365 days (2022: 365 days)	96,360	96,360
Actual generation	10,152	18,557
- Gujar Khan Division		
Annual rated capacity based on 365 days (2022: 365 days)	164,825	138,010
Actual generation		
Gas engines	4,140	521
Diesel engines	299	457
Solar	11,104	6,224

REASONS FOR LOW PRODUCTION

- Due to stoppage for normal maintenance, doffing, change of spin plans and cloth quality.
- Cloth processing units working capacity was limited to actual export / local orders in hand.
- The generation of power was limited to actual demand.

40. SEGMENT INFORMATION

	Spinning		Weaving		Processing and Home Textiles		Elimination of inter-segment transactions		Company	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	(Rupees in thousand)									
REVENUE:										
EXTERNAL	22,930,290	21,429,627	7,814,235	8,017,267	11,302,031	10,111,390	-	-	42,046,556	39,558,284
INTER-SEGMENT	733,419	412,158	1,830,162	1,238,073	7,568	6,174	(2,571,149)	(1,656,405)	-	-
	23,663,709	21,841,785	9,644,397	9,255,340	11,309,599	10,117,564	(2,571,149)	(1,656,405)	42,046,556	39,558,284
COST OF SALES	(20,207,836)	(15,078,921)	(9,004,066)	(8,048,509)	(7,925,370)	(7,918,002)	2,571,149	1,656,405	(34,566,123)	(29,389,027)
GROSS PROFIT	3,455,873	6,762,864	640,331	1,206,831	3,384,229	2,199,562	-	-	7,480,433	10,169,257
DISTRIBUTION COST	(79,101)	(66,099)	(160,422)	(278,075)	(1,080,395)	(1,250,504)	-	-	(1,319,918)	(1,594,678)
ADMINISTRATIVE EXPENSES	(524,209)	(323,335)	(219,072)	(174,641)	(296,527)	(249,244)	-	-	(1,039,808)	(747,220)
	(603,310)	(389,434)	(379,494)	(452,716)	(1,376,922)	(1,499,748)	-	-	(2,359,726)	(2,341,898)
PROFIT BEFORE TAX AND UNALLOCATED INCOME AND EXPENSES	2,852,563	6,373,430	260,837	754,115	2,007,307	699,814	-	-	5,120,707	7,827,359
UNALLOCATED INCOME AND EXPENSES										
OTHER EXPENSES									(434,658)	(957,075)
OTHER INCOME									444,851	509,465
FINANCE COST									(1,667,308)	(804,123)
TAXATION									(1,056,330)	(1,834,903)
									(2,713,445)	(3,086,636)
PROFIT AFTER TAXATION									2,407,262	4,740,723

40.1 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Processing and Home Textile		Company	
	2023	2022	2023	2022	2023	2022	2023	2022
	(Rupees in thousand)							
TOTAL ASSETS FOR REPORTABLE SEGMENT	14,947,908	11,264,265	9,321,904	5,651,477	12,503,074	10,043,220	36,772,886	26,958,962
UNALLOCATED ASSETS							11,113,332	12,963,552
TOTAL ASSETS AS PER STATEMENT OF FINANCIAL POSITION							47,886,218	39,922,514

All segment assets are allocated to reportable segments other than those directly relating to corporate and tax assets.

	Spinning		Weaving		Processing and Home Textile		Company	
	2023	2022	2023	2022	2023	2022	2023	2022
TOTAL LIABILITIES FOR REPORTABLE SEGMENT	4,647,325	5,210,763	3,796,493	1,092,762	7,213,137	5,496,385	15,656,955	11,799,910
UNALLOCATED LIABILITIES							5,834,466	3,822,916
TOTAL LIABILITIES AS PER STATEMENT OF FINANCIAL POSITION							21,491,421	15,622,826

All segment liabilities are allocated to reportable segments other than trade and other payables and deferred tax liabilities.

40.2 Geographical Information

40.2.1 The Company's revenue from external customers by geographical location is detailed in Note 27.2 to the financial statements.

40.2.2 All non-current assets as at reporting date are located and operated in Pakistan.

40.3 Revenue from major customers

Revenue from major customers whose revenue accounts for more than 10% of the segment's revenue in Weaving segment was Rupees 3,116 million (2022: Rupees 3,636 million) whereas in the Processing and Home Textile segment was Rupees 5,169 million (2022: Rupees 5,117 million).

40.4 Based on the judgment made by the management printing, dyeing and home textile operating segments of the Company have been aggregated into a single operating segment namely 'Processing and Home Textile' as these segments have similar economic characteristics in respect of nature of the products, nature of production process, type of customers, method of distribution and nature of regulatory environment.

41. PROVIDENT FUND

As at the reporting date, all investments out of provident fund have been made in accordance with the section 218 of the Companies Act, 2017 and the regulations formulated for this purpose by the Securities and Exchange Commission of Pakistan.

42. NUMBER OF EMPLOYEES

	2023	2022
Number of employees as at 30 June	5,982	5,651
Average number of employees during the year	5,780	5,523

43. FINANCIAL RISK MANAGEMENT

43.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

(a) Market risk

(i) Currency risk

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

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

	2023	2022
Cash at banks - USD	226,729	110,264
Trade debts - USD	5,879,854	8,528,124
Trade debts - Euro	-	15,704
Trade and other payables - USD	3,141	6,746
Net exposure - USD	6,103,442	8,631,642
Net exposure - Euro	-	15,704
The following significant exchange rates were applied during the year:		
Rupees per US Dollar		
Average rate	250.44	178.56
Reporting date rate	286.60	205.50
Rupees per Euro		
Average rate	-	200.86
Reporting date rate	-	215.23

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD and Euro with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 82.247 million and Rupees Nil (2022: Rupees 83.379 million and Rupees 0.159 million) respectively higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

Other price risk represents 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 30 June 2023 the Company is not exposed to commodity price risk.

(iii) Interest rate risk

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

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

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

	2023	2022
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Investments - Term deposit receipts	467,867	439,162
Financial liabilities		
Long term financing	4,291,668	5,164,912
Short term borrowings	4,278,931	4,278,931
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	423,608	195,999
Financial liabilities		
Long term financing	3,141,144	-
Short term borrowings	2,613,185	918,603

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rate at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 33.954 million (2022: Rupees 4.201 million) lower / higher, mainly as a result of higher / lower interest on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at reporting date were outstanding for the whole year.

(b) Credit risk

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

	2023	2022
	(Rupees in thousand)	
Trade debts	4,430,883	4,413,988
Investments	467,867	440,143
Deposits	70,309	58,899
Advances	4,826	8,720
Other receivables	2,126	7,954
Bank balances	626,471	307,855
	5,602,482	5,237,559

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

	Rating			2023	2022
	Short term	Long term	Agency	(Rupees in thousand)	
Banks					
Al-Baraka Bank (Pakistan) Limited	A-1	A+	JCR-VIS	16,637	15,598
Allied Bank Limited	A1+	AAA	PACRA	55,693	69,924
Askari Bank Limited	A1+	AA+	PACRA	1,455	1,389
Bank Alfalah Limited	A1+	AA+	PACRA	1,221	16,821
Bank Al-Habib Limited	A1+	AAA	PACRA	69,093	14,205
Bank Islami Pakistan Limited	A1	AA-	PACRA	31	31
Faysal Bank Limited	A1+	AA	PACRA	79	94
Habib Bank Limited	A-1+	AAA	JCR-VIS	109,874	3,984
MCB Bank Limited	A1+	AAA	PACRA	29,895	18,946
Meezan Bank Limited	A-1+	AAA	JCR-VIS	58,240	57,501
National Bank of Pakistan	A1+	AAA	PACRA	21,354	18,694
MCB Islamic Bank Limited	A1	A	PACRA	12,958	67,646
Silkbank Limited	A-2	A-	JCR-VIS	48	48
The Bank of Punjab	A1+	AA+	PACRA	75,055	12,552
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	2,056	2,073
Samba Bank Limited	A-1	AA	JCR-VIS	348	2,359
The Bank of Khyber	A1	A+	PACRA	159,085	1,597
United Bank Limited	A-1+	AAA	JCR-VIS	13,349	4,393
				626,471	307,855
Investments					
United Bank Limited - term deposit receipts	A-1+	AAA	JCR-VIS	460,753	336,969
The Bank of Khyber - term deposit receipts	A1	A+	PACRA	-	81,197
MCB Bank Limited - term deposit receipt	A1+	AAA	PACRA	-	13,999
JS Bank Limited - term deposit receipt	A1+	AA-	PACRA	7,114	6,997
MCB - Arif Habib Savings and Investments Limited - Mutual funds	Not available	AM1	PACRA	-	981
				467,867	440,143

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

Trade debts

The Company's exposure to credit risk and allowance for expected credit losses related to trade debts is disclosed in Note 21.2.

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debts.

To measure the expected credit losses, trade debts have been grouped based on shared credit risk characteristics and the days past due. These trade debts are netted off with the collateral obtained, if any, from these customers to calculate the net exposure towards these customers. The Company has concluded that the expected loss rates for trade debts against local sales are different from the expected loss rates for trade debts against export sales.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the Gross Domestic Product, Unemployment, Interest, and the inflation Index of the country in which it majorly sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 30 June 2023 and 30 June 2022 was determined as follows:

At 30 June 2023

	Local sales			Export sales		
	Expected loss rate	Trade debts	Loss allowance	Expected loss rate	Trade debts	Loss allowance
	%	(Rupees in thousand)		%	(Rupees in thousand)	
Not past due	0.00%	347,126	-	0.00%	-	-
Up to 30 days	13.28%	837,515	111,260	0.00%	-	-
31 to 60 days	13.28%	132,176	17,559	0.00%	-	-
61 to 90 days	24.56%	49,082	12,056	0.00%	-	-
91 to 180 days	44.37%	1,279	567	0.00%	-	-
181 to 360 days	48.15%	22,289	10,732	0.00%	-	-
Above 360 days	100.00%	1,145	1,145	0.00%	-	-
		1,390,612	153,319		-	-
Trade debts which are not subject to risk of default		1,654,245	-		1,539,345	-
		3,044,857	153,319		1,539,345	-

At 30 June 2022

	Local sales			Export sales		
	Expected loss rate	Trade debts	Loss allowance	Expected loss rate	Trade debts	Loss allowance
	%	(Rupees in thousand)		%	(Rupees in thousand)	
Not past due	0.00%	338,373	-	0.00%	-	-
Up to 30 days	18.35%	415,765	76,295	0.00%	-	-
31 to 60 days	17.06%	87,232	14,878	0.00%	-	-
61 to 90 days	27.88%	69,875	19,480	0.00%	-	-
91 to 180 days	44.52%	11,429	5,088	0.00%	-	-
181 to 360 days	50.58%	538	272	0.00%	-	-
Above 360 days	100.00%	9,028	9,028	0.00%	-	-
		932,240	125,041		-	-
Trade debts which are not subject to risk of default		1,933,110	-		1,673,679	-
		2,865,350	125,041		1,673,679	-

Deposits and advances

The Company has made security deposits to utility companies for provision of utility connections and advances to employees which are secured against employees' benefits. The management does not expect to incur material losses on such deposits and consider such amount is receivable upon termination of service contract from respective utility companies.

In addition to above, financial assets include other receivables. Management has assessed that there is no impairment loss in respect of these financial assets of the Company and these are recoverable in full.

(c) Liquidity risk

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

'The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2023, the Company had Rupees 10,456 million (2022: Rupees 10,499 million) available borrowing limits from financial institutions and Rupees 643.475 million (2022: Rupees 309.629 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2023.

	Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	------------------ (Rupees in thousand) ------------------					
Non-derivative financial liabilities:						
Long term financing	7,432,812	11,194,787	963,161	938,050	1,929,981	7,363,595
Trade and other payables	2,843,000	2,843,000	2,843,000	-	-	-
Accrued mark-up	483,829	483,829	483,829	-	-	-
Short term borrowings	6,894,851	7,392,785	7,392,785	-	-	-
Unclaimed dividend	32,264	32,264	32,264	-	-	-
	17,686,756	21,946,665	11,715,039	938,050	1,929,981	7,363,595

Contractual maturities of financial liabilities as at 30 June 2022

	Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	------------------ (Rupees in thousand) ------------------					
Non-derivative financial liabilities:						
Long term financing	5,164,912	5,683,002	623,064	383,199	1,000,542	3,676,197
Trade and other payables	1,827,508	1,827,508	1,827,508	-	-	-
Accrued mark-up	108,158	108,158	108,158	-	-	-
Short term borrowings	5,234,795	5,326,561	5,108,625	217,936	-	-
Unclaimed dividend	32,634	32,634	32,634	-	-	-
	12,368,007	12,977,863	7,699,989	601,135	1,000,542	3,676,197

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark-up rates effective as at 30 June 2023. The rates of interest / mark up have been disclosed in note 5.1 and note 11 to these financial statements.

43.2 Financial instruments by categories

	2023 FVTPL	2023 Amortized cost	2022 FVTPL	2022 Amortized cost
	------- (Rupees in thousand) ------			
Financial assets				
Trade debts	-	4,430,883	-	4,413,988
Investments	-	467,867	981	439,162
Deposits	-	70,309	-	58,899
Advances	-	4,826	-	8,720
Other receivables	-	2,126	-	7,954
Cash and bank balances	-	643,475	-	309,629
	-	5,619,486	981	5,238,352

	Financial liabilities at amortized cost 2023	2022
	(Rupees in thousand)	
Long term financing	7,432,812	5,164,912
Trade and other payables	2,843,000	1,827,508
Accrued mark-up	483,829	108,158
Short term borrowings	6,894,851	5,234,795
Unclaimed dividend	32,264	32,634
	17,686,756	12,368,007

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

	2023 Financial assets	2023 Non-financial assets	2023 Total as per statement of financial position	2022 Financial assets	2022 Non-financial assets	2022 Total as per statement of financial position
	----- Rupees in thousand -----			----- Rupees in thousand -----		
Assets as per statement of financial position						
Trade debts	4,430,883	-	4,430,883	4,413,988	-	4,413,988
Investments	467,867	11,078,733	11,546,600	440,143	11,078,733	11,518,876
Deposits and prepayments	70,309	21,680	91,989	58,899	31,471	90,370
Advances	4,826	273,023	277,849	8,720	692,136	700,856
Other receivables	2,126	1,742,047	1,744,173	7,954	990,828	998,782
Cash and bank balances	643,475	-	643,475	309,629	-	309,629
	5,619,486	13,115,483	18,734,969	5,239,333	12,793,168	18,032,501

	2023			2022		
	Financial liabilities	Non-financial liabilities	Total as per statement of financial position	Financial liabilities	Non-financial liabilities	Total as per statement of financial position
	----- Rupees in thousand -----			----- Rupees in thousand -----		
Liabilities as per statement of financial position						
Long term financing	7,432,812	-	7,432,812	5,164,912	-	5,164,912
Trade and other payables	2,843,000	1,488,413	4,331,413	1,827,508	1,134,848	2,962,356
Accrued mark-up	483,829	-	483,829	108,158	-	108,158
Short term borrowings	6,894,851	-	6,894,851	5,234,795	-	5,234,795
Unclaimed dividend	32,264	-	32,264	32,634	-	32,634
	17,686,756	1,488,413	19,175,169	12,368,007	1,134,848	13,502,855

43.4 Offsetting financial assets and liabilities

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

43.5 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing and short term borrowings obtained by the Company as referred to in note 5 and note 11 respectively. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'. The Company's strategy, remain unchanged from the last year.

	2023	2022
	(Rupees in thousand)	
Long term financing	7,450,212	5,191,339
Total equity	26,394,797	24,299,688
Total capital employed	33,845,009	29,491,027
Gearing ratio	22.01%	17.60%

The increase in the gearing ratio resulted primarily from increase in borrowings of the Company.

44. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classify its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements At 30 June 2023	Level 1	Level 2	Level 3	Total
	------- (Rupees in thousand) ------			
Financial assets				
Financial assets at fair value through profit or loss	-	-	-	-

Recurring fair value measurements At 30 June 2022	Level 1	Level 2	Level 3	Total
	------- (Rupees in thousand) ------			
Financial assets				
Financial assets at fair value through profit or loss	981	-	-	981

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

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

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

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

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

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

45. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

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

At 30 June 2023	Level 1	Level 2	Level 3	Total
	------- (Rupees in thousand) ------			
Freehold land	-	4,567,622	-	4,567,622
Investment properties - land & building	-	-	-	-
Total non-financial assets	-	4,567,622	-	4,567,622

At 30 June 2022	Level 1	Level 2	Level 3	Total
	------- (Rupees in thousand) ------			
Freehold land	-	2,768,287	-	2,768,287
Investment properties - land and building	-	1,824,360	-	1,824,360
Total non-financial assets	-	4,592,647	-	4,592,647

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

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

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

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

Valuation processes

The Company engages external, independent and qualified valuers to determine the fair value of the Company's investment properties and freehold land at the end of every financial year. As at 30 June 2023, the fair values of the investment properties and freehold land have been determined by Anderson Consulting (Private) Limited (an approved valuer).

Changes in fair values are analyzed at each reporting date during the annual valuation discussion between the Chief Financial Officer and the valuers. As part of this discussion the team presents a report that explains the reason for the fair value movements.

46. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

Description	Note	2023	2022
		(Rupees in thousand)	
Loans / advances obtained as per Islamic mode:			
Contract liabilities	9	333,800	205,600
Shariah compliant bank deposits / bank balances:			
Bank balances	26	249,627	140,776
Profit earned from shariah compliant bank deposits / bank balances	32	13,540	5,075
Dividend earned from shariah compliant investments	32	19,241	22,331
Exchange gain earned	32	184,790	310,646
Revenue earned from shariah compliant business	27	42,046,556	39,558,284
Profits earned or interest paid on any conventional loan / advance:			
Interest income on loans and advances to Maple Leaf Capital Limited	32	-	7,088
Profit earned on deposits with banks	32	62,271	19,601
Return on investments	32	55,925	15,847
Interest paid on loans	33	1,604,088	681,246

Relationship with shariah compliant banks

Name	Relationship at reporting date
Al-Baraka Bank (Pakistan) Limited	Bank balance
Bank Alfalah Limited	Bank balance
Bank Islami Pakistan Limited	Bank balance
MCB Islamic Bank Limited	Bank balance
Meezan Bank Limited	Bank balance
The Bank of Khyber	Bank balance
Askari Bank Limited	Bank balance

47. UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2023	2022	2023	2022
	------- (Rupees in thousand) ------			
Total facilities	4,491,884	3,530,754	24,780,836	20,861,000
Utilized at the end of the year	2,480,770	2,459,199	14,324,928	10,362,446
Unutilized at the end of the year	2,011,114	1,071,555	10,455,908	10,498,554

48. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 8 September 2023 by the Board of Directors of the Company.

49. CORRESPONDING FIGURES

No significant rearrangements / reclassifications of corresponding figures have been made.

50. GENERAL

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

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

PATTERN OF SHAREHOLDING

1. CUIN (Incorporation Number)	0002805
1.1 Name of the Company	KOHINOOR TEXTILE MILLS LIMITED
2.1 Pattern of holding of the shares held by the shareholders as at	30.06.2023

2.2

No. of Shareholders	Shareholdings From		Shareholdings To	Total Shares Held
2,594	1	-	100	68,171
930	101	-	500	263,769
346	501	-	1,000	247,254
454	1,001	-	5,000	1,171,228
95	5,001	-	10,000	654,928
42	10,001	-	15,000	527,130
24	15,001	-	20,000	430,356
15	20,001	-	25,000	341,851
12	25,001	-	30,000	333,086
9	30,001	-	35,000	290,618
8	35,001	-	40,000	311,601
3	40,001	-	45,000	130,290
6	45,001	-	50,000	294,469
2	50,001	-	55,000	100,897
4	55,001	-	60,000	234,625
6	60,001	-	65,000	376,150
2	65,001	-	70,000	136,417
4	70,001	-	75,000	285,723
2	75,001	-	80,000	157,000
1	85,001	-	90,000	87,800
3	90,001	-	95,000	274,387
3	95,001	-	100,000	292,227
1	100,001	-	105,000	101,586
1	135,001	-	140,000	139,000
1	140,001	-	145,000	145,000
3	145,001	-	150,000	441,351
2	150,001	-	155,000	306,092
1	155,001	-	160,000	156,000
1	160,001	-	165,000	161,269
2	165,001	-	170,000	339,350
1	170,001	-	175,000	175,000
1	180,001	-	185,000	181,500
1	190,001	-	195,000	194,500
1	195,001	-	200,000	200,000
2	200,001	-	205,000	402,270
1	215,001	-	220,000	218,846
1	220,001	-	225,000	225,000
2	245,001	-	250,000	496,065
2	250,001	-	255,000	508,000
1	270,001	-	275,000	274,718
2	275,001	-	280,000	554,964
1	290,001	-	295,000	294,000
1	305,001	-	310,000	308,000
1	315,001	-	320,000	316,743

2.2 No. of Shareholders	Shareholdings From		To	Total Shares Held
1	335,001	-	340,000	337,673
1	385,001	-	390,000	385,016
1	405,001	-	410,000	405,500
1	450,001	-	455,000	450,650
1	455,001	-	460,000	458,974
1	470,001	-	475,000	472,500
1	490,001	-	495,000	494,500
1	530,001	-	535,000	531,000
1	595,001	-	600,000	599,163
1	615,001	-	620,000	617,000
1	650,001	-	655,000	650,125
1	670,001	-	675,000	674,500
1	705,001	-	710,000	705,540
1	765,001	-	770,000	766,749
1	795,001	-	800,000	799,900
1	870,001	-	875,000	872,478
1	985,001	-	990,000	990,000
1	1,065,001	-	1,070,000	1,069,165
1	1,100,001	-	1,105,000	1,102,500
1	1,180,001	-	1,185,000	1,183,554
1	1,200,001	-	1,205,000	1,200,300
1	1,725,001	-	1,730,000	1,726,001
1	1,740,001	-	1,745,000	1,744,621
1	1,925,001	-	1,930,000	1,929,210
1	2,045,001	-	2,050,000	2,049,121
1	2,060,001	-	2,065,000	2,063,500
1	2,670,001	-	2,675,000	2,674,759
1	2,890,001	-	2,895,000	2,892,997
1	5,985,001	-	5,990,000	5,985,500
1	8,275,001	-	8,280,000	8,277,669
1	11,225,001	-	11,230,000	11,229,990
1	12,695,001	-	12,700,000	12,688,822
1	13,300,001	-	13,305,000	13,302,658
1	31,535,001	-	31,540,000	31,539,643
1	44,625,001	-	44,630,000	44,628,059
1	55,255,001	-	55,260,000	55,256,992
1	73,390,001	-	73,395,000	73,390,896
4,632	Total			299,296,456

Note: The Slabs not applicable above have not been shown.

2.3	Categories of Shareholders	Shares Held	Percentage
2.3.1	**Directors, Chief Executive Officer and their spouses and minor children.**		
	Mr. Tariq Sayeed Saigol, Chairman	12,688,822	4.240
	Mr. Taufique Sayeed Saigol, Chief Executive Officer	44,628,059	14.911
	Mr. Sayeed Tariq Saigol	385,016	0.129
	Mr. Waleed Tariq Saigol	33,471	0.011
	Mr. Danial Taufique Saigol	3,046	0.001
	Ms. Jahanara Saigol	2,500	0.001
	Mr. Syed Muhammad Shabbar Zaidi	2,500	0.001
	Mr. Zulifikar Monnoo	3,000	0.001
	Mrs. Shehla Tariq Saigol, Spouse of Mr. Tariq Sayeed Saigol	31,539,643	10.538
		89,286,057	29.833
2.3.2	**Associated Companies, undertakings and related parties.**		
	Mercury Management Inc.	73,390,896	24.521
	Hutton Properties Limited	55,256,992	18.462
		128,647,888	42.983
2.3.3	**NIT and IDBP**		
	National Bank of Pakistan, Trustee Deptt.	10,583	0.004
	Industrial Development Bank of Pakistan (IDBP)	13,914	0.005
		24,497	0.009
2.3.4	**Banks, Development Financial Institutions, Non-Banking Financial Institutions.**	3,370,147	1.126
2.3.5	**Insurance Companies**	1,130	-
2.3.6	**Modarabas and Mutual Funds**	30,777,298	10.283
2.3.7	**Shareholders holding 10% refer to 2.3.1 & 2.3.2**		
2.3.8	**General Public**		
	a) Local	44,135,856	14.746
	b) Foreign	872,478	0.291
2.3.9	**Others**		
	AGP Limited Staff Provident Fund	26,500	
	Agriauto Industries Limited Employees Provident Fund	4,000	
	Artal Restaurant Int Limited Emp Provident Fund	2,073	
	BPS Group Companies Employees Provident Fund	50,000	
	Bristol-Myers Squibb Pak (Pvt) Limited Emp Provident Fund	5,000	
	BYCO Petroleum Pakistan Limited Employees Provident Fund	15,000	
	CDC - Trustee AGIPF Equity Sub-Fund	14,000	
	CDC - Trustee AGPF Equity Sub-Fund	11,000	
	CDC - Trustee NAFA Islamic Pension Fund Equity Account	531,000	
	CDC - Trustee NAFA Pension Fund Equity Sub-Fund Account	253,500	
	CDC - Trustee Pakistan Pension Fund - Equity Sub Fund	201,300	
	CDC-Trustee Alhamra Islamic Pension Fund - Equity Sub Fund	200,970	
	Chevron Pakistan Lubricants (Pvt.) Ltd. Employees Provident Fund	31,000	
	Engro Corp Limited MPT Employees Def Contr Pension Fund	15,500	
	Engro Fertilizers Limited Non-MPT Employees Gratuity Fund	7,500	

2.3	Categories of Shareholders	Shares Held	Percentage

2.3.9 Others

Engro Foods Limited Employees Gratuity Fund	20,000	
Federal Board of Revenue	161,269	
Fikree Development Corp. (Pvt.) Limited	50	
Hussain Trustees Limited.	297	
Official Assignee of Karachi	1,297	
Pakistan Stock Exchange Limited	70,178	
Pakistan Telecommunication Employees Trust	77,000	
The Crescent Textile Mills Limited Employees Provident Fund	5,500	
The Deputy Administrator. Abandoned Properties	193	
The Ida Rieu Poor Welfare Association	405	
The Okhai Memon Madressah Association	1	
Trustee National Bank of Pakistan Emp Benevolent Fund Trust	11,848	
Trustee National Bank of Pakistan Employees Pension Fund	337,673	
Trustees Nestle Pakistan Limited Employees Gratuity Fund	19,900	
Trustees Nestle Pakistan Limited Employees Pension Fund	25,000	
Trustees The Crescent Textile Mills Employees Provident Fund Trust	3,307	
Trustee-The Kot Addu Power Co. Limited. Employees Pension Fund	28,000	
United Executers & Trustee Company Limited	164	
University of Sindh	680	
Wellcome Pakistan Limited Provident Fund	50,000	
	2,181,105	0.729
Grand Total	**299,296,456**	**100.000**

13

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023




CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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DIRECTORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

The Directors are pleased to present the consolidated financial statements of Kohinoor Textile Mills Limited (the Holding Company) and its Subsidiary Companies Maple Leaf Cement Factory Limited (57.43%), Maple Leaf Power Limited (57.43%), Maple Leaf Industries Limited (57.43%) and Maple Leaf Capital Limited (82.92%) (Together referred to as Group) for the year ended 30 June 2023.

GROUP RESULTS

The Group has earned gross profit of Rupees 25,800 million as compared to Rupees 24,128 million of corresponding year. The Group has earned pre-tax profit of Rupees 15,559 million this year as compared to Rupees 10,346 million during the previous year. The overall Group financial results are as follows:

	2023	2022
	(Rupees in million)	
Revenue	104,120	87,977
Gross profit	25,800	24,128
Profit from operations	19,860	12,979
Financial charges	4,301	2,634
Net profit after taxation	9,189	5,330
	---------- (Rupees) ----------	
Earnings per share - Basic and diluted	21.55	12.93

SUBSIDIARY COMPANIES

Maple Leaf Cement Factory Limited (MLCFL)

It has recorded an increase of 27.94% in its sales over previous year and has earned gross profit of 26.46% (30 June 2022: 25.30%) amounting to Rupees 16,424 million (30 June 2022: Rupees 12,275 million).

It has earned after tax profit of Rupees 4,492 million (30 June 2022: Rupees 3,626 million).

Maple Leaf Power Limited (MLPL)

MLPL has earned after tax profit of Rupees 1,288 million (30 June 2022: Rupees 916 million).

Maple Leaf Capital Limited (MLCL)

MLCL has earned after tax profit of Rupees 577 million as compared to after tax loss of Rupees 4,718 million during corresponding period last year.

ACKNOWLEDGMENT

The Directors are grateful to the Group's members, financial institutions, customers and employees for their cooperation and support. They also appreciate the hard work and dedication of the employees working at various divisions.

For and on behalf of the Board

Lahore 08 September 2023	Taufique Sayeed Saigol Chief Executive Officer	Syed Mohsin Raza Naqvi Director

Riaz Ahmad & Company
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the members of Kohinoor Textile Mills Limited

Opinion

We have audited the annexed consolidated financial statements of Kohinoor Textile Mills Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 June 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Following are the key audit matters:

<table>
<tr><th>Sr. No.</th><th>Key audit matters</th><th>How the matters were addressed in our audit</th></tr>
<tr><td>1</td><td>Capital expenditures

The Group is investing significant amounts in its operations and expansion of manufacturing facilities. There are a number of areas where management judgment impacts the carrying value of property, plant and equipment and its respective depreciation profile. These include among other the decision to capitalize or expense costs; and review of useful lives of the assets including the impact of changes in the Group's strategy.

We focused on this area since the amounts have a significant impact on the financial position of the Group and there is significant management judgment required that has significant impact on the reporting of the consolidated financial position for the Group. Therefore, considered as one of the key audit matters.

For further information, refer to the following:

- Summary of significant accounting policies, property, plant, equipment and depreciation note 2.8 to the consolidated financial statements.

- Property, plant and equipment note 20 to the consolidated financial statements.</td><td>Our procedures included, but were not limited to:

• We tested operating effectiveness of controls in place over the property, plant and equipment cycle including the controls over whether costs incurred on activities is capital or operating in nature;
• We evaluated the appropriateness of capitalization policies and depreciation rates;
• We performed tests of details on costs capitalized;
• We verified the accuracy of management's calculation used for the impairment testing;
• We assessed the adequacy of presentation and disclosures as required under the accounting and reporting standards as applicable in Pakistan; and
• We assessed whether the accounting policies for recording of transactions as a part of capital work in progress complies with the requirements of accounting and reporting standards as applicable in Pakistan.</td></tr>
</table>

<table>
<tr><th>Sr. No.</th><th>Key audit matters</th><th>How the matters were addressed in our audit</th></tr>
<tr><td>2</td><td>Investments in quoted securities

Quoted investments of the investment business of the Group as at 30 June 2023 represented a material position in the consolidated statement of financial position.

Due to the requirements of applicable accounting and reporting standards relating to classification, measurement and disclosures of investments, it is considered to be the area which had the significant effect on our overall audit strategy and allocation of resources in planning and completing our audit.

Further, the value of the quoted investments is a significant input to confirm the amount of unrealised gain / (loss) on remeasurement of investments recognized in the consolidated statement of profit or loss.

For further information, refer to the following:

- Summary of significant accounting policies, Investment and other financial assets note 2.12 to the consolidated financial statements.
- Long term investments note 24 and short term investments note 32 to the consolidated financial statements.</td><td>Our procedures over the existence, completeness and valuation of the Company's portfolio of quoted investments included, but were not limited to:

• Documenting and assessing the processes and controls in place to record investment transactions and to value the portfolio;
• Agreeing the valuation of all of quoted investments from prices quoted on the Pakistan Stock Exchange Limited and redemption price in case of open-end mutual funds;
• Agreeing holding of all quoted investments from the Account Balance Report of Central Depository Company of Pakistan Limited and Statement of Account, in case of open-end mutual funds;
• Verifying the accuracy of management's judgement used in classification of investments; and
• Assuring the completeness and accuracy of gains / (losses) recognized in the consolidated statement of profit or loss of quoted investments.</td></tr>
<tr><td>3</td><td>Inventory existence and valuation

Inventory of the textile business of the Group as at 30 June 2023 represented a material position in the consolidated statement of financial position.

Inventory is measured at the lower of cost and net realizable value.

We identified existence and valuation of inventory as a key audit matter due to its size and the judgment involved in valuation.

For further information on inventory, refer to the following:

- Summary of significant accounting policies, Inventories note 2.19 to the consolidated financial statements.

- Stores, spare parts and loose tools note 26 and Stock-in-trade note 27 to the consolidated financial statements.</td><td>Our procedures over existence and valuation of inventory included, but were not limited to:

• To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management;
• For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets;
• We tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last recorded invoice;
• On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any;
• We assessed the percentage write down applied to older inventory with reference to historic inventory write downs and recoveries on slow moving inventory;
• In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs; and
• We also made enquiries of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.</td></tr>
</table>

<table>
<tr><td>4.</td><td>Contigent taxation labilities

Cement business of the Group has contingent liabilities in respect of various income and sales tax matters, which are pending adjudication before the taxation authorities and the courts of law.

Contingencies require management to make judgments and estimate in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome of the financial impact, if any, on the Group for disclosure and recognition and measurement of any provision that may be required against any contingencies.

Due to significance of amounts involved inherent uncertainties with respect to the outcome of matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered contingent liabilities relating to income and sales tax, a key audit matter.
For further information, refer to the following:
- Summary of significant accounting policies, contingent liabilities note 2.39 to the consolidated financial statements.
- Contingencies and commitments note 19 to the consolidated financial statements.</td><td>Our procedures included, but were not limited to:

• Obtain and examined details of the pending tax matters and discuss the same with the Group's management.
• Circularized confirmations to the Group's external legal / tax advisors for their views on open tax assessments and matters.
• Examined correspondence of the Group with the relevant authorities including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved.
• Involved in-house tax specialists to assess management's conclusion on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and external legal / tax advisors engaged by the Group.
• Assessed the adequacy and appropriateness of disclosures made in respect of such income and sales tax matters.</td></tr>
<tr><td>5.</td><td>Revenue recognition

Revenue of the textile business of the Group for the year ended 30 June 2023 represented a significant portion in the consolidated statement of profit or loss.

We identified recognition of revenue of the textile business as a key audit matter because revenue is one of the key performance indicators of the Group and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.

For further information, refer to the following:

- Summary of significant accounting policies, Revenue recognition note 2.26 to the consolidated financial statements.

- Revenue note 34 to the consolidated financial statements.</td><td>Our procedures included, but were not limited to:

• We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue;
• We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents;
• We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period;
• We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers';
• We compared manual general entries relating to revenue recognized during the year which were considered to be material or met other specific risk-based criteria with the underlying documents; and
• We also considered the appropriateness of disclosures in the consolidated financial statements.</td></tr>
</table>

Information Other than the Consolidated 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 consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

The engagement partner on the audit resulting in this independent auditor's report is Raheel Arshad.

Riaz Ahmad & Co

RIAZ AHMAD & COMPANY
Chartered Accountants

ISLAMABAD

Date:

UDIN:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Note	2023	2022
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
370,000,000 (2022: 370,000,000) ordinary shares of Rupees 10 each		3,700,000	3,700,000
30,000,000 (2022: 30,000,000) preference shares of Rupees 10 each		300,000	300,000
		4,000,000	4,000,000
Issued, subscribed and paid-up share capital	3	2,992,964	2,992,964
Reserves	4		
Capital reserves			
Share premium		986,077	986,077
Surplus on revaluation of freehold land		4,060,380	4,070,446
Fair value reserve		125,792	2,978
Own shares purchased for cancellation		(312,153)	-
		4,860,096	5,059,501
Revenue reserves			
General reserve		1,450,491	1,450,491
Unappropriated profit		35,671,941	29,263,044
		37,122,432	30,713,535
		41,982,528	35,773,036
Equity attributable to equity holders of the Holding Company		44,975,492	38,766,000
Non-controlling interest	5	20,802,664	18,114,640
Total equity		65,778,156	56,880,640
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	6	21,641,692	21,051,422
Deferred government grants	7	619,367	804,158
Gas Infrastructure Development Cess (GIDC) payable	8	-	-
Long term liability against right of use assets	9	31,407	27,136
Long term deposits	10	8,214	8,214
Retirement benefits	11	278,493	235,329
Retention money payable	12	1,752,988	-
Deferred income tax liability	13	9,263,735	5,372,229
		33,595,896	27,498,488
CURRENT LIABILITIES			
Trade and other payables	14	15,764,565	12,367,040
Accrued mark-up	15	1,348,355	764,694
Short term borrowings	16	9,015,010	9,793,373
Current portion of non-current liabilities	17	4,439,352	4,302,719
Unclaimed dividend		59,642	60,203
Taxation - net	18	539,655	328,266
		31,166,579	27,616,295
TOTAL LIABILITIES		64,762,475	55,114,783
CONTINGENCIES AND COMMITMENTS	19		
TOTAL EQUITY AND LIABILITIES		130,540,631	111,995,423

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

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

	Note	2023	2022
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	20	83,545,648	71,468,745
Investment properties	21	-	1,824,360
Intangibles	22	6,947	10,415
Long term loans to employees	23	18,089	19,366
Long term investments	24	350,609	350,763
Long term deposits	25	120,029	112,073
		84,041,322	73,785,722
CURRENT ASSETS			
Stores, spare parts and loose tools	26	11,531,687	14,311,149
Stock-in-trade	27	12,677,833	8,609,732
Trade debts	28	7,031,871	6,480,200
Loans and advances	29	1,178,308	1,311,235
Security deposits and short term prepayments	30	535,471	592,411
Other receivables	31	1,859,582	1,063,074
Short term investments	32	10,087,503	4,680,242
Cash and bank balances	33	1,597,054	1,161,658
		46,499,309	38,209,701
TOTAL ASSETS		130,540,631	111,995,423

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023	2022
		(Rupees in thousand)	
REVENUE	34	104,119,672	87,976,565
COST OF SALES	35	(78,319,995)	(63,848,277)
GROSS PROFIT		25,799,677	24,128,288
DISTRIBUTION COST	36	(3,321,418)	(3,078,554)
ADMINISTRATIVE EXPENSES	37	(2,609,713)	(2,143,948)
OTHER EXPENSES	38	(1,788,943)	(6,258,269)
		(7,720,074)	(11,480,771)
		18,079,603	12,647,517
OTHER INCOME	39	1,780,032	331,657
PROFIT FROM OPERATIONS		19,859,635	12,979,174
FINANCE COST	40	(4,300,698)	(2,633,513)
PROFIT BEFORE TAXATION		15,558,937	10,345,661
TAXATION	41	(6,370,242)	(5,015,275)
PROFIT AFTER TAXATION		9,188,695	5,330,386
SHARE OF PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF HOLDING COMPANY		6,442,898	3,870,593
NON-CONTROLLING INTEREST		2,745,797	1,459,793
		9,188,695	5,330,386

	Note	2023	2022
		--------------Rupees--------------	
EARNINGS PER SHARE - BASIC AND DILUTED	42	21.55	12.93

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

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023	2022
		(Rupees in thousand)	
PROFIT AFTER TAXATION		9,188,695	5,330,386
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit liability		(18,830)	1,726
Related deferred income tax		6,977	(557)
		(11,853)	1,169
Surplus arising on remeasurement of investment at fair value through other comprehensive income		276,304	4,104
Related deferred income tax		(67,467)	(513)
		208,837	3,591
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the year - net of tax		196,984	4,760
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		9,385,679	5,335,146
SHARE OF TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
EQUITY HOLDERS OF HOLDING COMPANY		6,558,904	3,874,227
NON-CONTROLLING INTEREST		2,826,775	1,460,919
		9,385,679	5,335,146

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

CHIEF EXECUTIVE OFFICER　　DIRECTOR　　CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY												
		Reserves											
		Capital reserves					Revenue reserves						
	Share capital	Share premium	Surplus on revaluation of freehold land	Fair value reserve	Own shares purchased for cancellation	Sub-total	General reserve	Unappropriated profit	Sub-total	Total reserves	Total	Non-controlling interest	Total equity
	(Rupees in thousand)												
Balance as at 01 July 2021	2,992,964	986,077	4,070,446	-	-	5,056,523	1,450,491	26,092,086	27,542,577	32,599,100	35,592,064	17,048,451	52,640,515
Transactions with owners:													
- Transaction with non-controlling interests	-	-	-	-	-	-	-	(101,699)	(101,699)	(101,699)	(101,699)	(394,730)	(496,429)
- final dividend for the year ended 30 June 2021 @ Rupee 1.00 per share	-	-	-	-	-	-	-	(299,296)	(299,296)	(299,296)	(299,296)	-	(299,296)
- interim dividend for the year ended 30 June 2022 @ Rupee 1.00 per share	-	-	-	-	-	-	-	(299,296)	(299,296)	(299,296)	(299,296)	-	(299,296)
	-	-	-	-	-	-	-	(700,291)	(700,291)	(700,291)	(700,291)	(394,730)	(1,095,021)
Profit for the year	-	-	-	-	-	-	-	3,870,593	3,870,593	3,870,593	3,870,593	1,459,793	5,330,386
Other comprehensive income for the year	-	-	-	2,978	-	2,978	-	656	656	3,634	3,634	1,126	4,760
Total comprehensive income for the year	-	-	-	2,978	-	2,978	-	3,871,249	3,871,249	3,874,227	3,874,227	1,460,919	5,335,146
Balance as at 30 June 2022	2,992,964	986,077	4,070,446	2,978	-	5,059,501	1,450,491	29,263,044	30,713,535	35,773,036	38,766,000	18,114,640	56,880,640
Transactions with owners:													
- Own shares purchased during the year for cancellation	-	-	-	-	(312,153)	(312,153)	-	-	-	(312,153)	(312,153)	-	(312,153)
- Transaction with non-controlling interests	-	-	-	-	-	-	-	(37,259)	(37,259)	(37,259)	(37,259)	(138,751)	(176,010)
	-	-	-	-	(312,153)	(312,153)	-	(37,259)	(37,259)	(349,412)	(349,412)	(138,751)	(488,163)
Surplus on revaluation of investment property (Note 4)	-	-	(10,066)	-	-	(10,066)	-	10,066	10,066	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	6,442,898	6,442,898	6,442,898	6,442,898	2,745,797	9,188,695
Other comprehensive income for the year	-	-	-	122,814	-	122,814	-	(6,808)	(6,808)	116,006	116,006	80,978	196,984
Total comprehensive income for the year	-	-	-	122,814	-	122,814	-	6,436,090	6,436,090	6,558,904	6,558,904	2,826,775	9,385,679
Balance as at 30 June 2023	2,992,964	986,077	4,060,380	125,792	(312,153)	4,860,096	1,450,491	35,671,941	37,122,432	41,982,528	44,975,492	20,802,664	65,778,156

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023	2022
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	43	24,974,935	11,754,298
Finance cost paid		(3,708,818)	(2,155,585)
Employee benefits paid		(53,882)	(43,319)
Income tax paid - net of refund		(2,327,837)	(1,900,876)
Worker's welfare fund paid		(125,259)	(52,925)
Workers' profits participation fund paid		(292,692)	(644,319)
Gas Infrastructure Development Cess (GIDC) paid		-	(32,187)
Net decrease / (increase) in long term loans to employees		1,277	(2,362)
Net increase in long term deposits		(7,956)	(1,810)
Net cash generated from operating activities		18,459,768	6,920,915
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(14,358,307)	(19,062,823)
Intangible assets acquired		-	(6,786)
Long term investments made		(15,000)	(192,499)
Proceeds from disposal of long term investments		28,021	3,250
Short term investments - net		(5,113,455)	5,386,703
Proceeds from disposal of property, plant and equipment		114,065	101,576
Increase / (decrease) in retention money payable		1,750,198	(391,694)
Interest received		193,486	70,636
Dividend received		120,021	41,453
Net cash used in investing activities		(17,280,971)	(14,050,184)
CASH FLOWS FROM FINANCING ACTIVITIES			
Transaction with non-controlling interests		(176,010)	(477,778)
Proceeds from long term financing		6,340,660	11,935,164
Repayment of long term financing		(5,802,358)	(4,114,055)
Own share purchased for cancellation		(312,153)	-
Lease rentals paid during the year		(14,611)	(12,425)
Short term borrowings - net		(778,363)	713,097
Redemption of preference shares		(5)	-
Dividend paid		(561)	(597,115)
Net cash (used in) / from financing activities		(743,401)	7,446,888
Net increase in cash and cash equivalents		435,396	317,619
Cash and cash equivalents at the beginning of the year		1,161,658	844,039
Cash and cash equivalents at the end of the year		1,597,054	1,161,658

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

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

1. THE GROUP AND ITS OPERATIONS

1.1 Holding Company

Kohinoor Textile Mills Limited is a public limited company incorporated in Pakistan under the Companies Act, 1913 (now the Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The registered office of the Holding Company is situated at 42-Lawrence Road, Lahore. The principal activity of the Holding Company is manufacturing of yarn and cloth, processing and stitching the cloth and trade of textile products.

1.2 Subsidiary companies

1.2.1 Maple Leaf Cement Factory Limited (MLCFL)

Maple Leaf Cement Factory Limited (the Subsidiary Company) was incorporated in Pakistan on 13 April 1960 under the Companies Act, 1913 (now the Companies Act, 2017) as a public company limited by shares. MLCFL is listed on Pakistan Stock Exchange Limited. The registered office of MLCFL is situated at 42-Lawrence Road, Lahore. MLCFL is engaged in production and sale of cement.

1.2.2 Maple Leaf Capital Limited (MLCL)

Maple Leaf Capital Limited (the Subsidiary Company) was incorporated in Pakistan on 25 April 2014 under the Companies Ordinance, 1984 (now the Companies Act, 2017) as a public company limited by shares. The registered office of MLCL is situated at 42-Lawrence Road, Lahore. The principal objects of MLCL are to buy, sell, hold or otherwise acquire or invest the capital in any sort of financial instruments and commodities.

1.2.3 Maple Leaf Power Limited (MLPL)

Maple Leaf Power Limited was incorporated in Pakistan on 15 October 2015 as a public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017). It is wholly owned subsidiary of MLCFL, which is subsidiary of the Holding Company. MLPL has been established to set up and operate a 40-megawatt coal fired power generation plant at Iskanderabad, District Mianwali for generation of electricity. The registered office of MLPL is located at 42-Lawrence Road, Lahore. The principal object of MLPL is to develop, design, operate and maintain electric power generation plant and in connection therewith to engage in the business of generation, sale and supply of electricity.

MLPL was granted electricity generation license from National Electric and Power Regulatory Authority (NEPRA) on 20 December 2016. MLPL entered into a Power Purchase Agreement (PPA) and Steam Purchase Agreement with MLCFL on 04 July 2017 and 31 October 2019 respectively, which are valid for 20 years.

1.2.4 Maple Leaf Industries Limited (MLIL)

Maple Leaf Industries Limited was incorporated in Pakistan on 21 September 2022 as a public company limited by shares under the Companies Act, 2017. It is wholly owned subsidiary of MLCFL, which is subsidiary of the Holding Company. MLIL's objective is to produce, manufacture, prepare, treat, process, refine, and deal in all kinds of cement and its allied products. The registered office of MLIL is located at 42-Lawrence Road, Lahore. MLIL has not yet commenced its commercial operations. The financial statements of MLIL are for the period from 21 September 2022 to 30 June 2023.

1.3 Geographical location and addresses of all business units are as follows:

Sr. No.	Manufacturing units and office	Address
	Manufacturing units:	
1	Spinning and Home textile units	Peshawar Road, Rawalpindi.
2	Spinning unit	Gulyana Road, Gujar Khan, District Rawalpindi.
3	Weaving unit	8 K.M. Manga Raiwind Road, District Kasur.
4	Cement and Power plant	Iskanderabad, District Mianwali
	Head office	42-Lawrence Road, Lahore.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

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

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

b) Accounting convention

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

c) Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Group's financial statements or where judgments were exercised in application of accounting policies are as follows:

Financial instruments – fair value

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on conditions existing at the reporting date.

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values, useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Group. Further, the Group reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

Inventories

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made on each reporting date on inventories for excess inventories, obsolescence and declines in net realizable value and an allowance is recorded against the inventory balances for any such declines.

Income tax

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

Allowance for expected credit losses

The allowance for Expected Credit Losses (ECLs) assessment requires a degree of estimation and judgment. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Classification of investments

The management of the Group determines the appropriate classification of its investments at the time of purchase or increase in holding and classifies its investments in accordance with IFRS 9 "Financial Instruments".

Employee benefits

The Subsidiary Company Maple Leaf Cement Factory Limited (MLCFL) operates approved funded gratuity schemes covering all its full time permanent workers who have completed the minimum qualifying period of service as defined under the respective scheme. The gratuity scheme is managed by trustees. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary on annual basis.

The amount of the expected return on plan assets is calculated using the expected rate of return for the year and the market - related value at the beginning of the year. Gratuity cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years, net of the expected return on plan assets. Calculations are sensitive to changes in the underlying assumptions.

The Subsidiary Company Maple Leaf Cement Factory Limited (MLCFL) also operates approved unfunded accumulated compensated absences benefit scheme covering all its full time permanent employees. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary on annual basis. Accumulated compensated absences cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the Interest on the obligation in respect of employee service in previous years and the related actuarial gain / loss. Calculations are sensitive to changes in the underlying assumptions.

Impairment

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

Provisions

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

Contingencies

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

Revaluation of land (Note 52)

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

Following amendments to published approved accounting standards are mandatory for the Group's accounting periods beginning on or after 01 July 2022:

- 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 amends IAS 1 'Presentation of Financial Statements'.
- Annual improvements to IFRS standards 2018-2020 which amended IFRS 9 'Financial Instruments' and IFRS 16 'Leases'.
- Reference to the Conceptual Framework (Amendments to IFRS 3)' published by the International Accounting Standards Board (IASB) with amendments to IFRS 3 'Business Combinations'.

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

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

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2022 but are considered not to be relevant or do not have any significant impact on the Group's financial statements and are therefore not detailed in these consolidated financial statements.

f) Amendments to published approved accounting standards that are not yet effective but relevant to the Group

Following amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2023 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgment') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their consolidated financial statements. Earlier, IAS 1 states that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income taxes') effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors') effective for annual periods beginning on or after 1 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

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

On 22 September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 1 January 2024.

On 25 May 2023, the IASB issued 'Suppliers Finance Arrangements (Amendments to IAS 7and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangement. The amendments are effective for reporting period beginning on or after 1 January 2024.

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

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

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

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

2.2 Basis of consolidation

Subsidiaries are all entities (Including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Holding Company obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the Subsidiary Company has been consolidated on a line-by-line basis and the carrying values of investment held by the Holding Company has eliminated against the shareholders' equity in the Subsidiary Company are prepared for the same reporting year as of the Holding Company, using consistent accounting policies.

Non-controlling interest is that part of net results of the operations and of net assets of the Subsidiaries which are not owned by the Holding Company either directly or indirectly. Non-controlling interest is presented as a separate item in the consolidated financial statement.

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and other component of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in consolidated statement of profit or loss. In addition, any amount previously recognized in consolidated statement of other comprehensive income in respect of that subsidiary are reclassified to the consolidated statement of profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee, joint venture or as an available for sale financial asset depending on level of influence retained.

Intra-group balances and transactions have been eliminated.

2.3 Employee benefit

i) Defined contribution plan

The Group operates an approved funded provident fund scheme covering all its permanent employees. Equal monthly contributions are made both by the Group and employees to the fund. The Group's contributions to the fund are charged to consolidated statement of profit or loss.

ii) Defined benefit plan

The Subsidiary Company MLCFL operates approved funded gratuity scheme for all its workers who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to consolidated statement of profit or loss.

Net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurement of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in consolidated statement of comprehensive income. Net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan is recognized in the consolidated statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the consolidated statement of profit or loss. Gains and losses on the settlement of a defined benefit plan are recognized when the settlement occurs.

iii) Liability for employee's compensated absences

MLCFL accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provision to cover the obligations is made using the current salary level of employees. The unutilized leaves are accumulated subject to a maximum of 90 days. The unutilized accumulated leaves enchased at the time the employee leaves MLCFL's service. MLCFL uses the actuarial valuations carried out using the projected unit credit method for valuation of its accumulated compensating absences. The latest valuation was carried out on 30 June 2023. Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to the consolidated statement of profit or loss. The amount recognized in the consolidated statement of the financial position represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the consolidated statement of profit or loss immediately in the period when these occur.

2.4 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

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

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

2.5 Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency. Figures are rounded off to the nearest thousand of Pak Rupees.

2.6 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to consolidated statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

2.7 Provisions

Provisions are recognized when the Group has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

2.8 Property, plant, equipment and depreciation

Operating fixed assets

Operating fixed assets except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition. Freehold land is stated at revalued amount less any identified impairment loss. Capital work-in-progress is stated at cost less any recognized impairment loss.

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

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

Depreciation

Depreciation on operating fixed assets is charged to the consolidated statement of profit or loss applying the reducing balance method except that straight-line method is used for the plant and machinery and buildings of MLCFL relating to dry process plant and power plant of MLPL after deducting residual value, so as to write off the cost / depreciable amount of the asset over their estimated useful lives at the rates given in Note 20.1. Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed of. The residual values and useful lives of assets are reviewed by the management, at each financial year end and adjusted if impact on depreciation is significant.

De-recognition

An item of operating fixed assets is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the consolidated statement of profit or loss in the year the asset is de-recognized.

Capital work-in-progress

Capital work-in-progress is stated at cost less identified 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 operating fixed assets as and when these are available for use.

2.9 Intangible assets

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprise purchase price, non-refundable purchase taxes and other directly attributable expenditure relating to their implementation and customization. After initial recognition an intangible asset is carried at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized from the month, when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Group. The useful life and amortization method is reviewed and adjusted, if appropriate, at each consolidated statement of financial position date.

2.10 Investment properties

Land and buildings held for capital appreciation or to earn rental income are classified as investment properties. Investment properties are carried at fair value which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The valuation of the properties is carried out with sufficient regularity.

Gain or loss arising from a change in the fair value of investment properties is recognized in the consolidated statement of profit or loss for the year in which it arises.

2.11 IFRS 16 "Leases"

Right-of-use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses (if any). Cost comprises of the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Group has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortized cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to consolidated statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

2.12 Investments and other financial assets

a) Classification

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

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

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

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

Debt instruments

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

Amortized cost

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

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is de-recognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income / (other expenses) and impairment losses are presented as separate line item in the consolidated statement of profit or loss.

Fair value through profit or loss (FVTPL)

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

Equity instruments

The Group subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognized in other income / (other expenses) in the consolidated statement of profit or loss as applicable.

Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

2.13 Financial liabilities - classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in consolidated statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

2.14 Impairment of financial assets

The Group recognizes loss allowances for ECLs on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVTOCI; and
- Contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and

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

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

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

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

The Group has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

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

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

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVTOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

2.15 De-recognition of financial assets and financial liabilities

a) Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

b) Financial liabilities

The Group derecognizes a financial liability (or a part of financial liability) from its consolidated statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

2.16 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the consolidated financial statements when there is a legal enforceable right to set off and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

2.17 Hedge accounting

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these consolidated financial statements as there is no hedge activity carried on by the Group during the year ended 30 June 2023.

2.18 Investment in gold

Investment in gold is initially recognized at fair value less cost to sell. Subsequent to initial recognition, these are measured at fair value using spot rate fixed by the Pakistan Mercantile Exchange Limited (PMEX). Gain or loss arising from changes in fair value less cost to sell are recognized in the consolidated statement of profit or loss in the period of change.

2.19 Inventories

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

Stores, spare parts and loose tools

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

Stock-in-trade

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

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

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

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

2.20 Trade debts and other receivables

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

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

2.21 Borrowings

Financing and borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

2.22 Borrowing cost

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

2.23 Trade and other payables

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

2.24 Cash and cash equivalents

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

2.25 Share capital

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

2.26 Revenue recognition

Sale of goods

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

Processing services

The Holding Company provides processing services to local customers. These services are rendered separately and the Holding Company's contract with the customer for services constitute a single performance obligation.

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

Interest

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

Dividend

Dividend on equity investments is recognized when right to receive the dividend is established.

Other revenue

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

Realized gain

Realized capital gains / (losses) arising on sale of investments are included in the consolidated statement of profit or loss on the date at which the transaction takes place.

Realized gains / (losses) arising on sale of gold are included in the consolidated statement of profit or loss on the date at which the transaction takes place.

Unrealized gain

Unrealized capital gains / (losses) arising on changes in the fair value of investments classified as “Fair value through profit or loss” are included in the consolidated statement of profit or loss in the period in which they arise.

Unrealized gains / (losses) arising on revaluation of gold are included in the consolidated statement of profit or loss in the period in which they arise.

2.27 Contract assets

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

2.28 Customer acquisition costs

Customer acquisition costs are capitalized as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortized on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

2.29 Customer fulfillment costs

Customer fulfillment costs are capitalized as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the Group that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfillment costs are amortized on a straight-line basis over the term of the contract.

2.30 Right of return assets

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

2.31 Contract liabilities

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

2.32 Refund liabilities

Refund liabilities are recognized where the Group receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Group does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

2.33 Derivative financial instruments

Derivatives instruments that are held by the Group primarily comprise of future contracts in the capital market and commodities market. These are measured initially at fair value and revalued at each subsequent measurement date at their fair values which is calculated as being the net difference between the contract price and the closing price reported on the relevant exchange of the future contracts. Derivatives with the positive market values (unrealized gains) are included in assets and derivatives with the negative market value (unrealized losses) are included in liabilities in the consolidated statement of financial position. The resultant gains / (losses) are included in consolidated statement of profit or loss.

2.34 Segment reporting

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

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

The Group has six reportable business segments. Spinning (Producing different quality of yarn using natural and artificial fibers), Weaving (Producing different quality of greige fabric using yarn), Processing and Home Textile (Processing greige fabric for production of printed and dyed fabric and manufacturing of home textile articles), Power (generation of electricity), Investment (invest the capital in any sort of financial instruments and commodities) and Cement.

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

2.35 Impairment of non-financial assets

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

2.36 Government grants

The Group follows deferral method of accounting for government grant related to subsidized long term loan. Government grant is initially recognized as deferred grant and measured as the difference between the initial carrying value of the long term loan recorded at market rate (i.e. fair value of the long term loan in this case) and the proceeds of subsidized long term loan received. In subsequent years, the grant is recognized in consolidated statement of profit or loss, in line with the recognition of interest expenses the grant is compensating and is presented as a reduction of related interest expense.

2.37 Earnings per share

The Group presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

2.38 Contingent assets

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

2.39 Contingent liabilities

Contingent liability is disclosed when the Group has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the consolidated financial statements.

2.40 Dividend and other appropriations

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

3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2023	2022		2023	2022
(Number of Shares)			(Rupees in thousand)	
1,596,672	1,596,672	Ordinary shares of Rupees 10 each allotted on reorganization of Kohinoor Industries Limited	15,967	15,967
26,156,000	26,156,000	Ordinary shares allotted under scheme of arrangement of merger of Part II of Maple Leaf Electric Company Limited	261,560	261,560
26,858,897	26,858,897	Ordinary shares allotted under scheme of arrangement of merger of Kohinoor Raiwind Mills Limited and Kohinoor Gujar Khan Mills Limited	268,589	268,589
75,502,560	75,502,560	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	755,025	755,025
169,182,327	169,182,327	Ordinary shares of Rupees 10 each issued as fully paid in cash	1,691,823	1,691,823
299,296,456	299,296,456		2,992,964	2,992,964

	Note	2023	2022
		(Rupees in thousand)	
4. RESERVES			
Composition of reserves is as follows:			
Capital reserves			
Share premium	4.1	986,077	986,077
Surplus on revaluation of freehold land and investment properties:	4.2		
- Freehold land			
As at 01 July		2,806,854	2,806,854
Transferred from investment properties		1,253,526	-
As at 30 June		4,060,380	2,806,854
- Investment properties			
As at 01 July		1,263,592	1,263,592
Transferred to surplus on revaluation of freehold land		(1,253,526)	-
Transferred to unappropriated profit		(10,066)	-
As at 30 June		-	1,263,592
		4,060,380	4,070,446
- Fair value reserve	4.3	125,792	2,978
Own shares purchased for cancellation	4.4	(312,153)	-
		4,860,096	5,059,501
Revenue reserves			
General reserve	4.5	1,450,491	1,450,491
Unappropriated profit		35,671,941	29,263,044
		37,122,432	30,713,535
		41,982,528	35,773,036

4.1 This reserve can be utilized by the Group only for the purposes specified in section 81 of the Companies Act, 2017.

4.2 This represents net accumulative increase in the carrying amount as a result of revaluation of freehold land. This surplus on revaluation of freehold land is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

4.3 This represents the unrealized gain on re-measurement of investment at fair value through other comprehensive income of Subsidiary Companies, MLCFL & MLCL and is not available for distribution. Reconciliation of fair value reserve - net of deferred income tax is as under:

	2023	2022
	(Rupees in thousand)	
Balance at the beginning of the year	3,591	-
Fair value adjustment during the year	276,304	4,104
	279,895	4,104
Less: Deferred income tax liability	(67,467)	(513)
Balance at the end of the year	212,428	3,591
Less: Share of non-controlling interests	(86,636)	(613)
	125,792	2,978

4.4 This represents 5.986 million own ordinary shares purchased by the Holding Company during the year, for the purpose of cancellation, from 13 March 2023 to 30 June 2023 at market price prevailing at the date of purchase. The purchase was made pursuant to the approvals of Board of Directors and the Shareholders of the Holding Company in their meeting held on 06 February 2023 and 03 March 2023 respectively, where the Holding Company was allowed to purchase / buy back its issued ordinary shares up to the maximum of 30 million ordinary shares, through Pakistan Stock Exchange Limited, at spot / current share price prevailing during the period from 13 March 2023 to 29 August 2023. Subsequent to the year end, the Holding Company has purchased further 24.011 million issued ordinary shares and cancelled the entire 29.997 million issued ordinary shares.

4.5 This represents reserve created out of profits for general purposes.

	Note	2023	2022
		(Rupees in thousand)	
5. NON-CONTROLLING INTEREST			
Opening balance		18,114,640	17,048,451
Add / (less): Share during the year:			
Transaction with non-controlling interests		(138,751)	(394,730)
Profit for the year		2,745,797	1,459,793
Other comprehensive income for the year		80,978	1,126
		2,688,024	1,066,189
		20,802,664	18,114,640
6. LONG TERM FINANCING			
From banking companies and other financial institution - secured			
Holding Company	6.1	7,432,812	5,164,912
Subsidiary Company - MLCFL	6.2	17,832,738	19,367,668
		25,265,550	24,532,580
Less: Current portion shown under current liabilities	17	(3,623,858)	(3,481,158)
		21,641,692	21,051,422

LENDER	2023	2022	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST PAYABLE	SECURITY
	.....Rupees in thousand.....						
6.1 Long term loans							
The Bank of Punjab	-	18,263	600,000	SBP LTFF rate + 2.50%	Sixteen equal quarterly installments commenced from 09 September 2016 and ending on 07 November 2022.	Quarterly	Joint pari passu charge amounting to Rupees 2,861.643 million (inclusive of 25% margin) over plant and machinery and mortgage charge of Rupees 934 million on land measuring 43 Acres, 07 Kanal and 12 Marlas of the Company.
	285,318	335,002	400,000	SBP LTFF rate + 1.00%	Thirty six equal quarterly installments commenced from 31 January 2018 and ending on 19 February 2030.	Quarterly	
	348,269	424,764	500,000	SBP LTFF rate + 1.00%	Twenty four equal quarterly installments commenced from 26 February 2019 and ending on 02 July 2030.	Quarterly	
	363,600	400,000	400,000	SBP LTFF rate + 1.00%	Twenty four unequal quarterly installments commencing from 03 February 2023 and ending on 09 February 2029.	Quarterly	
	349,917	364,439	500,000	SBP LTFF rate + 1.00%	Twenty four unequal quarterly installments commenced from 21 January 2023 and ending on 24 July 2029.	Quarterly	
	82,638			3 Month Kibor + 1%			
	432,555						
	459,269	-	500,000	3 Month Kibor + 1%	Twenty four unequal quarterly installments commencing from 14 November 2023 and ending on 07 May 2030.		
	1,889,011	1,542,468	2,900,000				
MCB Bank Limited	123,825	123,825	123,825	SBP LTFF rate + 1.00%	Thirty two unequal quarterly installments commencing from 12 November 2023 and ending on 12 August 2031.	Quarterly	Joint pari passu charge amounting to Rupees 3,816 million (inclusive of 25% margin) over plant and machinery of the Company.
MCB Bank Limited	1,732,699	-	1,750,000	3 Month Kibor + 1%	Thirty two unequal quarterly installments commencing from 21 October 2024 and ending on 20 November 2032.	Quarterly	
MCB Bank Limited (Note 6.3.1)	465,719	466,488	488,011	SBP TERF rate + 1.00%	Twenty four equal quarterly installments commenced from 25 May 2023 and ending on 04 June 2031.	Quarterly	
	2,322,243	590,313	2,361,836				
National Bank of Pakistan	333,515	395,274	500,000	SBP LTFF rate + 1.00%	Twelve equal half yearly installments commenced from 30 June 2018 and ending on 27 October 2027.	Half yearly	Joint pari passu charge amounting to Rupees 2,192.493 million (inclusive of 25% margin) over plant and machinery of the Company.
	131,395	166,455	218,000	SBP LTFF rate + 1.25%	Twelve equal half yearly installments commenced from 27 June 2020 and ending on 09 June 2027.	Half yearly	
	113,968	136,762	143,000	SBP LTFF rate + 1.00%	Twelve unequal half yearly installments commenced from 03 March 2023 and ending on 03 March 2028.	Half yearly	
	374,646	500,000	500,000	SBP LTFF rate + 1.00%	Twelve unequal half yearly installments commencing from 10 September 2022 and ending on 23 April 2029.	Half yearly	
	122,337			6 Month Kibor + 1.5%			
	496,983						
	184,453	257,591	500,000	SBP LTFF rate + 1.25%	Twelve unequal half yearly installments commenced from 30 March 2021 and ending on 24 January 2027.	Half yearly	
	1,260,314	1,456,082	1,861,000				

LENDER	2023	2022	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST PAYABLE	SECURITY
	.....Rupees in thousand.....						
PAIR Investment Company Limited	92,308	132,011	180,500	SBP LTFF rate + 1%	Twenty four equal quarterly installments commenced from 17 July 2018 and ending on 23 August 2026.	Quarterly	Joint pari passu charge amounting to Rupees 324.64 million (inclusive of 25% margin) over plant and machinery of the Company.
	101,077	118,170	119,500	SBP LTFF rate + 1.5%	Twenty unequal quarterly installments commenced from 14 June 2022 and ending on 02 August 2028.	Quarterly	
	193,385	250,181	300,000				
United Bank Limited	144,048	68,894	500,000	SBP LTFF rate + 1.25%	Twenty unequal quarterly installments commencing from 01 April 2024 and ending on 16 February 2030.	Quarterly	Joint pari passu charge amounting to Rupees 1,066.667 million (inclusive of 25% margin) over plant and machinery of the Company.
	27,341			3 Month Kibor + 1%			
	171,389						
	300,000	-	300,000	3 Month Kibor + 1%	Twenty equal quarterly installments commencing from 13 September 2023 and ending on 13 December 2029.	Quarterly	
	471,389	68,894	800,000				
Askari Bank Limited	109,802	141,180	350,000	SBP LTFF rate + 1.25%	Thirty six equal quarterly installments commenced from 28 January 2018 and ending on 31 October 2027.	Quarterly	Joint pari passu charge amounting to Rupees 467 million (inclusive of 25% margin) over land and building and Rupees 178 million (inclusive of 25% margin) over plant and machinery of Raiwind Division.
Allied Bank Limited	388,100	464,293	500,000	SBP LTFF rate + 1.00%	Twenty four equal quarterly installments commenced from 21 July 2021 and ending on 20 December 2028.	Quarterly	Joint pari passu charge amounting to Rupees 1,839.453 million (inclusive of 25% margin) over plant and machinery of the Company.
Allied Bank Limited	381,708	385,025	800,000	SBP LTFF rate + 1.00%	Twenty four unequal quarterly installments commencing from 24 January 2023 and ending on 20 June 2030.	Quarterly	
	416,860			3 Month Kibor + 0.75%			
	798,568						
Allied Bank Limited (Note 6.4)	-	266,476	1,000,000	SBP LTFF rate for payment of wages & salaries + 0.5% to 1.00%	Eight equal quarterly installments commenced from 31 January 2021 and ended on 25 November 2022.	Quarterly	
	1,186,668	1,115,794	2,300,000				
Total	7,432,812	5,164,912	10,872,836				

LENDER	2023	2022	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST PAYABLE	SECURITY
	.....Rupees in thousand.....						

6.2 Subsidiary Company (MLCFL)

LENDER	2023	2022	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST PAYABLE	SECURITY
Askari Bank Limited - Term Finance	459,634	636,416	707,130	3-Month KIBOR + 75 bps p.a, payable quarterly in arrears, from 1st drawdown to be set on last business day before first draw down and then on immediately preceding day of each quarter.	13 equal quarterly installments starting from 28 Dec 2023.	Quarterly	1st joint pari passu charge of Rupees 1,333.33 million over fixed assets of the MLCFL inclusive of 25% margin as below: - Hypothecation charge over all present and future plant and machinery of the MLCFL. - Land and building of cement unit phase II and additional bare land measuring 30 Kanals adjacent to it.
The Bank of Punjab - Demand Finance	814,528	1,190,463	1,253,119	3-Month KIBOR + 75 bps p.a. payable quarterly in arrears, to be reset on last working day of preceding calendar quarter.	13 equal quarterly installments starting from 27 Feb 2024.	Quarterly	Ist joint pari passu charge of Rupees 7,903 million over all present and future fixed assets of the MLCFL with 25% margin and personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors and key management personnel).
MCB Bank Limited - Demand Finance	775,650	889,149	1,451,920	3-Month KIBOR + 75 bps p.a, payable quarterly in arrears, to be reset on 1st working day of each quarter.	11 equal quarterly installments starting from 24 June 2024.	Quarterly	Ist joint pari passu charge of Rupees 38,051 million (MCB Share Rupees 4,500 million) over all present and future fixed assets of the MLCFL.
National Bank of Pakistan - Demand Finance	1,280,001	2,565,714	5,500,000	3-Month KIBOR + 75 bps p.a, payable quarterly in arrears, to be reset on last business day before first draw down and then on immediately preceding day of each calendar quarter.	09 equal quarterly installments starting from 30 Sep 2024.	Quarterly	1st joint pari passu charge of Rupees 10,000 million over fixed assets of the MLCFL and personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors and key management personnel).
Samba Bank Limited - Term Finance	262,500	412,500	450,000	3-Month KIBOR + 75 bps p.a, payable quarterly in arrears, to be reset on 1st working day of each calendar quarter.	07 equal quarterly installments starting from 01 Jul 2023.	Quarterly	Joint pari passu charge of Rupees 600 million on all present and future fixed assets of the MLCFL including land.
MCB Bank Limited (EX NIB) - Term Finance	-	962,878	1,488,379	3-Month KIBOR + 75 bps p.a. payable quarterly in arrears, to be reset on the first working day of every calendar quarter.	This loan has been fully repaid during the period.	Quarterly	Ist joint pari passu charge of Rupees 38,051 million (MCB share Rupees 4,500 million) over all present and future fixed assets of the MLCFL.
MCB Islamic Bank Limited - Diminishing Musharikah	822,807	1,045,285	1,500,000	3-Month KIBOR + 70 bps p.a. payable quarterly in arrears, to be set on the date of first day of disbursement and to be reset on 1st working day of each calendar quarter.	Repayment will made in following tranches. Tranch 1 12 equal quarterly installments starting from 23 August 2023. Tranch 2 12 equal quarterly installments starting from 30 August 2023. Tranch 3 13 equal quarterly installments starting from 28 June 2022. Tranch 4 13 equal quarterly installments starting from 14 September 2023. Tranch 5 13 equal quarterly installments starting from 17 September 2023. Tranch 6 15 equal quarterly installments starting from 28 June 2022.	Quarterly	1st joint pari passu charge of Rupees 2,000 million over all present and future fixed assets of the MLCFL including land and building and personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors and key management personnel).

LENDER	2023	2022	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST PAYABLE	SECURITY
	.....Rupees in thousand.....						
Habib Bank Limited - Term Finance	-	-	1,000,000	3-Month KIBOR + 75 bps p.a. payable quarterly in arrears, to be set on last business day before first draw down and then on immediately preceding day of each quarter.	This loan has been fully repaid during the year.	Quarterly	No security as the loan has been fully repaid during the year.
Askari Bank Limited - Term Finance	-	75,000	125,000	3-Month KIBOR + 125 bps p.a. payable quarterly in arrears, to be set on last business day before first draw down and then on immediately preceding day of each quarter.	This loan has been fully repaid during the period.	Quarterly	1st joint pari passu charge of Rupees 667 million over fixed assets of the MLCFL inclusive of 25% margin as below: - Hypothecation charge over all present and future plant and machinery of the MLCFL. - Land and building of cement unit phase II and additional bare land measuring 30 Kanals adjacent to it. - Personal Guarantee of Mr. Tariq Saeed Saigol and Mr. Saeed Tariq Saigol (sponsoring directors and key management personnel).
The Bank of Punjab - Demand Finance	-	299,471	374,339	3-Month KIBOR + 125 bps p.a. payable quarterly in arrears, to be set on the day of 1st draw down and then on last working day of preceding calendar quarter.	This loan has been fully repaid during the period.	Quarterly	1st joint pari passu charge of Rupees 7,903 million, with 25% margin, over all present and future fixed assets of the MLCFL and personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors and key management personnel).
MCB Bank Limited - Demand Finance	-	-	185,145	3-Month KIBOR + 115 bps p.a. payable quarterly in arrears, to be reset on 1st working day of each calendar quarter.	This loan has been fully repaid during the year.	Quarterly	No security as the loan has been fully repaid during the year.
National Bank of Pakistan - Demand Finance	-	200,000	1,000,000	3-Month KIBOR + 125 bps p.a. payable quarterly in arrears, to be set on the date of first disbursement and to be reset on the first working day of each calendar quarter.	This loan has been fully repaid during the year.	Quarterly	1st joint pari passu charge of Rupees 10,000 million over fixed assets of the MLCFL and personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors and key management personnel).
MCB Islamic Bank Limited - Diminishing Musharakah	-	166,667	500,000	3-Month KIBOR + 70 bps p.a. payable quarterly in arrears, to be set on the date of first disbursement and subsequently at the beginning of each quarter.	This loan has been fully repaid during the year.	Quarterly	1st joint pari passu charge of Rupees 666.67m over all present and future fixed assets of the MLCFL and personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors and key management personnel).
Pair Investment Group Limited - Term Finance	-	75,000	300,000	3 months KIBOR + 100 bps p.a. payable quarterly, with the first payment falling due at the end of the 3rd month from the first disbursement date and subsequently every three months thereafter.	This loan has been fully repaid during the year.	Quarterly	1st joint pari passu charge over present and future fixed assets of the MLCFL with 25% margin.
Askari Bank Limited - Term Finance	-	-	900,000	3-Month KIBOR + 75 bps p.a. payable quarterly in arrears, to be set on the day of 1st draw down and then on the last working day of preceding calendar quarter.	This loan has been fully repaid during the period.	Quarterly	As mentioned below.

LENDER	2023	2022	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST PAYABLE	SECURITY
	.....Rupees in thousand.....						
Askari Bank Limited - TERF (Note 6.3.1)	415,864	532,188	756,000	SBP Rate + 200 bps p.a. payable quarterly in arrears.	13 equal quarterly installments starting from 17 August 2023.	Quarterly	Ranking hypothecation charge of Rupees 310 million with 25% margin, over all present and future fixed assets (excluding land and building) of the MLCFL (to be upgraded to 1st joint pari passu charge). Cushion available against existing registered 1st joint pari passu charge of Rupees 2,000 million, to the extent of Rupees 890.493 million, over fixed assets of the MLCFL with 25% margin over fixed assets of the MLCFL as below: - Hypothecation charge over all present and future plant and machinery of the MLCFL. - Land and building of cement unit phase II and additional bare land measuring 30 Kanals adjacent to it.
Allied Bank Limited- SBP refinance for Wages and Salaries (Note 6.4)	-	210,204	933,000	SBP rate plus 50bps to 100bps p.a. payable quarterly.	This loan has been fully repaid during the period.	Quarterly	1st joint pari passu charge over all fixed assets of the MLCFL with 25% margin.
The Bank of Punjab - Demand Finance	243,157	297,192	600,000	3-Month KIBOR + 75 bps p.a. payable quarterly in arrears, to be set on the day of 1st draw down and then on last working day of preceding calendar quarter.	18 equal quarterly installments starting from 14 Sep 2023	Quarterly	1st joint pari passu charge of Rupees 7,903 million over all present and future fixed assets of the MLCFL with 25% margin and personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors and key management personnel).
National Bank of Pakistan - Demand Finance	714,106	360,751	1,220,497	3-Month KIBOR + 125 bps p.a. payable quarterly in arrears, to be reset on last working day of preceding calendar quarter.	32 equal quarterly installments starting form 18 September 2023	Quarterly	1st joint pari passu charge of Rupees 10,000 million over fixed assets of the MLCFL and personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors and key management personnel).
National Bank of Pakistan - TERF (Note 6.3.1)	1,126,651	1,060,934	1,779,503	SBP rate + 150 bps p.a. payable quarterly in arrears.	32 equal quarterly installments starting form 18 September 2023	Quarterly	1st joint pari passu charge of Rupees 10,000 million over fixed assets of the MLCFL and personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors and key management personnel).
The Bank of Punjab - Demand Finance	2,222,755	1,965,331	2,500,000	3-Month Kibor + 90 bps p.a. payable quarterly in arrears to be reset on last working day of preceding calendar quarter.	32 equal quarterly installments starting from 19 September 2023	Quarterly	Cushion available against existing registered 1st joint pari passu charge of Rupees 7,903 million, over fixed assets of the MLCFL inclusive of 25% margin and initial ranking charge of Rupees 3,236.1 million with 25% margin, over all present and future fixed assets of the MLCFL (upgraded to First joint pari passu charge).
The Bank of Punjab - TERF (Note 6.3.1)	382,414	358,712	500,000	SBP Rate + 150 bps p.a payable quarterly in arrears.	32 equal quarterly installments starting from 19 September 2023	Quarterly	1st joint pari passu Charge of Rupees 7,903 million over all present and future fixed assets of the MLCFL, with 25% margin.
MCB Bank Limited - LTFF	805,806	805,806	805,806	SBP LTFF Rate + 150 bps p.a. payable quarterly in arrears.	32 equal quarterly installments starting from 18 September 2023	Quarterly	1st joint pari passu charge of Rupees 38,051 million (MCB share Rupees 4,500 million) over all present and future fixed assets of the MLCFL.

LENDER	2023	2022	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST PAYABLE	SECURITY
	.....Rupees in thousand.....						
MCB Bank Limited - Demand Finance	617,007	439,276	1,194,194	3-Month Kibor + 75 bps p.a. payable quarterly in arrears to be reset on last working day of preceding calendar quarter.	32 equal quarterly installments starting from 18 September 2023	Quarterly	1st joint pari passu charge of Rupees 38,051 million (MCB share Rupees 4,500 million) over all present and future fixed assets of the MLCFL.
Habib Bank Limited - LTFF	560,705	560,705	560,703	SBP + 150 bps p.a. payable quarterly in arrears.	20 equal quarterly installments starting from 25 September 2023	Quarterly	1st joint pari passu charge of Rupees 4,000 million over all present and future fixed assets of the MLCFL including land i.e. 2097 Kanals and 9 Marlas, building, plant and machinery.
Habib Bank Limited - Term Finance	1,974,686	1,437,412	2,439,295	3-Month Kibor + 150 bps p.a. payable quarterly in arrears, to be reset on last working day of preceding calendar quarter.	20 equal quarterly installments starting from 25 September 2023	Quarterly	1st joint pari passu charge of Rupees 4,000 million over all present and future fixed assets of the MLCFL including land i.e. 2097 Kanals and 9 Marlas, building, plant and machinery.
Allied Bank Limited -Term Finance	365,473	118,969	518,575	3-Month Kibor + 100 bps p.a. payable quarterly in arrears, markup to be reset on last working day of preceding calendar quarter.	Repayment will made in following tranches. Tranch 1 24 equal quarterly installments starting from 30 August 2023. Tranch 2 22 equal quarterly installments starting from 24 Aug 2023. Tranch 3 24 equal quarterly installments starting from 19 Dec 2023.	Quarterly	Joint pari passu charge of Rupees 853.33 million, inclusive of 25% margin, over all present and future plant and machinery of the MLCFL.
Allied Bank Limited - LTFF	111,306	121,425	121,425	SBP + 100 bps p.a. payable quarterly in arrears.	22 equal quarterly installments starting from 22 August 2023.	Quarterly	Joint pari passu charge of Rupees 853.33 million, inclusive of 25% margin, over all present and future plant and machinery of the MLCFL.
Faysal Bank Limited - Diminishing Musharakah	1,428,036	986,594	2,000,000	3-Month Kibor + 150 bps p.a. payable quarterly in arrears.	21 equal quarterly installments starting from 31 August 2023	Quarterly	Joint pari passu charge over all present & future fixed assets of the MLCFL with 25% margin and personal guarantee of Mr. Tariq Saeed Saigol and Mr. Saeed Tariq Saigol (sponsoring directors and key management personnel).
MCB Islamic Bank Limited - Diminishing Musharakah (Note 6.3.1)	299,445	295,879	350,000	SBP Rate + 150 bps p.a. payable quarterly in arrears.	Repayment will made in following tranches. Tranch 1 10 equal quarterly installments starting from 01 Jul 2023. Tranch 2 10 equal quarterly installments starting from 30 June 2023. Tranch 3 12 equal quarterly installments starting from 26 July 2023.	Quarterly	joint pari passu charge over all present & future fixed assets of the MLCFL with 25% margin and personal guarantee of Mr. Tariq Saeed Saigol and Mr. Saeed Tariq Saigol (sponsoring directors and key management personnel).

LENDER	2023	2022	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST PAYABLE	SECURITY
	.....Rupees in thousand.....						
MCB Bank Limited - Demand Finance	333,278	480,816	500,000	3-Month KIBOR + 75 bps p.a. payable quarterly in arrears, to be set on last business day before first draw down and then on immediately preceding day of each quarter.	16 equal quarterly installments starting from 28 May 2025.	Quarterly	Ranking charge of Rupees 667 million over present and future fixed assets of the MLCFL, inclusive of 25% margin.
Askari Bank Limited - Term Finance	816,931	816,931	1,000,000	3-Month KIBOR + 75 bps p.a. payable quarterly in arears, to be set on one business day before 1st drawdown and then on immediately preceding day before start of each quarter.	32 equal quarterly installments starting from 09 September 2024.	Quarterly	1st joint pari passu charge of Rupees 1,333.33 million over fixed assets of the MLCFL inclusive of 25% margin as below: - Hypothecation charge over all present and future plant and machinery of the MLCFL. - Land and building of cement unit phase II and additional bare land measuring 30 Kanals adjacent to it.
Allied Bank Limited - Term Finance	1,000,000	-	1,000,000	3-Month KIBOR + 75 bps p.a, payable quarterly in arears, to be set on one business day before 1st drawdown and then on immediately preceding day before start of each quarter.	Repayment will made in following tranches. Tranch 1 16 equal quarterly installments starting from 04 November 2023. Tranch 2 16 equal quarterly installments starting from 12 March 2024.	Quarterly	1st joint pari passu charge of Rupees 1,333.33 million over fixed assets of the MLCFL inclusive of 25% margin as below (same charged in serial no. 9) - Hypothecation charge over all present and future plant and machinery of the MLCFL. - Land and building of cement unit phase II and additional bare land measuring 30 Kanals adjacent to it.
	17,832,738	19,367,668	35,514,030				

6.3 This represents long-term loan obtained by the Group under "SBP Temporary Economic Refinance Facility" and "SBP Financing Scheme for Renewable energy" for import of plant and machinery, for setting up of Waste Heat Recovery Plant, for import and installation of new cement production line (Line - IV) and for setting up of Solar Energy Project. The facility carries markup at the rate specified by State Bank of Pakistan plus spread of 1% to 2% per annum. The loan has been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using market rates. The difference between fair value of loan and loan proceeds has been recognised as deferred grant as per requirements of IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) and as per selected opinion issued in November 2020 by the Institute of Chartered Accountants of Pakistan. The reconciliation of the carrying amount is as follows:

	MLCFL		KTML		Total	
	2023	2022	2023	2022	2023	2022
	----------------(Rupees in thousand)----------------					
Balance at beginning of the year	2,247,713	522,951	466,488	418,522	2,714,201	941,473
Disbursements during the year	-	2,727,467	-	46,477	-	2,773,944
Repayments during the year	(205,869)	(103,488)	(4,892)	-	(210,761)	(103,488)
	2,041,844	3,146,930	461,596	464,999	2,503,440	3,611,929
Discounting adjustments for recognition at fair value - deferred government grant	(3)	(948,903)	-	(2,481)	(3)	(951,384)
Unwinding of discount on liability	182,533	49,686	4,123	3,970	186,656	53,656
Balance as at end of the year	2,224,374	2,247,713	465,719	466,488	2,690,093	2,714,201

6.3.1 TThe Bank wise break-up of financing obtained under “SBP Temporary Economic Refinance Facility” and “SBP Financing Scheme for Renewable energy” is as follows:

	MLCFL		KTML		Total	
	2023	2022	2023	2022	2023	2022
	----------------(Rupees in thousand)----------------					
Askari Bank Limited	415,864	532,188	-	-	415,864	532,188
MCB Bank Limited	-	-	465,719	466,488	465,719	466,488
MCB Islamic Bank Limited	299,445	295,879	-	-	299,445	295,879
National Bank of Pakistan	1,126,651	1,060,934	-	-	1,126,651	1,060,934
The Bank of Punjab	382,414	358,712	-	-	382,414	358,712
	2,224,374	2,247,713	465,719	466,488	2,690,093	2,714,201

6.4 These represent long-term loans obtained by the Group under “SBP Refinance Scheme for Payment of Wages and Salaries to Workers”. The loan has been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using market rates. These loans are repayable in 8 equal quarterly installments commenced from 31 January 2021. The difference between fair value of loan and loan proceeds has been recognised as deferred grant as per requirements of IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan. The reconciliation of the carrying amount is as follows:

	MLCFL		KTML		Total	
	2023	2022	2023	2022	2023	2022
	----------------(Rupees in thousand)----------------					
Balance at beginning of the year	210,204	609,385	266,476	711,395	476,680	1,320,780
Disbursements during the year	-	213,315	-	-	-	213,315
Repayments during the year	(213,316)	(639,945)	(271,380)	(478,620)	(484,696)	(1,118,565)
	(3,112)	182,755	(4,904)	232,775	(8,016)	415,530
Discounting adjustments for recognition at fair value - deferred government grant	-	(1,564)	-	-	-	(1,564)
Unwinding of discount on liability	3,112	29,013	4,904	33,701	8,016	62,714
Balance as at end of the year	-	210,204	-	266,476	-	476,680

	Note	2023	2022
		(Rupees in thousand)	

7. DEFERRED GOVERNMENT GRANTS

	Note	2023	2022
Balance at the beginning of the year	7.1	997,761	161,183
Government grant recognised during the year		3	952,948
Less: Amortisation of deferred government grant during the year		(194,672)	(116,370)
		803,092	997,761
Less: Current portion of deferred government grant	17	(183,725)	(193,603)
		619,367	804,158

7.1 These represent deferred government grants in respect of long term loans obtained by the Group under “SBP Temporary Economic Refinance Facility” and SBP Refinance Scheme for payment of wages and salaries to workers as disclosed in note 6.3 & 6.4 to these consolidated financial statements, respectively. There are no unfulfilled conditions or other contingencies attached to these grants.

	Note	2023	2022
		(Rupees in thousand)	

8. GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC) PAYABLE

	Note	2023	2022
Balance at the beginning of the year		621,121	567,841
Add: Adjustment during the year		-	69,231
Add: Unwinding of discount on GIDC payable	40	391	21,660
Less: Gain on remeasurement of GIDC	39	-	(5,424)
Less: Payments made during the year		-	(32,187)
		621,512	621,121
Less: Current portion of GIDC payable	17	(621,512)	(621,121)
	8.1	-	-

8.1 This represents Gas Infrastructure Development Cess (GIDC) that was levied through GIDC Act, 2015. Honorable Supreme Court of Pakistan upheld the GIDC Act, 2015 to be constitutional and intra vires. The Group has filed a review petition in Honorable Sindh High Court Karachi which is pending adjudication. The Group is to pay the balance amount of GIDC in 24 equal monthly installments. However, GIDC payable has been recorded at amortized cost in accordance with IFRS 9.

	Note	2023	2022
		(Rupees in thousand)	
9. LONG TERM LIABILITY AGAINST RIGHT OF USE ASSETS SUBSIDIARY COMPANY - MLCFL			
Liability against right of use assets		33,973	33,973
Addition during the year		17,666	-
Interest expense		5,038	-
Payment during the year		(14,611)	-
Disposal during the year		(402)	-
	9.1	41,664	33,973
Current portion of liability against right of use assets	17	(10,257)	(6,837)
		31,407	27,136
9.1 Maturity analysis of liability against right of use asset is as follows:			
Less than one year		14,052	9,138
One to five years		26,498	19,715
More than five years		30,226	31,924
Total undiscounted liability against right of use asset as at 30 June 2023		70,776	60,777
Impact of discounting on liability against right of use asset		(29,112)	(26,804)
		41,664	33,973

10. LONG TERM DEPOSITS

These represent deposits received from dealers and are being utilized by the Subsidiary Company, MLCFL in accordance with the terms of dealership agreements.

	Note	2023	2022
		(Rupees in thousand)	
11. RETIREMENT BENEFITS Subsidiary Company - MLCFL			
Accumulated compensated absences	11.1	213,283	165,416
Gratuity	11.2	65,210	69,913
		278,493	235,329

11.1 Accumulated compensated absences

The actuarial valuation of the MLCFL's accumulated compensated absences was conducted on 30 June 2023 using projected unit credit method. Detail of obligation for accumulated compensated absences is as follows:

	2023	2022
	(Rupees in thousand)	
11.1.1 Movement in the present value of defined benefit obligations is as follows:		
Present value of defined benefit obligations at beginning of the year	165,416	137,775
Current service cost	11,103	11,110
Interest cost for the year	20,729	12,990
Actuarial losses on present value of defined benefit obligations	33,974	19,283
Less: Benefits paid during the year	(17,939)	(15,742)
	213,283	165,416

	2023	2022
	(Rupees in thousand)	

11.1.2 Charge for the year

	2023	2022
Consolidated statement of profit or loss:		
Current service cost for the year	11,103	11,110
Interest cost for the year	20,729	12,990
Actuarial losses on present value of defined benefit obligations	33,974	19,283
	65,806	43,383

11.1.3 Sensitivity analysis

If the significant actuarial assumptions used to estimate the liability of compensated absences at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at 30 June 2023 would have been as follows:

	Compensated absences Impact on present value of defined benefit obligation	
	Increase	Decrease
	(Rupees in thousand)	
Discount rate + 100 bps	194,020	235,773
Future salary increase + 100 bps	235,427	194,021

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the statement of financial position.

11.1.4 At 30 June 2023, the average duration of the defined benefit obligation was 10 years.

11.1.5 Actuarial assumptions

The following are the principal actuarial assumptions as at 30 June 2023:

	2023	2022
	(Percentage)	
Discount rate used for interest cost	13.25%	10.00%
Discount rate used for year end obligations	16.25%	13.25%
Expected rate of growth per annum in future salaries	15.25%	12.25%
Expected mortality rate	SLIC 2001 - 2005 Setback 1 Year	
Retirement assumptions	60 Years	

11.2 Gratuity

The latest actuarial valuation of the Subsidiary Company's (MLCFL) defined benefit plan, was conducted on 30 June 2023 using projected unit credit method. Detail of obligation for defined benefit plan is as follows:

	Note	2023	2022
		(Rupees in thousand)	
The amounts recognized in the consolidated statement of financial position are as follows:			
Present value of defined benefit obligation	11.2.1	162,626	153,729
Less: Fair value of plan assets	11.2.2	(99,815)	(83,816)
Add: Payable to ex-employees		2,399	-
Net liability at end of the year		65,210	69,913
Net liability at beginning of the year		69,913	90,491
Charge to consolidated statement of profit or loss for the year	11.2.3	12,406	13,957
Charge to consolidated statement of comprehensive income for the year	11.2.3	18,830	(1,726)
Contributions made during the year		(41,171)	(27,577)
Gratuity due but not paid		5,232	(5,232)
Net liability at end of the year		65,210	69,913
11.2.1 Movement in the present value of defined benefit obligation is as follows:			
Present value of defined benefit obligations at Beginning of the year		153,729	168,575
Current service cost for the year		6,029	6,547
Interest cost for the year		17,829	15,218
Benefits due but not paid		(2,399)	(5,232)
Actuarial losses / (gain) on present value of defined benefit obligations		23,377	(3,802)
Benefits paid during the year		(35,939)	(27,577)
Present value of defined benefit obligation at end of the year		162,626	153,729
11.2.2 Movement in the fair value of plan assets is as follows:			
Fair value of plan assets at beginning of the year		83,816	78,084
Contributions made during the year		41,171	27,577
Expected return on plan assets for the year		11,452	7,808
Actuarial losses / (gain) on plan assets		4,547	(2,076)
Benefits paid during the year		(41,171)	(27,577)
Fair value of plan assets at end of the year		99,815	83,816
Fair value of plan assets are as follows:			
NAFA Government Securities Liquid Fund		98,859	23,743
Special saving certificates		-	58,560
Cash at bank		958	1,513
		99,817	83,816

	2023	2022
Plan assets comprise of:		
Equity	99.04%	28.33%
Special saving certificates	0.00%	69.87%
Cash at bank	0.96%	1.80%
	100.00%	100.00%

	2023	2022
	(Rupees in thousand)	
11.2.3 Charge for the year:		
In consolidated statement of profit or loss		
Current service cost for the year	6,029	6,547
Interest cost for the year	17,829	15,218
Expected return on plan assets for the year	(11,452)	(7,808)
	12,406	13,957
In consolidated statement of comprehensive income		
Actuarial losses / (gain) on retirement benefits - net	18,830	(1,726)
	31,236	12,231

Actuarial assumptions:

The following are the principal actuarial assumptions at 30 June:

	2023	2022
Discount rate used for year end obligation	16.25%	13.25%
Discount rate used for interest cost in profit or loss	13.25%	10.00%
Expected rate of growth per annum in future salaries	15.25%	12.25%
Expected mortality rate	SLIC 2001 - 2005 Setback 1 Year	
Retirement assumptions	60 Years	

11.2.4 Sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at 30 June 2023 would have been as follows:

	Gratuity Impact on present value of defined benefit obligation	
	Increase	Decrease
	(Rupees in thousand)	
Discount rate + 100 bps	156,035	161,490
Future salary increase + 100 bps	169,774	155,925

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the consolidated statement of financial position.

11.2.5 At 30 June 2023, the average duration of the defined benefit obligation was 4 years (2022: 4 years).

11.3 MLCFL expects to charge Rupees 12.405 million to consolidated statement of profit or loss on account of defined benefit plan in the year ending 30 June 2024.

11.4 Compensated absence and gratuity charge to consolidated statement profit or loss for the year has been allocated as follows:

	Note	2023	2022
		(Rupees in thousand)	
Cost of sales	35.2	32,956	34,380
Distribution cost	36.1	14,531	9,229
Administrative expenses	37.1	22,775	13,731
		70,262	57,340

12. RETENTION MONEY PAYABLE

This represents retention money payable by MLCFL to M/s Chengdu Design & Research Institute of Building Materials Industry Company Limited amounting to CNY 38.41 million (equivalent to Rupees 1,535.635 million) against line-IV after 18 months of last major shipment and remaining amount will be payable to M/s Sinoma Energy Conservation Limited against line-IV WHRP amounting to CNY 5.43 million (equivalent to Rupees 217.352 million). This amount will be payable on issuance of certificate of performance test acceptance by MLCFL.

	Note	2023	2022
		(Rupees in thousand)	
13. DEFERRED INCOME TAX LIABILITY			
This comprises of following:			
Deferred tax liability on taxable temporary differences in respect of:			
Accelerated tax depreciation		11,451,809	7,080,911
Long term investments		2,121	513
Short term investments		65,859	-
		11,519,789	7,081,424
Deferred tax asset on deductible temporary differences in respect of:			
Allowance for expected credit losses		(149,513)	(57,419)
Provision against obsolete stock-in-trade		(1,522)	(1,288)
Short term investments		(3,092)	(150,936)
Unused tax losses	13.1	(479,209)	(974,863)
Provision against slow moving stores, spare parts and loose tools		(2,561)	(1,245)
Available tax loss on sale of investments and trading in derivatives		(61,082)	(27,438)
Alternative corporate tax		(1,507,484)	(458,028)
Employees' retirement benefits		(51,591)	(37,978)
		(2,256,054)	(1,709,195)
		9,263,735	5,372,229

	Note	2023	2022
		(Rupees in thousand)	
Movement in deferred tax balances is as follows:			
At beginning of the year		5,372,229	3,949,204
Recognized in consolidated statement of profit or loss:			
- Accelerated tax depreciation on operating fixed assets		4,370,898	1,125,855
- Short term investments		147,844	(586,319)
- Allowance for expected credit losses		(92,094)	48,803
- Provision against obsolete stock-in-trade		(234)	(156)
- Unused tax losses		495,654	1,016,378
- Provision against slow moving stores, spare parts and loose tools		(1,316)	(151)
- Available tax loss on sale of investments and trading in derivatives		(33,644)	(27,438)
- Employees' retirement benefits		(6,636)	26,582
- Alternative corporate tax		(1,049,456)	(181,599)
	41	3,831,016	1,421,955
Recognized in consolidated statement of comprehensive income:			
- Employees' retirement benefits		(6,977)	557
- Long term investments		1,608	513
- Short term investments		65,859	-
		60,490	1,070
		9,263,735	5,372,229

13.1 This represents deferred tax asset of Subsidiary Company, MLCFL on unused tax losses amounting to Rupees 1,652 million (2022: Rupees 3,527 million) recognized on the basis of future expected taxable profits. As at 30 June 2023, unused tax losses represent unabsorbed depreciation which is available for adjustment for indefinite period in accordance with the provisions of the Income Tax Ordinance, 2001.

13.2 Deductible temporary differences are considered to the extent that the realization of related tax benefits is probable from reversals of existing taxable temporary differences and future taxable profits.

	Note	2023	2022
		(Rupees in thousand)	

14. TRADE AND OTHER PAYABLES

	Note	2023	2022
Creditors		5,863,594	4,909,874
Bills payable - secured		1,416,937	329,630
Accrued liabilities		2,235,669	1,789,447
Security deposits, repayable on demand	14.1	76,723	75,214
Contract liabilities - unsecured		779,638	486,238
Contractors' retention money	14.2	415,855	585,519
Workers' profits participation fund	14.3	1,869,014	1,857,000
Workers' welfare fund	14.4	536,974	370,605
Duties and taxes		2,159,350	1,684,908
Payable against redemption of preference shares		1,005	1,010
Withholding income tax payable		28,458	6,935
Sindh infrastructure development cess	14.5	349,878	198,652
Payable to employees' provident fund trust		17,933	31,545
Unrealised loss on re-measurement of futures contracts - shares		-	4,386
Others		13,537	36,077
		15,764,565	12,367,040

14.1 This represents security deposits received from distributors and contractors of MLCFL. Distributors and contractors have given MLCFL a right to utilize deposits in ordinary course of business.

14.2 This represents retention money withheld from contractors and are repayable after satisfactory completion of contracts.

14.3 Workers' profits participation fund (WPPF)

	Note	2023	2022
		(Rupees in thousand)	
Balance as on 01 July		1,857,000	1,725,945
Allocation for the year	38	304,706	774,878
Interest for the year	40	-	496
		2,161,706	2,501,319
Less: Payments during the year		(292,692)	(644,319)
		1,869,014	1,857,000

14.3.1 Interest is paid at prescribed rate under the Companies Profits (Workers' Participation) Act, 1968 on funds retained by the Holding Company till the date of allocation to workers.

14.3.2 The WPPF liability of Subsidiary Company, MLCFL includes leftover amount of Rupees 1,564.03 million payable to Workers Welfare Fund, in terms of the Companies Profits Worker's Participation Act, 1968 followed by The Punjab Workers Welfare Fund Act, 2019 and The Companies Profits (Workers Participation) (Amendment) Act, 2021, pertaining to the financial year ended 30 June 2012 to 30 June 2023. The payment of residual amount was earlier held up in view of legal infirmities. The Subsidiary Company's reference to the Punjab Government whereby number of legal propositions have been agitated with a request for necessary decision in accordance with Law, which is still awaited. In the absence of the decision and the way forward the Subsidiary Company is handicapped for the payment of residual amount either to the Provincial Government. or the Federal Government. The Subsidiary Company is under no obligation for payment of mark-up as the payment is not held up at its own volition but as a compulsion on account of the said dispute between the two Governments.

14.3.3 Workers' profits participation fund has not been provided for in these consolidated financial statements with respect to Subsidiary Company, MLCL on the advice of the MLCL's legal consultant.

	Note	2023	2022
		(Rupees in thousand)	
14.4 Workers' welfare fund			
Balance as on 01 July		370,605	176,523
Allocation for the year	38	291,628	247,007
		662,233	423,530
Less: Payment during the year		(125,259)	(52,925)
		536,974	370,605
14.5 Sindh infrastructure development cess			
Balance as at 01 July		198,652	99,238
Add: Provision for the year		151,226	99,414
Balance as at 30 June	14.5.1	349,878	198,652

14.5.1 This represents provision for infrastructure cess imposed by the Province of Sindh through Sindh Finance Act, 1994 and its subsequent versions including the final version i.e. Sindh Development and Maintenance of Infrastructure Cess Act, 2017. The Holding Company filed writ petition in Honorable Sindh High Court, Karachi whereby stay was granted and directions were given to provide bank guarantees in favor of Director Excise and Taxation, Karachi. The Honorable Sindh High Court, Karachi passed order dated 04 June 2021 against the Holding Company and directed that bank guarantees should be encashed. Being aggrieved by the order, the Holding Company along with others filed petitions for leave to appeal before Honorable Supreme Court of Pakistan against the Sindh High Court's judgment in relation to Sindh infrastructure development cess. On 01 September 2021, after hearing the petitioners, the Honorable Supreme Court dictated the order in open court granting leave to appeal to the petitioners and restraining the Sindh Government from encashing the bank guarantees furnished in pursuance of the interim orders passed by the Sindh High Court. The Honorable Supreme Court also directed the release of future consignments subject to furnishing of bank guarantees for the disputed amount.

	Note	2023	2022
		(Rupees in thousand)	
15. ACCRUED MARK-UP			
Long term financing		942,156	539,199
Short term borrowings		406,199	225,495
		1,348,355	764,694
16. SHORT TERM BORROWINGS			
From banking companies - secured			
Short term running finances	16.1 & 16.2	2,328,683	2,487,598
Other short term finances	16.1 & 16.3	2,404,661	1,623,021
State Bank of Pakistan (SBP) refinances	16.1 & 16.4	4,278,931	4,278,931
Islamic mode of financing	16.1 & 16.5	-	1,366,057
		9,012,275	9,755,607
Temporary bank overdraft - unsecured	16.6	2,735	37,766
		9,015,010	9,793,373

16.1 These finances are obtained from banking companies under mark-up arrangements and are secured by pledge of raw material and shares of listed companies as disclosed in note 32.2.1 to these consolidated financial statements, charge on current and future assets of the Group including hypothecation of work-in-process, stores and spares, letters of credit, firm contracts and book debts. These form part of total credit facilities of Rupees 22,858 million (2022: Rupees 22,984 million). Markup on these finances is payable quarterly or at maturity.

16.2 The rates of mark-up range from 14.80% to 23.08% (2022: 7.92% to 15.56%) per annum on balance outstanding.

16.3 The rates of mark-up range from 15.25% to 23.05% (2022: 1.15% to 21%) per annum on balance outstanding.

16.4 The rate of mark-up was 3% to 18% (2022: 3% to 7.50%) per annum on balance outstanding.

16.5 The Subsidiary Company, MLCFL has unavailed Islamic financing facilities aggregating to Rs. 2,000 million (2022: 601 million) at the year end. The Islamic financing facilities carry profit expense at the rates ranging from 11.26% (2022: 8.05% to 11.26%) per annum payable in arrears.

16.6 This represents temporary overdraft due to cheques issued by the Group at the statement of financial position date.

	Note	2023	2022
		(Rupees in thousand)	
17. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term financing	6	3,623,858	3,481,158
Deferred government grant	7	183,725	193,603
GIDC payable	8	621,512	621,121
Long term liability against right of use asset	9	10,257	6,837
		4,439,352	4,302,719
18. TAXATION - NET			
Balance as at 01 July		328,266	(1,364,178)
Add: Provision for the year	41	2,539,226	3,593,320
Add: Tax refunds received during the year		412,577	340,366
Less: Tax deducted at source / paid during the year		(2,740,414)	(2,241,242)
Balance as at 30 June		539,655	328,266

19. CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

Holding Company

a) The Company filed income tax return for the tax year 2011 having tax loss amounting to Rupees 721.390 million and creating a refund of Rupees 107.808 million. Assessment under section 122(5A) dated 12 June 2017 of the Income Tax Ordinance, 2001 was finalized by restricting loss to Rupees 435.435 million and reducing refund to Rupees Nil. The Company filed an appeal before Commissioner Inland Revenue (Appeals) (CIR(A)) who granted partial relief to the Company vide order dated 08 March 2021. Another assessment under section 122(5A) dated 14 February 2017 was finalized by creating a demand of Rupees 12.185 million. The Company filed an appeal before CIR(A) who upheld the order of assessing officer through order dated 28 January 2021. The Company filed appeals before Honorable Appellate Tribunal Inland Revenue (ATIR) against above orders which are still pending for hearing. No provision has been made in these financial statements as the Company, based on the advice of its legal counsel is hopeful of a favorable outcome .

b) The Company filed income tax return for tax year 2012 having tax loss of Rupees 766.104 million and creating a refund of Rupees 56.126 million. An assessment under section 221 of the Income Tax Ordinance, 2001 has been finalized on the issue that full and final tax on exports cannot be adjusted against minimum tax @ 1% and creating demand of Rupees 49.807 million and the same has been upheld by the CIR(A). The impugned demand has been adjusted against refund for tax year 2013. An appeal has been filed by the Company in ATIR, ATIR vide order dated 04 April 2022 remanded back the case to assessing officer. The department filed an appeal before Honorable Lahore High Court, which is pending adjudication. Furthermore, an assessment under section 122(5A) of the Income Tax Ordinance, 2001 dated 22 December 2017 has been finalized and taxable income has been assessed at Rupees 520.126 million by creating demand of Rupees 91.535 million. The Company filed an appeal before CIR(A) who, vide its order dated 08 March 2021, granted relief on major issues, while upheld the order on various other issues. The Company filed appeal before the Honorable Appellate Tribunal Inland Revenue where the case is still pending. No provision has been made in these financial statements as the Company is hopeful of a favorable outcome based on the advice of its legal counsel

c) The Company filed income tax return for tax year 2014 having tax loss of Rupees 178.170 million and creating a refund of Rupees 11.051 million. An assessment under section 122(1) of the Income Tax Ordinance, 2001 has been finalized and taxable income had been assessed at Rupees 234.312 million creating demand of Rupees 22.462 million. The Company filed an appeal before CIR(A) who granted relief on major issues, while upheld the order on various other issues. The Company filed appeal before the ATIR who, vide its order dated 25 January 2021, decided the case in favour of the Company. The department has filed appeal against this order in Lahore High Court which is pending adjudication. No provision has been made in these financial statements as the Company is hopeful of a favorable outcome based on the advice of its legal counsel.

d) The Company filed income tax return for the tax year 2018 having taxable income amounting to Rupees 483.836 million and creating a refund of Rupees 138.836 million. Assessment under section 122 (5A) dated 30 January 2023 of the Income Tax Ordinance, 2001 was finalized and taxable income had been assessed at Rupees 725.486 million, creating demand of Rupees 81.153 million. The Company has paid an amount of Rupees 30 million under protest and filed an appeal before CIR(A) which is pending adjudication. No provision has been made in these financial statements as the Company is hopeful of a favorable outcome based on the advice of its legal counsel.

e) The Company has filed a petition against the National Highway Authority's (NHA) demand for payment of registration fee of Rupees 75 million in accordance with the National Highway Authority Act of 1991. The argument is based on the fact that the Company is registered with relevant local bodies at the time of its establishment and that registration with NHA is not required. Moreover, legislation cannot be applied retrospectively to any company. A single bench of the Lahore High Court granted interim relief in favour of the Company in its order dated 22 October 2020, and the issue is presently pending adjudication. No provision has been made in these financial statements as the Company is hopeful of favorable outcome based on the advice of its legal counsel.

f) On 31 August 2021, a sales tax demand of Rupees 2,390.023 million along with penalty of Rupees 120.001 million under section 11 of Sales Tax Act, 1990 was created for the tax period July 2016 to June 2019. The Company filed an appeal before CIR(A) who decided the issues of claim of input tax relating to purchases and levy of further tax in favour of the Company while the remaining issues were annulled and remanded back to the department through order dated 29 October 2021. Pursuant to order passed by the CIR(A), Deputy Commissioner Inland Revenue (DCIR) commenced remand back proceedings vide notice dated 05 January 2022, for fresh consideration of the issues remanded back by the CIR(A). However, the Company has filed an appeal against the order of the CIR(A) before the ATIR which is pending adjudication. The management, based on advice of the legal counsel, is confident of favorable outcome of its appeal.

g) The Company and tax authorities filed appeals before different appellate authorities regarding sales tax and custom duty matters. Pending the outcome of appeals filed by the Company and tax authorities, no provision has been made in these financial statements which on the basis adopted by the authorities would amount to Rupees 451.507 million (2022: Rupees 358.538 million), since the Company has strong grounds against the assessments framed by the relevant authorities.

h) The Company filed recovery suit in Lahore High Court, Rawalpindi Bench amounting to Rupees 14.683 million (2022: Rupees 14.683 million) against supplier for goods supplied by him. Pending the outcome of the cases, no provision has been made in these financial statements since the Company is confident about favorable outcome of the cases based on the advice of its legal counsel.

i) TThe Company filed suits before Civil Court, Rawalpindi and Lahore High Court, against demands raised by Sui Northern Gas Pipelines Limited (SNGPL) amounting to Rupees 72.811 million. No provision has been made in these financial statements, since the Company is confident about favorable outcome based on the advice of its legal counsel.

j) Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies aggregate to Rupees 731.610 million (2022: Rupees 624.323 million).

Subsidiary Company - Maple Leaf Cement Factory Limited

a) The Company filed writ petitions before the Honorable Lahore High Court against the legality of judgment passed by the Customs, Excise and Sales Tax Appellate Tribunal in 2004 whereby the Company was held liable on account of wrongful adjustment of input sales tax on raw materials. The amount involved pending adjudication before the Honorable Lahore High Court is Rupees10.01 million out of which Rupees 3 million had already been paid during previous years. During the last year Lahore High Court remanded the case back to Appellate Tribunal for Decision afresh. However, hearing of the appeals by the Appellate Tribunal is yet to be fixed. No further provision has been made in these consolidated financial statements in respect of the matter as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

b) The Company has filed an appeal before the Customs, Central Excise and Sales Tax Appellate Tribunal, Karachi against the order of the Deputy Collector Customs whereby the refund claim of the Company amounting to Rupees 12.35 million was rejected and the Company was held liable to pay an amount of Rupees 37.05 million by way of 10% customs duty allegedly leviable in terms of SRO 584(I)/95 and 585(I)/95 dated 01 July 1995. The impugned demand was raised by the department on the alleged ground that the Company was not entitled to exemption from payment of customs duty and sales tax in terms of SRO 279(I)/94 dated 02 April 1994.

The Honorable Lahore High Court, upon the Company's appeal, vide its order dated 06 November 2001 has decided the matter in favor of the Company; however, the Collector of Customs has preferred a petition before the Honorable Sindh High Court, which is pending adjudication. No provision has been made in these consolidated financial statements in respect of the above stated amount as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

c) The Show Cause Notice was issued to the Company on 04 December 1999 and demand was raised by the CBR for payment of duties and taxes on the plant and machinery imported by the Company (pursuant to the exemption granted in terms of SRO 484(I)/92 allegedly on the ground that the plant could be locally manufactured and was therefore not exempt). A total demand of Rupees1,386.72 million was raised by the CBR out of which an amount of Rupees 449.328 million was deposited by the Company (initially the Company deposited Rupees 269.328 million and subsequently deposited further amount of Rupees 180.00 million). Initially, the matter was decided in favor of the Company as per the judgment of the Lahore High Court in W.P. No. 6794/2000. Against the aforesaid judgment of Lahore High Court, the customs department had filed appeal before the Supreme Court of Pakistan which was decided by the Honorable Supreme Court vide judgment dated 21 December 2011 with the direction to file reply to the Show Cause Notice before the Collector of Customs, Faisalabad. The Company has filed its reply before the Collector of Customs, Faisalabad who decided the same against the Company through an Order-in-Original No. 6/2014 dated 09 July 2014. The said Order-in-Original was challenged by the Company by way of filing of Appeal No. 172/LB/2014 before the Customs Appellate Tribunal, Lahore who vide Judgment dated 21 August 2019 has granted partial relief to the Company with direction to the Customs Department to recalculate the customs duty in accordance with the list communicated by EDB vide letter dated 21 June 2006. However, the Collector of Customs instead of making fresh calculations through a Demand Notice bearing C. No. CA-1946/2000(Pt-I)/8169 dated 23 October 2019 restored the original demand raised by the earlier Order-in-Original No. 06/2014 and directed the Company to pay the amount of Rupees 933.810

million within a period of seven days. The said demand of tax was challenged by the Company before the Honorable Lahore High Court, wherein stay against recovery was granted to it by the Honorable Lahore High Court vide order dated 04 November 2019. This matter is still pending before the Honorable Lahore High Court, Lahore and next date of hearing is yet to be fixed by the office of the High Court. No provision has been made in these consolidated financial statements in respect of the above stated amount as the management and the legal advisor of the Company are confident that the ultimate outcome of this case will be in favor of the Company.

d) The Company has filed an appeal before the Honorable Supreme Court of Pakistan against the judgment of the Division Bench of the Honorable High Court of Sindh at Karachi. The Division Bench, by judgment dated 15 September 2008, has partly accepted the appeal by declaring that the levy and collection of infrastructure cess / fee prior to 28 December 2006 was illegal and ultra vires and after 28 December 2006, it was legal and the same was collected by the Excise Department in accordance with the law. The appeal has been filed against the declaration that after 28 December 2006, the Excise Department has collected the infrastructure cess / fee in accordance with law. The Province of Sindh and Excise and Taxation Department has also preferred an appeal against the judgment decided against them. The Honorable Supreme Court consolidated both the appeals and were set aside. Thereafter, law has been challenged in constitution petition in the Honorable Sindh High Court Karachi. Stay has been granted by the Honorable High Court on 31 May 2011 on payment of 50% of the cess to the Excise Department and on furnishing of bank guarantee for remaining 50% to them. The petition is pending for hearing and stay is continuing. The management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

e) The Company has filed an appeal before the Honorable Sindh High Court to challenge Sindh Development and Maintenance on levy and collection of infrastructure cess under Infrastructure Cess Act 2017. Stay has been granted by the Honorable High Court on 27 November 2017, i.e. on payment of 50% of the cess to the Excise Department and on furnishing of bank guarantee for remaining 50% to them. The petition is pending for hearing and stay is continuing.

f) Competition Commission of Pakistan, vide order dated 27 August 2009, has imposed penalty on twenty cement factories of Pakistan at the rate of 7.5% of the turnover value. The Commission has imposed penalty amounting to Rupees 586.19 million on the Company. The Commission has alleged that provisions of section 4(1) of the Competition Commission Ordinance, 2007 have been violated. However, after the abeyance of Honorable Islamabad High Court pursuant to the judgment of Honorable Supreme Court of Pakistan dated 31 July 2009, the titled petition has become infructuous and the Company has filed a writ petition no. 15618/2009 before the Honorable Lahore High Court. No provision has been made in these consolidated financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

g) The Additional Collector, Karachi has issued show cause notice alleging therein that the Company has wrongly claimed the benefits of SRO No. 575(I)/2006 dated 05 June 2006 on the import of pre-fabricated buildings structure. Consequently, the Company is liable to pay Government dues amounting to Rupees 5.55 million. The Company has submitted reply to the show cause notice and currently proceedings are pending before the Additional Collector. No provision has been made in these consolidated financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

h) The customs department has filed an appeal against the judgment dated 19 May 2009, passed in favor of the Company pursuant to which the Company is not liable to pay custom duty amounting to Rupees 0.81 million relating to import of some machinery vide L/C No. 0176-01-46-518-1201 in terms of SRO 484(1)/92 dated 14 May 1992, and SRO 978(1)/95 dated 04 October 1995. The appeal is pending before the Honorable Lahore High Court. No provision has been made in these consolidated financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

i) Surcharge of Rupees 154 million has been imposed by Mines and Minerals Department, Government of the Punjab under Rule 68(2) of Punjab Mining Concession Rules, 2002 ("Rules") against which the Company has filed writ petition against Government of Punjab via writ petition No. 1008/2014 to challenge the basis of Rules. The Honorable Lahore High Court dismissed the petition since the matter was being reviewed by the relevant authority. Management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

j) Through Order-in-Original No.18/2009 dated 24 December 2009, the tax department finalized the adjudication proceeding in respect of audit conducted by the department auditors for tax year 2009 and raised a demand of principal sales tax and FED aggregating to Rupees 336.74 million along with applicable default surcharges and penalties. The Company preferred appeal against such order under the applicable provisions of Sales Tax Act, 1990 and Federal Excise Act, 2005 before the ATIR. During the year, the Company's appeal has been disposed of through appellate order dated 24 March 2020. Through the said appellate order, the ATIR has decided the matter in favor of the Company on legal grounds.

k) Assistant Commissioner Inland Revenue through order dated 31 May 2018 raised a demand of Rupees 44.58 million under section 122(5A) for the tax year 2012 on the disallowance of adjustment of tax credit under section 65B and withholding of tax under section 154 of the Income Tax Ordinance, 2001. The Company filed an appeal before the CIR(A). CIR(A) decided the matter relating to adjustment of tax credit u/s 65B of the ordinance in favor of the Company whereas the imposition of tax u/s 154 has been remanded back to the tax department. The tax authorities have filed an appeal before ATIR which is pending adjudication at the year end. However, being prudent the Company has recorded the provision of Rupees 44.58 million, during the year, in these consolidated financial statements.

l) Deputy Commissioner Inland Revenue through order dated 31 July 2017 raised a demand of Rupees 2.46 million under section 122(5A) for the tax year 2011 of the Income Tax Ordinance, 2001. The demand was later reduced to Rupees 2.056 million on 14 March 2018. The Company has preferred an appeal before CIR(A). During the year, CIR(A), through order dated 17 April 2020, decided the issues relating to enhancement of minimum tax liability and apportionment of admissible / inadmissible deductions against the Company. Being aggrieved, the Company has preferred an appeal before the ATIR, which is pending adjudication. However, management and tax advisor of the Company are hopeful of favorable outcome of the case. Accordingly no provision has been incorporated in these consolidated financial statements.

m) The Additional Commissioner Inland Revenue, Audit, Range, Zone - 1, Large Taxpayers Unit, Lahore (ACIR) initiated proceedings, vide order dated 13 March 2019, against the Company under section 122(9) read with section 122(sA) of the Income Tax Ordinance 2001 (the "Ordinance"). The notice was duly responded by tax advisor of the Company via letter numbered "T 259" dated 22 July 2019. During the year, proceedings are concluded and ACIR raised an additional tax demand of Rupees 303.360 million through amendment order, dated 27 January 2020, passed under section 122(5A) of the Ordinance. The Company preferred an appeal against the amendment order before the Commissioner Inland Revenue (Appeals) - CIR(A). The CIR(A), through his order dated 6 May 2020, decided all the matters in favor of the Company except for issues relating to claim of depreciating and initial allowance, without reducing tax credit claimed under section 65B of the Ordinance from the cost of the asset and apportionment of advertisement & sales promotion expenses. The Company, as well as the tax authorities, have preferred an appeal before the Appellant Tribunal Inland Revenue (ATIR), which is pending adjudication at the year end. However, being prudent the Company has recorded the provision of Rupees 46.88 million, during the year, in these consolidated financial statements.

n) The Deputy Commissioner Inland Revenue, Audit - 2, Zone I, Large Taxpayers Unit, Lahore ('DCIR') passed an appeal effect order dated 31 July 2017 under section 124/129 of the Ordinance, giving effect to an earlier order passed by CIR(A). While passing the order, the DCIR made certain errors which were assailed before CIR(A) in second round of appeal. During the year, CIR(A), through order dated 17 April 2020, decided the issues relating to enhancement of minimum tax liability and apportionment of admissible deductions against the Company. Being aggrieved, the Company has preferred an appeal before the ATIR, which is pending adjudication. However, management and tax advisor of the Company are hopeful of favorable outcome of the case. Accordingly no provision has been incorporated in these consolidated financial statements.

o) Income Tax Audit under section 177 of the Ordinance has been selected for the Tax Years 2015, 2016, 2017, 2018 & 2019 Through notices dated 26 February 2021, the Commissioner Inland Revenue, Audit – I, Large Taxpayers Office, Lahore ['CIR'] selected the company's case for audit of its income tax affairs for the tax years 2015, 2016, 2017, 2018 & 2019. The company challenged the vires of selection by the CIR before the honourable Lahore High Court, Lahore ['LHC'] and the honourable LHC, vide interim order dated 01 April 2021, directed that the audit proceedings shall continue, however, no final order shall be passed till the disposal of writ petition. Subsequently, the tax authorities issued show cause notices under section 122(9) & section 111 of the Ordinance dated 11 June 2021 and 25 June 2021 respectively, for all five tax years which are yet to be responded to. Since the matter is pending before the honourable LHC, which has barred the tax authorities from passing any final order till the disposal.

p) Proceedings under section 122(9) read with 122(5A) of the Ordinance for Tax Year -2019 through notice dated 09 October 2020, the Additional Commissioner Inland Revenue, Audit – 1, Zone – 1, Large Taxpayers Office, Lahore ['ACIR'] initiated proceedings against the company under section 122(9) read with section 122(5A) of the Ordinance for tax year 2019. The company requested ACIR to merge such proceedings with the audit proceedings initiated under section 177 of the Ordinance for such tax year as the issues highlighted in the subject notice have also been confronted to the company through audit proceedings. There has been no further correspondence from the department on this score.

q) Proceedings under section 122(9) read with 122(5A) of the Ordinance for Tax Year 2018 through notice dated 21 May 2020, the Additional Commissioner Inland Revenue, Audit – 1, Zone – 1, Large Taxpayers Office, Lahore ['ACIR'] initiated proceedings against the company under section 122(9) read with section 122(5A) of the Ordinance. The notice was duly responded. dated 25 August 2020. The above proceedings were concluded by the ACIR through amendment order dated 2 September 2020 passed under section 122(5A) of Ordinance through which income tax demand of Rupees 376.182 million was created against the company. The company preferred an appeal against the amendment order before the Commissioner Inland Revenue (Appeals) ['CIR(A)']. The CIR(A), through appellate order dated 30 December 2020, decided all the matters in favour of the company except for issues relating to claim of depreciating & initial allowance, without reducing tax credit claimed under section 65B of the Ordinance from the cost of the asset, apportionment of Workers' Profit Participation Fund, computation of accounting income by apportioning deductions on account of donations, provision for Workers' Welfare Fund & loss on investments, and disallowance of claim of advances written off. The company, as well as the tax authorities, have preferred an appeal before the Appellant Tribunal Inland Revenue ['ATIR'], which is pending adjudication. On the basis of available valid precedents, we consider that the company is likely to obtain relief from the appellate authorities.

r) Sales Tax periods July, 2017 through June, 2018 – Selection for Audit by the Federal Board of Revenue ['FBR']. The FBR selected the company's case for audit of its sales tax affairs for the tax periods from July, 2017 through June, 2018 through computerized balloting which was intimated through notice dated 10 February 2021 issued by the office of the CIR. Subsequently, the DCIR issued audit report and show cause notice dated 08 March 2021 and 17 March 2021 respectively. The proceedings were finalized through order dated 31 March 2021 through which an aggregate sales tax demand of Rupees 1,399,890,879 was created against the company. The company preferred an appeal against the above referred order which was disposed of by the CIR vide appellate order dated 15 July 2021. Through such appellate order, majority of the issues which were pressed in appeal were settled in favour of the company. Regarding the issues decided against the company, the company is in the process of preferring an appeal before the ATIR and on the basis of evidence shared by the company, we consider that the company is likely to obtain relief from the appellate authorities.

s) Selection for Audit under section 25 of the Sales Act for the year July 2015 to June-2017 and July 2018 to June 2020 Through notices dated 03 March 2021, the CIR selected company's case for audit of its sales tax affairs for tax periods from July, 2015 through June, 2017 and July, 2018 through June, 2020. The company challenged the vires of selection by the CIR before the honourable LHC, and the honourable LHC, vide interim order dated 30 March 2021, directed that the audit proceedings shall continue, however, no final order shall be passed till the disposal of writ petition. Following the directions of the honourable LHC, the company joined the audit proceedings by responding to issues arising out of audit reports Subsequently, the tax authorities issued show cause notices under section 11 of the Act dated 31 May 2021, for the subject tax periods which are yet to be responded to. Since the matter is pending before the honourable LHC, which has barred the tax authorities from passing any final order till the disposal of writ petitions. Based on opinion of the Company's legal counsel, management is confident of favorable outcome in all aforementioned matters, hence no provision is being recognized in respect of these matters in the financial statements.

t) Guarantees given by banks on behalf of MLCFL are of Rupees 1,101.35 million (2022: Rupees 1,037.04 million) in favor of Sui Northern Gas Pipeline Limited and Government Institutions.

u) Corporate guarantee given by the MLCFL to the financial institutions related to credit facilities amounting to Rupees. 1,000 million (2022: Rupees. 1,500 million) available to the Subsidiary Company, MLPL.

Subsidiary Company - Maple Leaf Power Limited

a) During the year, the Deputy Commissioner Inland Revenue (DCIR) show caused the Company vide notice dated 29 November 2022, wherein requiring the Company to provide details/clarification of adjustment of various inputs under section 8 of the Sales tax Act, 1990 (the Act) relating to tax period July 2019 to June 2020. the Company fully complied with the said notice and the assessing officer finalised the proceeding and passed an order by creating a demand to the tune of Rupees 474.67 million. Being aggrieved with the said order, the Company filed an appeal before Commissioner Inland Revenue- Appeals (CIR-A). The CIR-A has not decided the case yet.

b) During the year, the Deputy Commissioner Inland Revenue (DCIR) show caused the Company vide notice dated 29 November 2022, wherein requiring the Company to provide details/clarification of adjustment of various inputs under section 8 of the Sales tax Act, 1990 (the Act) relating to tax period July 2020 to June 2021. the Company fully complied with the said notice and the assessing officer finalised the proceeding and passed an order by creating a demand to the tune of Rupees 477.27 million. Being aggrieved with the said order, the Company filed an appeal before Commissioner Inland Revenue- Appeals (CIR-A). The CIR-A has not decided the case yet.

c) The Deputy Commissioner Inland Revenue (DCIR) show caused the Company vide notice dated 09 February 2021, wherein requiring the Company to provide details/clarification of adjustment of various inputs under section 8 of the Act relating to tax period July 2016 to June 2018. the Company fully complied with the said notice and the assessing officer finalised the proceeding and passed an order by creating a demand to the tune of Rupees 367.62 million. Being aggrieved with the said order, the Company filed an appeal before Commissioner Inland Revenue- Appeals (CIR-A). The case of the Company was heard, and the honourable Commissioner confirmed the department treatment to the tune of Rupees 216.19 million and annulled and remanded the remaining demand for reverification by the department. The company has contested the CIR-A appeal before ATIR. The case of the Company had been heard by the Honourable bench however, the final order is still pending.

d) The Deputy Commissioner Inland Revenue (DCIR) show caused the Company vide notice dated 16 March 2021, wherein requiring the Company to provide details/clarification of adjustment of various inputs under section 8 of the Sales tax Act, 1990 (the Act) relating tax period July 2017 to December 2020. the Company fully complied with the said notice and the assessing officer finalised the proceeding and passed an order by creating a demand to the tune of Rupees 843.58 million. Being aggrieved with the said order, the Company filed an appeal before Commissioner Inland Revenue- Appeals (CIR-A). The case of the Company was heard, and the honourable Commissioner confirmed the department treatment to the tune of Rupees 580.29 and annulled the remaining demand. The company has contested the CIR-A appeal before Appellate Tribunal Inland Revenue (ATIR). The case of the Company had been heard by the Honourable bench however, the final order is still pending.

e) The Deputy Commissioner Inland Revenue (DCIR) show caused the Company vide notice dated 18 March 2021, wherein requiring the Company to provide details/clarification of adjustment of various inputs under section 8 of the Act relating to tax period July 2016 to July 2017. the Company fully complied with the said notice and the assessing officer finalised the proceeding and passed an order by creating a demand to the tune of Rupees 182.83 million. Being aggrieved with the said order, the Company filed an appeal before CIR-A. The case of the Company was heard, and the honourable Commissioner confirmed the department treatment to the tune of Rupees 96.35 million and annulled the remaining demand. The company has contested the CIR-A appeal before ATIR. The case of the Company had been heard by the Honourable bench however, the final order is still pending.

f) The Deputy Commissioner Inland Revenue (DCIR) show caused the Company vide notice dated 16 November 2021, wherein requiring the Company to provide details/clarification of adjustment of various inputs under section 8 of the Act relating to July 2019 to August 2019. the Company fully complied with the said notice and the assessing officer finalised the proceeding and passed an order by creating a demand to the tune of Rupees 6.79 million. Being aggrieved with the said order, the Company filed an appeal before CIR-A. The case of the Company was heard, and the honourable Commissioner confirmed the department treatment. The company has contested the CIR-A appeal before ATIR. The case is still pending for hearing before the Honourable Bench.

g) The Deputy Commissioner Inland Revenue (DCIR) show caused the Company vide notice dated 12 April 2022, wherein requiring the Company to provide details/clarification on account of non-deduction/non-payment of withholding tax on purchases relating to tax period July 2016 to June 2018. the Company fully complied with the said notice and the assessing officer finalised the proceeding and passed an order by creating a demand to the tune of Rupees 14.06 million. Being aggrieved with the said order, the Company filed an appeal before CIR-A. The case of the Company is still pending for hearing before CIR-Appeal. Based on the advice of the taxation/legal advisors of the Company, the management expects a favourable outcome in the above matters and therefore no provision has been created in the financial statements.

h) During the year, The Deputy Commissioner Inland Revenue (DCIR) issued a series of show caused notices to the Company spanning the tax years 2017 through 2022, wherein requiring the Company to provide details/clarification of annual statement of tax collected or deducted under rule 44 of the Income Tax Rules, 2002 for each tax year. The Company fully complied with the said notices and the assessing officer finalised the proceedings and passed orders by creating demands under section 161 of the Income Tax Ordinance, 2001 as provided in the table below. Being aggrieved with the said orders, the Company filed appeals before Commissioner Inland Revenue-Appeals (CIR-A). The cases of the Company had been heard by the CIR-A however, the final orders are still pending.

Tax Year	Tax charged under Section 161 of ITO 2001 (Rupees in thousand)
2017	420,194
2018	227,081
2019	298,251
2020	209,037
2021	1,095,795
2022	151,937

19.2 Commitments :

a) Contracts for capital expenditures amounting to Rupees 61.542 million (2022: Rupees Nil).

b) Letters of credit for capital expenditure amount to Rupees 3,858.200 million (2022: Rupees 8,617.945 million).

c) Letters of credit other than for capital expenditure amounting to Rupees 3,662.414 million (2022: Rupees 4,640.741 million).

d) Future contracts - shares in respect of which the settlement is outstanding amounting to Rupees 779.393 million (2022: Rupees 491.136 million).

	Note	2023 (Rupees in thousand)	2022 (Rupees in thousand)
20. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - Owned (Note 20.1)		80,260,767	53,995,182
Capital work in progress (Note 20.2)		3,046,642	17,192,908
Major spare parts and stand-by equipments (Note 20.3)		238,239	280,655
		83,545,648	71,468,745

20.1 OPERATING FIXED ASSETS

	Freehold land	Office buildings	Factory and other buildings	Residential and other buildings	Plant and machinery	Services and other equipment	Computers and IT installations	Furniture and fixtures	Office equipment	Vehicles	Quarry equipment	Share of joint assets	Leasehold land	Leasehold building	Total
							(Rupees in thousand)								
At 30 June 2021															
Cost / revalued amount	3,960,324	57,733	17,206,267	202,343	62,862,005	83,158	151,868	655,868	71,908	679,235	192,244	6,000	-	-	86,128,953
Accumulated depreciation	-	(9,716)	(5,132,439)	(95,467)	(27,252,134)	(41,725)	(113,873)	(470,047)	(37,667)	(335,271)	(171,886)	(5,806)	-	-	(33,666,031)
Net book value	3,960,324	48,017	12,073,828	106,876	35,609,871	41,433	37,995	185,821	34,241	343,964	20,358	194	-	-	52,462,922
Year ended 30 June 2022															
Opening net book value	3,960,324	48,017	12,073,828	106,876	35,609,871	41,433	37,995	185,821	34,241	343,964	20,358	194	-	-	52,462,922
Additions	-	-	-	29,129	343,443	670	9,265	35,217	15,245	31,915	-	-	29,001	15,020	508,905
Transfers from capital work in progress (Note 20.2)	-	-	856,892	592	3,679,902	-	-	-	-	136,135	-	-	-	-	4,673,521
Disposals:															
Cost / revalued amount	-	-	(36,528)	-	(149,273)	-	(873)	(3,870)	-	(65,083)	-	-	-	-	(255,627)
Accumulated depreciation	-	-	33,381	-	114,670	-	635	3,419	-	46,492	-	-	-	-	198,597
	-	-	(3,147)	-	(34,603)	-	(238)	(451)	-	(18,591)	-	-	-	-	(57,030)
Depreciation charge	-	(351)	(785,674)	(40,204)	(2,635,348)	(3,132)	(11,582)	(30,709)	(4,025)	(71,589)	(2,597)	(2)	(1,113)	(6,810)	(3,593,136)
Closing net book value	3,960,324	47,666	12,141,899	96,393	36,963,265	38,971	35,440	189,878	45,461	421,834	17,761	192	27,888	8,210	53,995,182
At 30 June 2022															
Cost / revalued amount	3,960,324	57,733	18,026,631	232,064	66,736,077	83,828	160,260	687,215	87,153	782,202	192,244	6,000	29,001	15,020	91,055,752
Accumulated depreciation	-	(10,067)	(5,884,732)	(135,671)	(29,772,812)	(44,857)	(124,820)	(497,337)	(41,692)	(360,368)	(174,483)	(5,808)	(1,113)	(6,810)	(37,060,570)
Net book value	3,960,324	47,666	12,141,899	96,393	36,963,265	38,971	35,440	189,878	45,461	421,834	17,761	192	27,888	8,210	53,995,182
Year ended 30 June 2023															
Opening net book value	3,960,324	47,666	12,141,899	96,393	36,963,265	38,971	35,440	189,878	45,461	421,834	17,761	192	27,888	8,210	53,995,182
Additions	-	-	85,711	-	382,664	16,021	14,271	55,398	5,970	59,369	1,900	-	566	17,100	638,970
Transfers from:															
Capital work in progress (Note 20.2)	2,450	-	6,556,155	143,749	20,737,970	-	-	6,340	-	461,355	-	-	-	-	27,908,019
Investment properties (Note 21)	1,799,335	25,025	-	-	-	-	-	-	-	-	-	-	-	-	1,824,360
	1,801,785	25,025	6,556,155	143,749	20,737,970	-	-	6,340	-	461,355	-	-	-	-	29,732,379
Disposals:															
Cost / revalued amount	-	-	-	-	(86,872)	-	(1,353)	(476)	-	(77,676)	-	-	-	(402)	(166,779)
Accumulated depreciation	-	-	-	-	46,136	-	855	310	-	53,870	-	-	-	402	101,573
	-	-	-	-	(40,736)	-	(498)	(166)	-	(23,806)	-	-	-	-	(65,206)
Depreciation charge	-	(1,064)	(853,815)	(43,492)	(2,969,398)	(3,752)	(11,286)	(30,206)	(4,581)	(99,868)	(12,252)	(192)	(2,287)	(8,365)	(4,040,558)
Closing net book value	5,762,109	71,627	17,929,950	196,650	55,073,765	51,240	37,927	221,244	46,850	818,884	7,409	-	26,167	16,945	80,260,767
At 30 June 2023															
Cost / revalued amount	5,762,109	82,758	24,668,497	375,813	87,769,839	99,849	173,178	748,477	93,123	1,225,250	194,144	6,000	29,567	31,718	121,260,322
Accumulated depreciation	-	(11,131)	(6,738,547)	(179,163)	(32,696,074)	(48,609)	(135,251)	(527,233)	(46,273)	(406,366)	(186,735)	(6,000)	(3,400)	(14,773)	(40,999,555)
Net book value	5,762,109	71,627	17,929,950	196,650	55,073,765	51,240	37,927	221,244	46,850	818,884	7,409	-	26,167	16,945	80,260,767
Depreciation rate (%)	-	5 - 10	5 - 10	5 - 10	5 - 20	10	30	10	10	20	20	10	10	10	

20.1.1 Freehold land of the Holding Company was revalued by an independent valuer Anderson Consulting (Private) Limited (Evaluators, Surveyors, Stock Inspectors, Architects & Engineers) as at 30 June 2023. Book value of freehold land on cost basis is Rupees 705.914 million (2022: Rupees 160.105 million) as on 30 June 2023. Had there been no revaluation, the value of freehold land would have been lower by Rupees 3,861.708 million (2022: Rupees 2,608.182 million). Forced sale value of freehold land of the Holding Company at 30 June 2023 was Rupees 3,882.480 million (2022: Rupees 2,353.044 million). Freehold land of MLCFL was last revalued by Arif Evaluators as at 30 June 2020, Had there been no revaluation, the net book value of freehold land of MLCFL would have been Rupees 822.154 million (2022: Rupees 822.154 million). Forced sale value at 30 June 2023 was Rupees 953.630 million (2022: Rupees 953.630 million).

20.1.2 Ownership of the housing colony's assets included in the operating fixed assets of the subsidiary Company, MLCFL is shared by the MLCFL jointly with Agritech Limited in ratio of 101:245 since the time when both the companies were managed by Pakistan Industrial Development Corporation. These assets are in possession of the housing colony establishment for mutual benefits.

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

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain/ (Loss)	Mode of disposal	Particulars of purchasers
	---------------(Rupees in thousand) ---------------						
Plant and machinery							
Machine Schlafhorst Auto Winder RM-338	10,789	8,649	2,140	4,949	2,809	Negotiation	H.A. Haq Spinning Mills (Private) Limited, Faisalabad
Machine Schlafhorst Auto Winder RM-338	12,430	9,408	3,022	4,949	1,927	Negotiation	H.A. Haq Spinning Mills (Private) Limited, Faisalabad
Machine Schlafhorst Auto Winder RM-338	10,936	9,016	1,920	2,520	600	Negotiation	H.A. Haq Spinning Mills (Private) Limited, Faisalabad
Dryer refriger	2,100	487	1,613	726	(887)	Negotiation	M/S AirMec, Lahore
Dryer refriger	1,550	562	988	684	(304)	Negotiation	M/S AirMec, Lahore
Feed Screw Conveyor Complete, Sketches No. 20 & 21	2,478	1,657	821	212	(609)	Auction	M/S.Muhammad Hayat Contractor
Shell Kiln Drg.No. 6222-04	2,907	2,208	699	7,000	6,301	Return to store	Return to store
Clamp for Wear Segment, Spl No : 50008582	1,871	283	1,588	1,142	(446)	Auction	M/S Ghulam Akbar
Pull Rod ,Drg. # 2.229334, Pn:839335,Spl # 50008582	2,045	313	1,732	10	(1,722)	Return to store	Return to store
Slip Ring Assembly for 4600KW motor	1,605	281	1,324	300	(1,024)	Return to store	Return to store
Fuzes Detonating	3,102	1,588	1,514	-	(1,514)	Return to store	Return to store
Tyre Dwg.No. N6222-0401	7,680	2,371	5,309	4,500	(809)	Return to store	Return to store
Solar Pv Modules High Efficiency 540-660 Watt	11,254	419	10,835	11,254	419	Return to store	Return to store
Auma Actuator, G 80.3, Com No:13007302,Am 01.1	688	79	609	688	79	Return to store	Return to store
CFPP	6,538	1,709	4,829	2,015	(2,814)		
	77,973	39,030	38,943	40,949	2,006		
Vehicles							
Honda City LEF-16-7093	1,842	1,245	597	1,502	905	Negotiation	Tabassum Hassan, the Holding Company's employee, Lahore
Honda Vezel LED-16-208	3,709	2,576	1,133	1,974	841	Negotiation	Miss Sadia Mohsin, Lahore
Toyota Corolla LEC-19-585	2,475	1,251	1,224	2,062	838	Negotiation	Shahid Farooq, the Holding Company's employee, Lahore
Honda Civic	2,936	1,608	1,328	3,600	2,272	Buy back	Nauman Ahmed
Toyota Yaris	2,815	592	2,223	2,250	27	Buy back	Miss Amna Nauman
Honda Civic	3,640	2,816	824	3,040	2,216	Buy back	Sohail Sadiq, MLCFL employee
Suzuki Cultus	1,603	997	606	1,565	959	Buy back	Mohammad Tahir
Suzuki Cultus	1,603	1,001	602	1,540	938	Buy back	Shabi ul Hassan
Suzuki Cultus	1,643	998	645	1,500	855	Buy back	Omer Farooq
Suzuki Cultus	1,674	976	698	1,570	872	Buy back	Shaukat Nadeem
Suzuki Cultus	1,558	999	559	1,450	891	Auction	M/S Dewan Enterprises
Suzuki Cultus	1,672	976	696	1,540	844	Buy back	Waqas Hassan
Honda City	1,316	416	900	1,930	1,030	Negotiation	Miss Rabia Latif, MLCL ex-employee, Lahore
	28,486	16,451	12,035	25,523	13,488		
	106,459	55,481	50,978	66,472	15,494		
Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000	60,320	46,092	14,228	47,593	33,365		
	166,779	101,573	65,206	114,065	48,859		

	Note	2023	2022
		(Rupees in thousand)	
20.1.4 Depreciation charged during the year has been allocated as follows:			
Cost of sales	35	3,876,739	3,469,389
Distribution cost	36	28,358	17,897
Administrative expenses	37	135,461	105,850
		4,040,558	3,593,136

20.1.5 Particulars of immovable properties (i.e. land and buildings) are as follows:

Location	Usage of Immovable Property	Total Area (Acres)
Peshawar Road, Rawalpindi	Manufacturing facilities	64.68
	Residential and offices	56.58
	Land	43.95
8 KM, Manga Raiwind Road, District Kasur	Manufacturing facilities	13.22
	Residential and offices	8.11
	Land	11.24
Gulyana Road, Gujar Khan, District Rawalpindi	Manufacturing facilities	13.18
	Residential and offices	23.96
	Land	13.54
42-Lawrence Road, Lahore	Land	4.69
Iskanderabad, District Mianwali	Manufacturing facilities and offices	1,268.13
		1,521.28

20.2 Capital work in progress

	Note	Civil works and buildings	Plant and machinery	Advances for capital expenditure	Total
		------------ Rupees in thousand ------------			
At 30 June 2021		1,063,380	974,888	1,402,935	3,441,203
Add: Additions during the year		3,577,653	14,428,025	419,548	18,425,226
Less: Transferred to operating fixed assets during the year	20.1	(857,484)	(3,679,902)	(136,135)	(4,673,521)
At 30 June 2022		3,783,549	11,723,011	1,686,348	17,192,908
Add: Additions during the year		3,493,566	10,081,623	186,564	13,761,753
Less: Transferred to operating fixed assets during the year	20.1	(6,688,138)	(20,379,551)	(840,330)	(27,908,019)
At 30 June 2023	20.2.1	588,977	1,425,083	1,032,582	3,046,642

20.2.1 This includes borrowing cost amounting to Rupees 1,083 million (2022: Rupees 343 million) capitalized during the year at effective rate of 9.55% (2022: 9.17%) per annum.

20.3 This represents stores held for capital expenditures related to MLCFL's expansion project.

	Note	2023	2022
		(Rupees in thousand)	

21. INVESTMENT PROPERTIES

	Note	2023	2022
Opening net book value		1,824,360	1,824,360
Transferred to property, plant and equipment	21.1	(1,824,360)	-
Closing net book value		-	1,824,360

21.1 Investment properties of Holding Company, comprising land and building situated at Rawalpindi and Lahore have been transferred to property, plant and equipment due to change in use. The fair value of investment properties have been determined by an independent valuer, Anderson Consulting (Private) Limited (Evaluators, Surveyors, Stock Inspectors, Architects & Engineers) at the date of transfer (i.e. 31 December 2022) on the basis of their professional assessment of the current prices in an active market for similar properties in the same location and condition.

	Note	2023	2022
		(Rupees in thousand)	

22. INTANGIBLES - computer softwares

	Note	2023	2022
Intangible assets	22.1	6,947	10,415

22.1 Intangible assets

	Note	2023	2022
Cost			
At beginning of the year		90,671	83,885
Additions during the year		-	6,786
At end of the year		90,671	90,671
Accumulated amortization			
At beginning of the year		80,256	77,867
Amortization for the year	22.2	3,468	2,389
At end of the year		83,724	80,256
Net book value		6,947	10,415
Amortization rate per annum		33%	33%

22.2 Amortization charged for the year has been allocated as follows:

	Note	2023	2022
Cost of sales	35	493	740
Administrative expenses	37	2,975	1,649
		3,468	2,389

23. LONG TERM LOANS TO EMPLOYEES - Secured

	Note	2023	2022
House building		3,610	4,677
Vehicles		1,761	1,395
Others		23,637	24,162
		29,008	30,234
Less: Current portion shown under current assets	29	(10,919)	(10,868)
		18,089	19,366

23.1 These loans are secured against employees' retirement benefits and carry interest at the rate of 6.00% (2022: 6.00%) per annum. These loans are recoverable in 30 to 60 monthly installments.

23.2 These include loans to executives amounting to Rupees 2.46 million (2022: Rupees 4.24 million). The maximum aggregate amount outstanding from key management personnel at any time during the year calculated with reference to month end balance is Rupees Nil (2022: Rupees 2.2 million).

	Note	2023	2022
		(Rupees in thousand)	
24. LONG TERM INVESTMENTS			
Equity instruments	24.1	82,007	54,140
Advance against purchase of shares	24.2	268,602	268,602
Debt instruments - at amortized cost:			
Term deposit receipts:			
- United Bank Limited		-	13,950
- MCB Bank Limited		-	13,927
		-	27,877
Add: Accrued markup		-	144
		-	28,021
		350,609	350,763

24.1 Equity instruments - fair value through other comprehensive income

	Note	2023	2022
- Block Tech Limited - un-quoted	24.1.1	3,750	3,750
- Universal Network Systems Limited - quoted	24.1.2	63,257	50,390
- Core9 Ventures (Private) Limited - unquoted	24.1.3	15,000	-
		82,007	54,140

24.1.1 The Subsidiary Company, MLCL made an initial investment of Rupees 7 million by subscribing 700,000 ordinary shares of Rupees 10 each in BlockTech Limited in financial year 2021. This represented 28 percent of total issued and subscribed share capital of the investee company. During the year financial year 2022, MLCL disposed of 13 percent stake in investee company representing 325,000 ordinary shares at a consideration of Rupees 3.250 million. One of the MLCL's employee is on the board of directors of the investee company; therefore, it is concluded that the MLCL has no significant role in policy-making process including decisions about dividends or other distributions from the investee company. The investee company has not yet started its operations; hence, cost of investment is considered as an appropriate estimate of fair value as on the reporting date.

	Note	2023	2022
		(Rupees in thousand)	
24.1.2 Universal Network Systems Limited - quoted			
1,028,572 (2022: 1,028,572) fully paid ordinary shares of Rupees 10 each. Equity held 3.75% (2022: 3.75%)		46,286	46,286
Fair value adjustment		16,971	4,104
		63,257	50,390

24.1.3 During the year, the Subsidiary Company, MLCL made an initial investment of Rupees 15 million by subscribing 150,000 ordinary shares of Rupees 100 each in Core9 Ventures (Private) Limited. This represented 50 percent of total issued and subscribed share capital of the investee company. The MLCL has no board representation in investee company; therefore, it is concluded that the MLCL has no significant role in policy-making process including decisions about dividends or other distributions from the investee company. The investee company has not yet started its operations; hence, cost of investment is considered as an appropriate estimate of fair value as on the reporting date.

	Note	2023	2022
		(Rupees in thousand)	
24.2 Advance against purchase of shares - fair value through other comprehensive income			
- Convenience Stores (Private) Limited - unquoted	24.2.1	42,000	42,000
- Ah-Brigelinx Solutions (Private) Limited - unquoted	24.2.2	199,977	199,977
- NayaPay (SMC-Private) Limited - unquoted	24.2.3	26,625	26,625
		268,602	268,602

24.2.1 This represents advance given by Subsidiary Company, MLCL to Convenience Stores (Private) Limited for purchase of 280,000 shares at the rate of Rupees 150 per share.

24.2.2 The Subsidiary Company, MLCL entered into agreement with AH-Bridgelinx Solutions (Private) Limited (incorporated under the laws of Pakistan) and BridgeLinx Technologies PTE Limited (incorporated under the laws of Singapore). MLCL has made investment of US dollars 1,200,000 in Pak Rupees equivalent in the designated bank account of AH-Bridgelinx Solutions (Private) Limited. Against this deposit, subject to the conditions of Foreign Exchange Manual published by the State Bank of Pakistan under Foreign Exchange Regulation Act, 1947, MLCL will take up shares of BridgeLinx Technologies PTE Limited. AH-Bridgelinx Solutions (Private) Limited will issue shares of the equivalent value in favour of BridgeLinx Technologies PTE Limited and in consideration of those shares, BridgeLinx Technologies PTE Limited will issue shares of equal value in favour of the MLCL. This investment is subject to the compliance with the applicable laws of Pakistan, applicable laws of Singapore and approval from State Bank of Pakistan under forex laws of Pakistan. In case of refusal from State Bank of Pakistan, the entire amount in Pak Rupees will be returned to the Subsidiary Company, MLCL.

24.2.3 As on 25 February 2022, the Subsidiary Company, MLCL has entered into an agreement with NayaPay (SMC-Private) Limited (incorporated under the laws of Pakistan) and NayaPay Technologies Limited (incorporated under the laws of Dubai). MLCL has agreed to make an investment of US dollars 150,000 in Pak Rupees equivalent in the designated bank account of NayaPay (SMC-Private) Limited by no later than 07 March 2022. Against this deposit, subject to the conditions of Foreign Exchange Manual published by the State Bank of Pakistan under Foreign Exchange Regulation Act,1947, MLCL will take up shares of NayaPay Technologies Limited. NayaPay (SMC-Private) Limited will issue shares of the equivalent value in favour of NayaPay Technologies Limited and in consideration of those shares, NayaPay Technologies Limited will issue shares of equal value in favour of the MLCL. This investment is subject to the compliance with the applicable laws of Pakistan, applicable laws of Dubai and approval from State Bank of Pakistan under forex laws of Pakistan.

25. LONG TERM DEPOSITS

These mainly include interest free deposits made to utility companies for provision of utility connections, regulatory authorities and others.

	Note	2023	2022
		(Rupees in thousand)	
26. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		6,752,091	10,077,180
Spare parts		4,761,038	4,206,180
Loose tools		25,124	31,561
		11,538,253	14,314,921
Less: Provision against slow moving stores, spare parts and loose tools	26.1	(6,566)	(3,772)
	26.2	11,531,687	14,311,149

26.1 Provision against slow moving stores and spares

	Note	2023	2022
As at 01 July		3,772	3,772
Add: Provision for the year	38	2,794	-
As at 30 June		6,566	3,772

26.2 This includes stores in transit of Rupees 187.79 million (2022: Rupees 145.213 million).

	Note	2023	2022
		(Rupees in thousand)	
27. STOCK-IN-TRADE			
Raw materials	27.1 & 27.2	4,293,656	3,259,637
Packing materials		1,160,640	258,414
Work-in-process		3,228,006	2,700,378
Finished goods	27.3	3,999,435	2,395,207
		12,681,737	8,613,636
Provision against obsolete stock-in-trade		(3,904)	(3,904)
		12,677,833	8,609,732

27.1 Raw materials include stock in transit of Rupees 85.971 million (2022: Rupees 162.638 million). Further, Raw materials of Rupees 20.772 million (2022: Rupees 200.016 million) are being carried at net realizable value and the aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 0.619 million (2022: Rupees 139.533 million).

27.2 Raw materials include stock amounting to Rupees 3.228 million (2022: Rupees 20.224 million) with external parties for processing.

27.3 Finished goods include stock in transit of Rupees 169.372 million (2022: Rupees 126.121 million). Further, finished goods of Rupees 432.802 million (2022: Rupees 243.416 million) are being carried at net realizable value and the aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 28.737 million (2022: Rupees 39.297 million).

	Note	2023	2022
		(Rupees in thousand)	

28. TRADE DEBTS

Considered good:

	Note	2023	2022
Secured (against letters of credit)		2,507,272	2,661,798
Unsecured		4,907,967	3,993,492
		7,415,239	6,655,290
Less: Allowance for expected credit losses	28.2	(383,368)	(175,090)
		7,031,871	6,480,200

28.1 Holding Company recognized revenue from the sale of goods at the time of delivery, while payment is generally due with in 30 to 90 days from delivery in case of local sales, and 45 to 120 days in case of export sales.

	Note	2023	2022
		(Rupees in thousand)	

28.2 Allowance for expected credit losses

	Note	2023	2022
Opening balance		175,090	366,280
Recognized during the year	38	232,790	102,202
Trade debts written off during the year		(24,512)	(293,392)
Balance at end of year		383,368	175,090

28.3 As at 30 June 2023, trade debts of Rupees 3,418.814 million (2022: Rupees 2,420.238 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The aging analysis of these trade debts is as follows:

	Note	2023	2022
		(Rupees in thousand)	
Upto 1 month		2,076,919	1,429,777
1 to 6 months		1,061,610	859,070
More than 6 months but less than one year		118,642	89,133
More than one year		161,643	42,258
		3,418,814	2,420,238

28.4 Default is triggered when more than 360 days have passed. As at the reporting date there were no defaulting parties of outstanding trade debts from export sales.

28.5 The majority of export debts of the Group are situated in Asia, Europe and America.

	Note	2023	2022
		(Rupees in thousand)	

29. LOANS AND ADVANCES - considered good

	Note	2023	2022
Loans and advances to employees			
Secured	29.1		
- Executives	29.2	2,883	6,740
- Other employees		1,943	1,980
- Current portion of long term loans to employees	23	10,919	10,868
		15,745	19,588
Unsecured			
- Executives	29.3	3,030	4,000
- Other employees		32,211	24,740
		35,241	28,740
		50,986	48,328
Government Authorities:			
- Collector of customs	29.4	172,807	180,543
- Refunds due from Government	29.5	7,588	7,588
		180,395	188,131
Advances to suppliers	29.6	919,327	960,511
Letters of credit		27,600	114,265
		1,178,308	1,311,235

29.1 These represent short term advances given to employees as per Group's policy for general purposes. These are secured against employee benefits. These are interest free and are not carried at amortized cost as the impact was considered immaterial.

29.2 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 6.176 million (2022: Rupees 6.740 million).

29.3 This represents loans to executives amounting to Rupees 3.03 million (2022: Rupees 4 million) including loans to key management personnel (Mr. Amir Feroze and Mr. Yahya Hamid) amounting to Rupees 2.97 million (2022: Rupees 3.25 million). The maximum aggregate amount outstanding from key management personnel (Mr. Amir Feroze and Mr. Yahya Hamid) at any time during the year calculated with reference to month end balances is Rupees 3.37 million (2022: Rupees 3.25 million). Further, no amount is due from other directors at the year end (2022: Rupees Nil).

29.4 This represents amount paid by MLCFL under protest as disclosed in note 19.1 (c) to these consolidated financial statements.

29.5 This represents amount paid to Government under protest for various cases which have been decided in favor of MLCFL.

29.6 This includes an amount of Rupees 17.95 million (2022: Rupees 121.58 million) advanced to Ministry of Railways for transportation of coal and cement.

29.7 There have been no loans and advances to any foreign company as at 30 June 2023 (2022: Rupees Nil).

	Note	2023	2022
		(Rupees in thousand)	

30. SECURITY DEPOSITS AND SHORT TERM PREPAYMENTS

		2023	2022
Security deposits		15,776	34,106
Margin against:			
- Letters of credit		18,078	69,316
- Bank guarantees		461,907	436,955
Prepayments		39,710	52,034
		535,471	592,411

31. OTHER RECEIVABLES

Considered good:

		2023	2022
Sales tax refundable		1,484,651	762,635
Custom duty receivable		15,993	15,993
Mark up rate support receivable from financial institutions		3,633	3,633
Export rebate		76,238	49,706
Duty draw back receivable		136,705	136,705
Margin deposits with brokers		129,554	80,707
Dividend receivable		-	2,646
Accrued interest		4,094	3,755
Unrealised gain on re-measurement of futures contracts - shares		6,118	-
Others		2,596	7,294
		1,859,582	1,063,074

32. SHORT TERM INVESTMENTS

FINANCIAL INSTRUMENTS

	Note	2023	2022
Debt instruments			
Investment - Amortized cost	32.1	746,391	584,092
Equity instruments			
Investments - Fair value through profit or loss	32.2	7,840,590	4,096,150
Investments - Fair value through other comprehensive income	32.3	1,500,522	-
		9,341,112	4,096,150
		10,087,503	4,680,242

32.1 Debt instruments - amortized cost

	Note	2023	2022
Holding Company			
Term deposit receipts	32.1.1		
- JS Bank Limited		6,960	6,960
- United Bank Limited		459,694	317,600
- The Bank of Khyber		-	80,000
		466,654	404,560
Add: Accrued markup		1,213	6,581
		467,867	411,141
Subsidiary Company - MLCFL	32.1.2		
Term deposit receipts - The Bank of Punjab		273,500	169,500
Add: Accrued markup		5,024	3,451
		278,524	172,951
		746,391	584,092

32.1.1 These term deposit receipts have maturity period ranging from one to six months. The effective rate of profit ranges from 11.45% to 20.50% (2022: 11% to 12%). These are under lien with the bank against guarantees given on behalf of the Holding Company.

32.1.2 This represents term deposit receipts having maturity period of one year starting from 03 April 2023 till 05 June 2024 carrying a mark-up at the rate ranging from 8.50% to 15.80% (2022: 8.50% to 10.50%) per annum.

32.2 Investments-Fair Value through profit or loss

	2023			2022		
	Carrying value	Unrealized gain / (loss)	Market value	Carrying value	Unrealized gain / (loss)	Market value
	(Rupees in thousand)					
Holding Company						
Mutual funds						
MCB - Arif Habib Savings and Investments Limited Nil (2022: 19,443) units	-	-	-	981	-	981
	981	-	981	-	-	-
Subsidiary Company - MLCL						
Mutual Funds 463 (2022: 3,782) units	6	-	6	348	-	348
Shares in listed companies						
Nishat Chunian Power Limited 2 (2022: 3,000,501) fully paid ordinary shares of Rupees 10 each	-	-	-	45,068	(330)	44,738
Mari Petroleum Company Limited 100,583 (2022: 1) fullypaid ordinary shares of Rupees 10 each	167,070	(14,723)	152,347	2	-	2
Lucky Cement Limited 396,853 (2022: 396,853) fully paid ordinary shares of Rupees 10 each	182,171	25,022	207,193	324,052	(141,880)	182,172
Oil and Gas Development Company Limited 1,000,001 (2022: 1) fully paid ordinary shares of Rupees 10 each	92,157	(14,157)	78,000	-	-	-
Mughal Iron and Steel Industries Limited 1,060,501 (2022: 1,060,501) fully paid ordinary shares of Rupees 10 each	61,127	(9,757)	51,370	107,072	(45,945)	61,127
MCB Bank Limited 1,250,001 (2022: 1) fully paid ordinary shares of Rupees 10 each	151,090	(8,002)	143,088	-	-	-
Supernet Limited 1,375,000(2022: 1,250,000) fully paid ordinary shares of Rupees 10 each	24,138	(3,526)	20,612	28,125	(3,988)	24,137
United Bank Limited 1,800,001 (2022: 1) fully paid ordinary shares of Rupees 10 each	218,706	(7,134)	211,572	-	-	-
Pakistan Petroleum Limited 2,000,650 (2022: 1) fully paid ordinary shares of Rupees 10 each	159,679	(41,360)	118,319	-	-	-
Meezan Bank Limited 2,235,501 (2022: 2,391) fully paid ordinary shares of Rupees 10 each	211,593	(18,513)	193,080	334	(64)	270
Systems Limited 2,449,790 (2022: 10) fully paid ordinary shares of Rupees 10 each	1,053,151	(65,077)	988,074	4	-	4
Flying Cement Company Limited 4,263,001 (2022: 4,263,001) fully paid ordinary shares of Rupees 10 each	30,608	(6,991)	23,617	38,357	(7,748)	30,609
Bank Alfalah limited 5,000,001 (2022: 1) fully paid ordinary shares of Rupees 10 each	151,520	680	152,200	-	-	-
Attock Refinery Limited 5,028,301 (2022: 4,528,301) fully paid ordinary shares of Rupees 10 each	873,168	(10,161)	863,007	1,033,398	(237,413)	795,985
HUM Network Limited 20,079,001 (2022: 16,732,501) fully paid ordinary shares of Rupees 10 each	119,135	(1,874)	117,261	121,286	(2,151)	119,135
Agritech Limited 21,308,001 (2022: 16,425,001) fully paid ordinary shares of Rupees 10 each	138,568	(46,091)	92,477	118,516	(9,289)	109,227
Pioneer Cement Limited 24,609,001 (2022: 24,609,001) fully paid ordinary shares of Rupees 10 each	1,484,661	647,217	2,131,878	3,225,502	(1,740,841)	1,484,661
TRG Pakistan Limited - Class ‘A’ 4,036,802 (2022: 13,808,633) fully paid ordinary shares of Rupees 10 each - associated Company	421,490	(49,579)	371,911	2,211,471	(1,143,649)	1,067,822
Other listed companies 456 (2022: 1,445,999) fully paid ordinary shares of Rupees 10 each	51	(7)	44	223,791	(77,705)	146,086
	5,540,083	375,967	5,916,050	7,476,978	(3,411,003)	4,065,975
Subsidiary Company - MLCFL						
Shares in listed company						
Next Capital Limited 4,269,375 (2022: 3,712,500) fully paid ordinary shares of Rs 10 each	28,846	(6,773)	22,073	54,648	(25,802)	28,846
Mutual funds						
CDC-Trustee MCB Cash Management Optimizer	896,112	3,888	900,000	-	-	-
Alfalah GHP Money Market Fund	99,832	168	100,000	-	-	-
CDC-Trustee NBP Income Fund	898,088	4,373	902,461	-	-	-
	1,894,032	8,429	1,902,461	-	-	-
	7,462,967	377,623	7,840,590	7,532,955	(3,436,805)	4,096,150

32.2.1 Following shares are pledged against running finance facilities obtained by MLCL from the banking companies:

Investee companies	2023	2022
	(Number of Shares)	
Attock Refinery Limited	4,390,500	3,990,500
Lucky Cement Limited	396,500	159,500
Nishat Chunian Power Limited	-	-
Pioneer Cement Limited	24,600,000	17,450,000
Systems Limited	2,440,000	-
TRG Pakistan Limited	-	4,000,000
Honda Atlas Cars (Pakistan) Limited	-	425,000
Bank Alfalah Limited	5,000,000	-
Mari Petroleum Company Limited	100,000	-
MCB Bank Limited	1,000,000	-
Meezan Bank Limited	1,500,000	-
Mughal Iron and Steel Industries Limited	1,000,000	-
Oil and Gas Development Company Limited	1,000,000	-
Pakistan Petroleum Limited	2,000,000	-
United Bank Limited	1,200,000	-

32.3 Investments - Fair value through other comprehensive income

	2023			2022		
	Carrying value	Unrealized gain / (loss)	Market value	Carrying value	Unrealized gain / (loss)	Market value
	- - - - - - - - - - - - (Rupees in thousand) - - - - - - - - - - - -					
Subsidiary Company - MLCFL						
Shares in listed company						
Pioneer Cement Limited 17,321,046 (2022: Nil) fully paid ordinary shares of Rupees 10 each	1,237,085	263,437	1,500,522	-	-	-
	1,237,085	263,437	1,500,522	-	-	-

	Note	2023	2022
		(Rupees in thousand)	
33. CASH AND BANK BALANCES			
Cash in hand		22,566	6,346
Cash at bank:			
- On current accounts	33.1	564,082	593,617
- On saving accounts	33.1, 33.2 & 33.3	1,010,406	561,695
		1,574,488	1,155,312
		1,597,054	1,161,658

33.1 The balances in current and deposit accounts include USD 337,729 (2022: USD 192,264) and GBP 2,000 (2022: GBP 2,000).

33.2 The balances in saving accounts carry interest ranging from 6.00% to 20.51% (2022: 2.75% to 13.51%) per annum.

33.3 The balances in saving accounts include an amount of Rupees 191.488 million (2022: Rupees 26.217 million) held under lien against guarantees issued by the bank on behalf of the Group.

34. REVENUE

	Note	2023 (Rupees in thousand)	2022
Revenue from contracts with customers:			
- Export sales		14,983,809	15,419,695
- Local sales	34.1 & 34.5	89,050,871	72,477,337
		104,034,680	87,897,032
Export rebate		84,992	79,533
		104,119,672	87,976,565

34.1	2023	2022
Local sales	115,753,630	95,348,937
Less:		
Sales tax	18,483,206	14,895,884
Federal excise duty	6,911,333	6,973,716
Commission	355,676	275,582
Discount	952,544	726,418
	89,050,871	72,477,337

34.2 Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (Note 47).

	Spinning		Weaving		Processing and Home Textile		Cement		Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	(Rupees in thousand)									
Primary geographical markets										
Europe	-	-	2,107,104	4,362,025	3,959,339	3,330,060	-	-	6,066,443	7,692,085
United States of America and Canada	-	-	131,401	40,233	5,563,573	5,625,195	-	-	5,694,974	5,665,428
Asia, Africa, Australia	-	-	152,082	324,381	1,344,369	862,129	1,725,941	875,672	3,222,392	2,062,182
Pakistan	22,930,290	21,429,627	5,423,648	3,290,628	349,758	214,473	60,347,175	47,542,609	89,050,871	72,477,337
Export rebate and duty draw back	-	-	-	-	84,992	79,533	-	-	84,992	79,533
	22,930,290	21,429,627	7,814,235	8,017,267	11,302,031	10,111,390	62,073,116	48,418,281	104,119,672	87,976,565
Major product / service lines										
Yarn	22,715,285	21,342,523	-	-	-	-	-	-	22,715,285	21,342,523
Greige fabric	-	-	7,793,880	8,017,267	-	-	-	-	7,793,880	8,017,267
Made-ups	-	-	-	-	10,539,667	9,466,007	-	-	10,539,667	9,466,007
Finished fabric	-	-	-	-	462,348	506,540	-	-	462,348	506,540
Processing income	-	-	-	-	184,597	24,952	-	-	184,597	24,952
Cement	-	-	-	-	-	-	62,073,116	48,418,281	62,073,116	48,418,281
Waste	215,005	87,104	20,355	-	30,427	34,358	-	-	265,787	121,462
Export rebate and duty draw back	-	-	-	-	84,992	79,533	-	-	84,992	79,533
	22,930,290	21,429,627	7,814,235	8,017,267	11,302,031	10,111,390	62,073,116	48,418,281	104,119,672	87,976,565
Revenue from contracts with customers	22,930,290	21,429,627	7,814,235	8,017,267	11,217,039	10,031,857	62,073,116	48,418,281	104,034,680	87,897,032
Export rebate and duty draw back	-	-	-	-	84,992	79,533	-	-	84,992	79,533
	22,930,290	21,429,627	7,814,235	8,017,267	11,302,031	10,111,390	62,073,116	48,418,281	104,119,672	87,976,565
Timing of revenue recognition										
Products transferred at a point in time	22,930,290	21,429,627	7,814,235	8,017,267	11,302,031	10,111,390	62,073,116	48,418,281	104,119,672	87,976,565
Products and services transferred over time	-	-	-	-	-	-	-	-	-	-
External revenue as reported	22,930,290	21,429,627	7,814,235	8,017,267	11,302,031	10,111,390	62,073,116	48,418,281	104,119,672	87,976,565

34.3 Revenue is recognised at point in time as per the terms and conditions of underlying contracts with customers.

34.4 The amount of Rupees 391.17 million included in contract liabilities (Note 14) at 30 June 2022 has been recognised as revenue during the year (2022: Rupees 305.05 million).

34.5 These include sales of Rupees 4,789.829 million (2022: Rupees 4,561.786 million) to direct exporters against standard purchase orders (SPOs).

	Note	2023	2022
		(Rupees in thousand)	

35. COST OF SALES

	Note	2023	2022
Raw materials consumed	35.1	27,215,750	23,838,090
Salaries, wages and other benefits	35.2	4,482,155	3,667,879
Processing charges		11,503	7,567
Stores, spare parts and loose tools consumed		2,983,063	2,983,130
Packing materials consumed		4,188,653	3,765,314
Freight and forwarding		1,749,597	699,664
Fuel and power		34,227,112	25,678,773
Repair and maintenance		792,324	683,982
Insurance		180,001	135,964
Other factory overheads	35.3	744,461	494,439
Amortization	22.2	493	740
Depreciation	20.1.4	3,876,739	3,469,389
		80,451,851	65,424,931
Work-in-process			
Opening stock		2,700,378	2,160,126
Closing stock		(3,228,006)	(2,700,378)
		(527,628)	(540,252)
Cost of goods manufactured		79,924,223	64,884,679
Finished goods			
Opening stock		2,395,207	1,358,805
Closing stock		(3,999,435)	(2,395,207)
		(1,604,228)	(1,036,402)
Cost of sales		78,319,995	63,848,277

35.1 Raw materials consumed

	2023	2022
Opening stock	3,259,637	2,312,391
Add: Purchased during the year	28,249,769	24,785,336
	31,509,406	27,097,727
Less: Closing stock	(4,293,656)	(3,259,637)
	27,215,750	23,838,090

35.2 Salaries, wages and other benefits include provident fund contribution of Rupees 143.953 million (2022: Rupees 116.69 million), gratuity and compensated absences amounting to Rupees 32.956 million (2022: Rupees 34.380 million).

35.3 Other factory overheads include housing colony expenses aggregating to Rupees 99.016 million (2022: Rupees 77.72 million).

	Note	2023	2022
		(Rupees in thousand)	

36. DISTRIBUTION COST

	Note	2023	2022
Salaries and other benefits	36.1	536,474	408,199
Outward freight and handling		75,588	194,713
Clearing and forwarding		715,507	1,031,089
Commission to selling agents		279,619	223,709
Travelling and conveyance		308,281	214,328
Insurance		2,578	2,636
Vehicles' running		119,256	57,612
Electricity, gas and water		4,857	3,053
Postage, telephone and fax		13,003	10,341
Sales promotion and advertisement		1,093,808	812,287
Depreciation	20.1.4	28,358	17,897
Miscellaneous		144,089	102,690
		3,321,418	3,078,554

36.1 Salaries and other benefits include provident fund contribution of Rupees 21.478 million (2022: Rupees 18.409 million), gratuity and compensated absences amounting to Rupees 14.531 million (2022: Rupees 9.23 million).

	Note	2023	2022
		(Rupees in thousand)	

37. ADMINISTRATIVE EXPENSES

	Note	2023	2022
Salaries and other benefits	37.1	1,466,937	1,266,989
Travelling and conveyance		219,966	115,715
Repair and maintenance		84,465	88,101
Rent, rates and taxes	37.2	17,363	21,873
Insurance		14,882	12,981
Vehicles' running		152,665	85,478
Printing, stationery and periodicals		69,538	46,691
Electricity, gas and water		74,215	16,613
Postage, telephone and fax		30,747	25,312
Legal and professional		139,256	133,447
Fee and subscription		28,046	21,392
Security, gardening and sanitation		54,967	45,274
Entertainment		56,321	43,311
Training and seminars		2,545	3,004
Amortization	22.2	2,975	1,649
Depreciation	20.1.4	135,461	105,850
Miscellaneous		59,364	110,268
		2,609,713	2,143,948

37.1 Salaries and other benefits include provident fund contribution of Rupees 51.227 million (2022: Rupees 35.928 million), gratuity and compensated absences amounting to Rupees 22.775 million (2022: Rupees 13.731 million).

37.2 It includes lease payment of Rupees 0.158 million (2022: Rupees 0.276 million) in respect of short term leases.

	Note	2023 (Rupees in thousand)	2022 (Rupees in thousand)

38. OTHER EXPENSES

	Note	2023	2022
Auditor's remuneration	38.1	11,993	10,089
Donations	38.2	63,472	15,746
Workers' profits participation fund	14.3	304,706	774,878
Workers welfare fund	14.4	291,628	247,007
Advances / receivable written off		5,993	9,209
Unrealised loss on re-measurement of futures contracts - shares		-	4,386
Unrealised loss on re-measurement of investments at FVTPL		44,567	3,436,806
Loss on trading in shares futures contracts - net		185,255	682,074
Duty draw back receivable written off		-	105,827
Sales tax refundable written off		129,915	229,575
Loss on sale of quoted shares - net		-	402,079
Slow moving stores, spare parts and loose tools written off		-	78,520
Provision for slow moving stores, spare parts and loose tools	26.1	2,794	-
Exchange loss - net		515,830	-
Bad debts written off		-	159,871
Allowance for expected credit losses	28.2	232,790	102,202
		1,788,943	6,258,269

38.1 Auditors' remuneration

	2023	2022
Riaz Ahmad and Company		
Audit fee	4,124	3,078
Certifications	150	320
Reimbursable expenses	1,014	601
	5,288	3,999
KPMG Taseer Hadi and Company		
Audit fee	1,000	2,600
Interim review	-	650
Taxation services	-	630
Other certifications	-	1,440
Reimbursable expenses	150	770
	1,150	6,090
A. F. Ferguson and Company		
Audit fee	2,610	-
Interim review	540	-
Taxation services	630	-
Other certifications	1,100	-
Reimbursable expenses	675	-
	5,555	-
	11,993	10,089

	Note	2023	2022
		(Rupees in thousand)	
38.2 Donations for the year have been given to:			
Gulab Devi Chest Hospital, Lahore		15,890	6,119
MAYO Hospital (Baby Incubator)		-	1,319
Dialysis center in AGL hospital		-	1,000
Maple CSR Initiative as per DC Office requirement		3,476	-
Kinnaird College Lahore		112	-
Local schools at Daud khel		100	1,482
Sunshine Trust		5,000	-
Financial assistance for the deceased worker		-	600
Shafaullah		270	120
Beaconhouse National University (Scholarship)		782	1,358
Daudkhel Police Station		248	-
Flood relief activities of Government of Pakistan		1,000	-
Daud Khel water supply project		365	726
Earthquake in Turkia & Syria		1,410	-
Akhuwat Islamic Micro Finance		15,000	-
Aga Khan Planning , Building Service		15,000	-
Miscellaneous		4,819	3,022
		63,472	15,746

38.2.1 None of the directors and their spouses have any interest in the donee's fund.

	Note	2023	2022
		(Rupees in thousand)	
39. OTHER INCOME			
Income from financial assets:			
Exchange gain - net		-	55,375
Gain on sale of quoted shares - net		846,434	-
Return on bank deposits		136,300	53,333
Unrealised gain on re-measurement of investments at FVTPL		413,757	-
Unrealised gain on re-measurement of futures contracts - shares		6,118	-
Gain on redemption of units of mutual funds - net		7	3
Interest on debt Instrument		1,600	999
Return on term deposit receipts		55,925	15,847
Interest on loans to employees		279	319
Dividend income		117,375	41,883
Long outstanding liabilities written back		13,097	-
		1,590,892	167,759
Income from non-financial assets:			
Scrap sales		93,183	80,481
Gain on disposal of property, plant and equipment	20.1.3	48,859	44,546
Gain on disposal of short term investments		8,429	-
Gain on remeasurement of GIDC payable	8	-	5,424
Rental income		-	1,149
Gain on sale of stores, spare parts and loose tools		-	1,625
Miscellaneous		38,669	30,673
		189,140	163,898
		1,780,032	331,657

	Note	2023	2022
		(Rupees in thousand)	

40. FINANCE COST

	Note	2023	2022
Mark-up / finance charges / interest on:			
Long term financing		2,515,808	1,268,161
Short term borrowings		1,644,547	1,146,883
Unwinding interest - Retention money payable		2,790	27,828
Unwinding of discount on GIDC payable	8	391	21,660
Workers' profits participation fund	14.3	-	496
Interest on lease liabilities		5,038	2,377
		4,168,574	2,467,405
Bank charges and commission		132,124	166,108
		4,300,698	2,633,513

41. TAXATION

	Note	2023	2022
Current tax:			
- Current year		2,822,797	3,594,133
- Prior year		(283,571)	(813)
	18	2,539,226	3,593,320
Deferred tax	13	3,831,016	1,421,955
	41.1	6,370,242	5,015,275

41.1 The provision for current tax represents corporate tax on local sales and income from other sources, final tax on export sales, final tax on capital gain, final tax on dividend income and super tax on income calculated as per section 4C of the Income Tax Ordinance, 2001. Reconciliation of tax expense and product of accounting profit multiplied by the applicable rate is as follows:

	Note	2023	2022
		(Rupees in thousand)	
Profit before tax		15,558,937	10,345,661
Tax on profit @ 29% (2022: 29%)		4,512,092	3,000,242
Tax effect of lower rate on certain income / expenses		(234,829)	342,623
Tax effect of exempt income / permanent differences		141,036	(599,279)
Tax effect of unrealised gain / loss taxed at a lower rate		(110,803)	-
Tax effect of alternate corporate tax		23,365	-
Tax effect of capital loss		(191,744)	314,404
Tax effect of rate change and change in proportion of local and export sales on deferred tax		1,850,010	849,050
Tax effect of prior year adjustment		(283,571)	(813)
Tax effect of super tax		611,125	1,117,621
Others		53,561	(8,573)
		6,370,242	5,015,275

42. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share which is based on:

		2023	2022
Profit attributable to ordinary shareholders of the Holding Company	(Rupees in thousand)	6,442,898	3,870,593
Weighted average number of ordinary shares	(NUMBERS)	298,923,616	299,296,456
Earnings per share	(RUPEES)	21.55	12.93

42.1 Weighted average number of ordinary shares

	2023	2022
Outstanding number of shares before buy back	299,296,456	299,296,456
Less: Impact of own shares purchased	(372,840)	-
	298,923,616	299,296,456

43. CASH GENERATED FROM OPERATIONS

	Note	2023 (Rupees in thousand)	2022 (Rupees in thousand)
Profit before taxation		15,558,937	10,345,661
Adjustment for non-cash charges and other items:			
Depreciation		4,040,558	3,593,136
Amortization		3,468	2,389
Finance cost		4,300,698	2,633,513
Gain on sale of property, plant and equipment		(48,859)	(44,546)
Dividend income		(117,375)	(41,883)
Allowance for expected credit losses		232,790	102,202
Return on term deposit receipts		(55,925)	(15,847)
Long outstanding liabilities written back		(13,097)	-
Gain on remeasurement of GIDC payable		-	(5,424)
Duty draw back receivable written off		-	105,827
Sales tax refundable written off		129,915	229,575
Slow moving stores, spare parts and loose tools written off		-	78,520
Provision for Slow moving stores, spare parts and loose tools		2,794	-
Unrealized loss on re-measurements of forward contracts - shares		-	4,386
Advances written off		5,993	9,209
Bad debts written off		-	159,871
Employees' retirement benefits		78,212	57,340
Return on bank deposits		(136,300)	(53,333)
Interest on debt instrument		(1,600)	(999)
Provision for Workers' profits participation fund		304,706	774,878
Provision for Workers' welfare fund		291,628	247,007
Working capital changes	43.1	398,392	(6,427,184)
		24,974,935	11,754,298

	Note	2023	2022
		(Rupees in thousand)	

43.1 Working capital changes

	2023	2022
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	2,776,668	(3,530,469)
Stock-in-trade	(4,068,101)	(2,551,011)
Trade debts	(784,461)	(1,795,155)
Loans and advances	126,934	(216,070)
Security deposits and short term prepayments	56,940	(335,176)
Other receivables	(928,730)	191,715
	(2,820,750)	(8,236,166)
Increase in trade and other payables	3,219,142	1,808,982
	398,392	(6,427,184)

43.2 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2023					
	Liabilities from financing activities					
	Long term financing	Own share purchased for cancellation	Short term borrowings	Liability against right of use assets	Unclaimed dividend	Total
	---------------------------- (Rupees in thousand) ----------------------------					
Balance as at 01 July 2022	24,532,580	-	9,793,373	33,973	60,203	34,420,129
Proceeds from long term financing	6,340,660	-	-	-	-	6,340,660
Repayment of long term financing	(5,802,358)	-	-	-	-	(5,802,358)
Own share purchased for cancellation	-	(312,153)	-	-	-	(312,153)
Lease liability recognized during the year		-	-	17,666	-	17,666
Interest on lease liabilities		-	-	5,038	-	5,038
Lease rentals paid during the year		-	-	(14,611)	-	(14,611)
Disposal during the year		-	-	(402)	-	(402)
Short term borrowings - net	-	-	(778,363)	-	-	(778,363)
Dividend declared	-	-	-	-	-	-
Dividend paid	-	-	-	-	(561)	(561)
Other charges - non-cash movement	194,668	-	-	-	-	194,668
Balance as at 30 June 2023	25,265,550	(312,153)	9,015,010	41,664	59,642	34,069,713

	2022				
	Liabilities from financing activities				
	Long term financing	Short term borrowings	Liability against right of use assets	Unclaimed dividend	Total
	---------------------------- (Rupees in thousand) ----------------------------				
Balance as at 01 July 2021	17,548,049	9,080,276	-	58,726	26,687,051
Proceeds from long term financing	11,935,164	-	-	-	11,935,164
Repayment of long term financing	(4,114,055)	-	-	-	(4,114,055)
Lease liability recognized during the year	-	-	44,021	-	44,021
Interest on lease liabilities	-	-	2,377	-	2,377
Lease rentals paid during the year	-	-	(12,425)	-	(12,425)
Short term borrowings - net	-	713,097	-	-	713,097
Dividend declared	-	-	-	598,592	598,592
Dividend paid	-	-	-	(597,115)	(597,115)
Other charges - non-cash movement	(836,578)	-	-	-	(836,578)
Balance as at 30 June 2022	24,532,580	9,793,373	33,973	60,203	34,420,129

44. REMUNERATION OF CHIEF EXECUTIVE OFFICERS, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these consolidated financial statements in respect of remuneration including certain benefits to the Chairman, Chief Executive Officers, Directors and Executives of the Group are given below:

	Chairman		Chief Executive Officers		Directors		Executives	
	2023	2022	2023	2022	2023	2022	2023	2022
	(Rupees in Thousand)							
Managerial remuneration	78,000	39,347	229,302	86,613	79,557	55,289	684,416	472,993
Allowances								
House rent	6,240	4,819	16,745	12,952	4,410	2,327	124,749	98,217
Conveyance	-	-	2,338	16,426	1,961	1,188	82,069	37,254
Medical	6,240	2,963	13,505	7,321	7,217	4,520	58,408	39,051
Utilities	5,520	5,372	13,447	11,824	5,476	8,862	96,496	80,393
Special allowance	-	-	24,700	15,739	17,644	10,995	49,641	42,255
Bonus	-	-	76,923	-	-	-	-	202,000
Others	-	-	5,406	4,321	-	-	16,452	2,206
Contribution to provident fund	6,240	2,963	9,978	5,070	6,385	4,203	53,126	35,254
	102,240	55,464	392,344	160,266	122,650	87,384	1,165,357	1,009,623
Number of persons	1	1	3	3	3	3	244	176

The Chief Executive Officers, Directors and some of the Executives are provided with the Group's maintained vehicles, free medical facilities and residential telephone facilities for both business and personal use.

Executives are provided with the vehicles in accordance with the Group's policy.

The aggregate amount charged in these consolidated financial statements in respect of directors' meeting fee paid to 9 (2022: 7) non-executive directors was Rupees 1,099,442 (2022: Rupees 556,665).

No remuneration was paid to non-executive directors of the Group.

45. TRANSACTIONS WITH RELATED PARTIES

	2023	2022
	(Rupees in thousand)	
Key management personnel		
Remuneration and other benefits	456,046	255,683
Post employment benefit plan		
Contribution to provident fund	385,061	285,707
Contribution to gratuity fund	41,171	27,577

The Saim Family Trust, British Virgin Islands (BVI) through Mercury Management Inc., BVI and Hutton Properties Limited, BVI (related parties) holds 73,390,896 [24.52%] (2022: 73,390,896) and 55,256,992 [18.46%] (2022: 55,256,992) ordinary shares respectively of the Holding Company on which dividend amounting to Rupees Nil (2022: Rupees 146,781,792) and Rupees Nil (2022: Rupees 102,054,984) respectively was paid during the year.

TRG Pakistan Limited is the associated company of the Group due to common directorship. The Group has not entered into any transaction with TRG Pakistan Limited during the year.

46. PLANT CAPACITY AND ACTUAL PRODUCTION

Holding Company

SPINNING:

	2023	2022
- Rawalpindi Division	(NUMBERS)	
Ring Spindles (average) installed / worked	85,680	85,680
	(KILOGRAMS IN THOUSAND)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1,095 shifts (2022: 1,095 shifts)	46,646	46,931
Actual production converted into 20s count based on 3 shifts per day for 1,094 shifts (2022: 1,094 shifts)	42,461	42,675
	(NUMBERS)	
Open-end Rotors (average) installed / worked	2,712	2,712
	(KILOGRAMS IN THOUSAND)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1,095 shifts (2022: 1,095 shifts)	5,926	6,053
Actual production converted into 20s count based on 3 shifts per day for 1,094 shifts (2022: 1,094 shifts)	5,196	5,288
	(NUMBERS)	
MVS Spindles (average) installed / worked	384	384
	(KILOGRAMS IN THOUSAND)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1,095 shifts (2022: 1,064)	3,518	3,301
Actual production converted into 20s count based on 3 shifts per day for 1,094 shifts (2022: 1,063)	3,229	3,010
- Gujar Khan Division	(NUMBERS)	
Ring Spindles (average) installed / worked	94,464	72,864
	(KILOGRAMS IN THOUSAND)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1,095 shifts (2022: 1,095 shifts)	51,402	41,986
Actual production converted into 20s count based on 3 shifts per day for 1,094 shifts (2022: 1,094 shifts)	45,944	37,738

	2023	2022
WEAVING:		
- Raiwind Division	(NUMBERS)	
Looms installed / worked	384	288
	(SQUARE METERS IN THOUSAND)	
100% plant capacity at 60 picks based on 3 shifts per day for 1,095 shifts (2022: 1,095 shifts)	135,806	116,566
Actual production converted to 60 picks based on 3 shifts per day for 1,095 shifts (2022: 1,095 shifts)	121,667	109,516
PROCESSING AND STITCHING OF CLOTH :		
- Processing	(METERS IN THOUSAND)	
Capacity at 3 shifts per day for 1,095 shifts (2022: 1,095 shifts)	41,975	41,975
Actual production at 3 shifts per day for 1,095 shifts (2022: 1,095 shifts)	14,651	15,162

STITCHING

The plant capacity of this division is indeterminable due to multi-product plant involving varying processes of manufacturing and run length of order lots.

	2023	2022
POWER PLANT:		
- Rawalpindi Division	(MEGA WATTS)	
Annual rated capacity based on 365 days (2022: 365 days)	260,908	260,908
Actual generation:		
Furnace engines	36,062	20,400
Gas engines	22,772	34,536
Solar	6,674	7,035
- Raiwind Division		
Annual rated capacity based on 365 days (2022: 365 days)	96,360	96,360
Actual generation	10,152	18,557
- Gujar Khan Division	(MEGA WATTS)	
Annual rated capacity based on 365 days (2022: 365 days)	164,825	138,010
Actual generation:		
Gas engines	4,140	521
Diesel engines	299	457
Solar	11,104	6,224

Subsidiary Company - MLCFL
CEMENT:

(METRIC TONS IN THOUSAND)

	2023	2022
Clinker:		
Annual rated capacity (Based on 300 days)	7,100	5,700
Annual production for the year	3,929	4,529

Subsidiary Company - MLPL
POWER PLANT:

(MEGA WATTS)

	2023	2022
Annual rated capacity based on 330 days (2022: 330 days)	316,800	316,800
Actual generation	201,531	265,494

REASONS FOR LOW PRODUCTION

- Due to stoppage for normal maintenance, doffing, change of spin plans and cloth quality.
- Cloth processing units working capacity was limited to actual export / local orders in hand.
- The generation of power was limited to actual demand.
- Actual production of cement is based on actual demand during the year.

47. SEGMENT INFORMATION

	Spinning		Weaving		Processing and Home Textile		Cement		Investment		Power		Elimination of inter-segment transactions		Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	(RUPEES IN THOUSAND)															
REVENUE:																
EXTERNAL	22,930,290	21,429,627	7,814,235	8,017,267	11,302,031	10,111,390	62,073,116	48,418,281	-	-	-	-	-	-	104,119,672	87,976,565
INTER-SEGMENT	733,419	412,158	1,830,162	1,238,073	7,568	6,174	2,142	101,341	-	-	6,064,205	5,252,091	(8,637,496)	(7,009,837)	-	-
	23,663,709	21,841,785	9,644,397	9,255,340	11,309,599	10,117,564	62,075,258	48,519,622	-	-	6,064,205	5,252,091	(8,637,496)	(7,009,837)	104,119,672	87,976,565
COST OF SALES	(20,207,836)	(15,078,921)	(9,004,066)	(8,048,509)	(7,925,370)	(7,918,002)	(44,928,297)	(35,488,331)	-	-	(4,891,922)	(4,324,351)	8,637,496	7,009,837	(78,319,995)	(63,848,277)
GROSS PROFIT	3,455,873	6,762,864	640,331	1,206,831	3,384,229	2,199,562	17,146,961	13,031,291	-	-	1,172,283	927,740	-	-	25,799,677	24,128,288
DISTRIBUTION COST	(79,101)	(66,099)	(160,422)	(278,075)	(1,080,395)	(1,250,504)	(2,001,500)	(1,483,876)	-	-	-	-	-	-	(3,321,418)	(3,078,554)
ADMINISTRATIVE EXPENSES	(524,209)	(323,335)	(219,072)	(174,641)	(296,527)	(249,244)	(1,373,297)	(956,153)	(180,508)	(434,555)	(16,100)	(6,020)	-	-	(2,609,713)	(2,143,948)
	(603,310)	(389,434)	(379,494)	(452,716)	(1,376,922)	(1,499,748)	(3,374,797)	(2,440,029)	(180,508)	(434,555)	(16,100)	(6,020)	-	-	(5,931,131)	(5,222,502)
PROFIT / (LOSS) BEFORE TAX AND UNALLOCATED INCOME AND EXPENSES	2,852,563	6,373,430	260,837	754,115	2,007,307	699,814	13,772,164	10,591,262	(180,508)	(434,555)	1,156,183	921,720	-	-	19,868,546	18,905,786
UNALLOCATED INCOME AND EXPENSES:																
FINANCE COST															(4,300,698)	(2,633,513)
OTHER EXPENSES															(1,788,943)	(6,258,269)
OTHER INCOME															1,780,032	331,657
TAXATION															(6,370,242)	(5,015,275)
															(10,679,851)	(13,575,400)
PROFIT AFTER TAXATION															9,188,695	5,330,386

47.1 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Processing and Home Textile		Cement		Investment		Power		Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	(RUPEES IN THOUSAND)													
TOTAL ASSETS FOR REPORTABLE SEGMENT	14,947,908	11,264,265	9,321,904	5,651,477	12,503,074	10,043,220	82,038,036	73,420,056	6,619,759	4,518,989	5,098,844	5,249,272	130,529,525	110,147,279
UNALLOCATED ASSETS													11,106	1,848,144
TOTAL ASSETS AS PER STATEMENT OF FINANCIAL POSITION													130,540,631	111,995,423

All segment assets are allocated to reportable segments other than those directly relating to corporate and tax assets.

	Spinning		Weaving		Processing and Home Textile		Cement		Investment		Power		Group	
TOTAL LIABILITIES FOR REPORTABLE SEGMENT	4,647,325	5,210,763	3,796,493	1,092,762	7,213,137	5,496,385	21,445,480	24,848,996	2,252,269	1,039,323	46,643	-	39,401,347	37,688,229
UNALLOCATED LIABILITIES													25,361,128	17,426,554
TOTAL LIABILITIES AS PER STATEMENT OF FINANCIAL POSITION													64,762,475	55,114,783

All segment liabilities are allocated to reportable segments other than trade and other payables and deferred tax liabilities.

47.2 Geographical Information

47.2.1 The Groups' revenue from external customers by geographical location is detailed in note 34.2 to these consolidated financial statements.

47.2.2 All non-current assets as at reporting date are located and operating in Pakistan.

47.3 Revenue from major customers

Revenue from major customers whose revenue accounts for more than 10% of the segment's revenue in Weaving segment was Rupees 3,116 million (2022: Rupees 3,636 million) whereas in the Processing and Home Textile segment was Rupees 5,169 million (2022: Rupees 5,117 million).

47.4 Based on the judgment made by the management printing, dyeing and home textile operating segments of the Group have been aggregated into a single operating segment namely 'Processing and Home Textile' as these segments have similar economic characteristics in respect of nature of the products, nature of production process, type of customers, method of distribution and nature of regulatory environment.

48. PROVIDENT FUND

As at the reporting date, all investments out of provident fund have been made in accordance with the section 218 of the Companies Act, 2017 and the regulations formulated for this purpose by the Securities and Exchange Commission of Pakistan

	2023	2022
	Number of employees	
49. NUMBER OF EMPLOYEES		
Number of employees as on 30 June	7,666	7,254
Average number of employees during the year	7,418	7,096

50. FINANCIAL RISK MANAGEMENT

50.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Group's finance department under policies approved by the Board of Directors. The Group's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments and non derivative financial instruments and investment of excess liquidity.

(a) Market risk

(i) Currency risk

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

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

	2023	2022
	(Rupees in thousand)	
Cash at banks - USD	338	192
Cash at banks - GBP	2	2
Trade debts - USD	6,008	8,657
Trade debts - Euro	-	16
Trade and other payables - USD	3	241
Trade and other payables - AED	-	22
Trade and other payables - Euro	-	47
Trade and other payables - RMB	-	487
Outstanding letters of credit - USD	922	1,767
Outstanding letters of credit - Euro	1,050	864
Outstanding letters of credit - RMB	39,475	109,402
Net exposure - USD	5,421	6,842
Net exposure - Euro	(1,050)	(895)
Net exposure - AED	-	(22)
Net exposure - GBP	2	2
Net exposure - RMB	(39,475)	(109,889)

The following significant exchange rates were applied during the year:

	2023	2022
Rupees per US Dollar		
Average rate	250.44	178.56
Reporting date rate	286.60	205.50
Rupees per Euro		
Average rate	200.16	200.86
Reporting date rate	313.72	215.23
Rupees per AED		
Average rate	-	48.46
Reporting date rate	-	56.48
Rupees per GBP		
Average rate	236.36	236.36
Reporting date rate	364.77	249.31
Rupees per RMB		
Average rate	27.57	27.57
Reporting date rate	39.98	30.93

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, EURO, AED, GBP and RMB with all other variables held constant, the impact on profit before taxation for the year would have been Rupees 73.799 million, Rupees 15.647 million, Rupees Nil, Rupees 0.035 million and Rupees 74.965 million (2022: Rupees 66.783 million, Rupees 9.153 million, Rupees 0.059 million, Rupees 0.024 million and Rupees 161.446 million), respectively higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

Other price risk represents 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. The Group is also exposed to commodity price risk as it hold financial instruments based commodity prices.

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Pakistan Stock Exchange Limited (PSX) Index and Pakistan Mercantile Exchange Limited (PMEX) Index on the Group's profit after taxation for the year and on equity (fair value reserve). The analysis is based on the assumption that the indices had increased / decreased by 5% with all other variables held constant and all the Group's financial instruments moved according to the historical correlation with the indices:

Index	Impact on profit after taxation		Impact on statement of other comprehensive income (fair value reserve on FVTOCI investments)	
	2023	2022	2023	2022
			(Rupees in thousand)	
PSX 100 (5% increase)	260,061	178,957	68,415	2,205
PSX 100 (5% decrease)	(260,061)	(178,957)	(68,415)	(2,205)

(iii) Interest rate risk

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

The Group has no significant long-term interest-bearing assets. The Group's interest rate risk arises from long term financing and short term borrowings, bank balances in saving accounts and term deposit receipts. Financial instruments at variable rates expose the Group to cash flow interest rate risk. Financial instruments at fixed rate expose the Group to fair value interest rate risk.

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

	2023	2022
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Term deposit receipts	746,391	612,113
Financial liabilities		
Long term financing	7,993,859	9,110,765
Short term borrowings	4,278,931	4,278,931
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	1,010,406	561,695
Financial liabilities		
Long term financing	17,271,691	15,421,815
Short term borrowings	4,733,344	5,476,676

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rate at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 135.634 million (2022: Rupees 132.594 million) lower / higher, mainly as a result of higher / lower interest expense / income on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at reporting dates were outstanding for the whole year.

(b) Credit risk

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

	2023	2022
	(Rupees in thousand)	
Investments	746,391	612,113
Deposits	615,790	652,450
Trade debts	7,031,871	6,480,200
Other receivables	136,244	94,402
Loans and advances	69,075	67,694
Bank balances	1,574,488	1,155,312
	10,173,859	9,062,171

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

	Rating			2023	2022
	Short term	Long term	Agency	(Rupees in thousand)	
Banks					
Al-Baraka Bank (Pakistan) Limited	A-1	A+	JCR-VIS	16,646	15,607
Allied Bank Limited	A1+	AAA	PACRA	91,624	75,180
Askari Bank Limited	A1+	AA+	PACRA	35,087	19,138
Bank Alfalah Limited	A1+	AA+	PACRA	4,839	23,749
Bank Al-Habib Limited	A1+	AAA	PACRA	138,616	159,237
Bank Islami Pakistan Limited	A1	AA-	PACRA	13,684	13,523
Faysal Bank Limited	A1+	AA	PACRA	1,240	4,781
Habib Bank Limited	A-1+	AAA	JCR-VIS	216,456	202,212
MCB Bank Limited	A1+	AAA	PACRA	402,304	324,270
Meezan Bank Limited	A-1+	AA+	JCR-VIS	58,240	57,501
National Bank of Pakistan	A1+	AAA	PACRA	28,522	34,303
MCB Islamic Bank Limited	A1	A	PACRA	216,007	105,132
Silkbank Limited	A-2	A-	JCR-VIS	62	61
The Bank of Punjab	A1+	AA+	PACRA	79,794	28,127
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	22,864	33,853
United Bank Limited	A-1+	AAA	JCR-VIS	78,673	42,438
FINCA Microfinance Bank Limited	A1	A	PACRA	3,149	5,084
NRSP Microfinance Bank Limited	A1	A	PACRA	163	148
Dubai Islamic Bank Pakistan Limited	A1+	AA	JCR-VIS	2,580	2,580
Samba Bank Limited	A-1	AA	JCR-VIS	1,873	3,844
Soneri Bank Limited	A1+	AA-	PACRA	102	102
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	2,853	2,820
Summit Bank Limited	A3	BBB-	JCR-VIS	25	25
The Bank of Khyber	A1	A+	PACRA	159,085	1,597
				1,574,488	1,155,312
Investments					
United Bank Limited - term deposit receipts	A-1+	AAA	JCR-VIS	460,753	336,969
The Bank of Khyber - term deposit receipts	A1	A	PACRA	-	81,197
MCB Bank Limited - term deposit receipt	A1+	AAA	PACRA	-	13,999
JS Bank Limited - term deposit receipt	A1+	AA-	PACRA	7,114	6,997
The Bank of Punjab - term deposit receipts	A1+	AA+	PACRA	278,524	172,951
				746,391	612,113

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

Trade debts

The Group's exposure to credit risk and allowance for expected credit losses related to trade debts is disclosed in Note 28.2.

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debts.

To measure the expected credit losses, trade debts have been grouped based on shared credit risk characteristics and the days past due. These trade debts are netted off with the collateral obtained, if any, from these customers to calculate the net exposure towards these customers. The Group has concluded that the expected loss rates for trade debts against local sales are different from the expected loss rates for trade debts against export sales.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product, Unemployment, Interest, and the inflation Index of the country in which it majorly sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 30 June 2023 and 30 June 2022 was determined as follows:

Holding Company

At 30 June 2023

	Local sales			Export sales		
	Expected loss rate	Trade debts	Loss allowance	Expected loss rate	Trade debts	Loss allowance
	%	(Rupees in thousand)		%	(Rupees in thousand)	
Not past due	0.00%	347,126	-	0.00%	-	-
Up to 30 days	13.28%	837,515	111,260	0.00%	-	-
31 to 60 days	13.28%	132,176	17,559	0.00%	-	-
61 to 90 days	24.56%	49,082	12,056	0.00%	-	-
91 to 180 days	44.37%	1,279	567	0.00%	-	-
181 to 360 days	48.15%	22,289	10,732	0.00%	-	-
Above 360 days	100.00%	1,145	1,145	0.00%	-	-
		1,390,612	153,319		-	-
Trade debts which are not subject to risk of default		1,654,245	-		1,539,345	-
		3,044,857	153,319		1,539,345	-

At 30 June 2022

	Local sales			Export sales		
	Expected loss rate	Trade debts	Loss allowance	Expected loss rate	Trade debts	Loss allowance
	%	(Rupees in thousand)		%	(Rupees in thousand)	
Not past due	0.00%	338,373	-	0.00%	-	-
Up to 30 days	18.35%	415,765	76,295	0.00%	-	-
31 to 60 days	17.06%	87,232	14,878	0.00%	-	-
61 to 90 days	27.88%	69,875	19,480	0.00%	-	-
91 to 180 days	44.52%	11,429	5,088	0.00%	-	-
181 to 360 days	50.58%	538	272	0.00%	-	-
Above 360 days	100.00%	9,028	9,028	0.00%	-	-
		932,240	125,041		-	-
Trade debts which are not subject to risk of default		1,933,110	-		1,673,679	-
		2,865,350	125,041		1,673,679	-

Subsidiary Company - Maple Leaf Cement Factory Limited

At 30 June 2023

	Local sales			Export sales		
	Expected loss rate	Trade debts	Loss allowance	Expected loss rate	Trade debts	Loss allowance
	%	(Rupees in thousand)		%	(Rupees in thousand)	
Not past due	0.82%	1,144,948	9,404	0.00%	25,313	-
1 to 90 days	1.10%	1,269,257	14,021	0.00%	-	-
91 to 180 days	14.62%	153,260	22,401	0.00%	-	-
181 - 270 days	27.74%	36,071	10,006	0.00%	-	-
271 - 365 days	32.91%	41,690	13,719	0.00%	-	-
Above 365 days	100.00%	160,498	160,498	0.00%	-	-
		2,805,724	230,049		25,313	-

At 30 June 2022

	Local sales			Export sales		
	Expected loss rate	Trade debts	Loss allowance	Expected loss rate	Trade debts	Loss allowance
	%	(Rupees in thousand)		%	(Rupees in thousand)	
Not past due	0.36%	1,315,570	4,687	0.00%	26,995	-
1 to 90 days	0.35%	568,615	1,985	0.00%	-	-
91 to 180 days	4.32%	83,753	3,616	0.00%	-	-
181 - 270 days	9.93%	72,081	7,156	0.00%	-	-
271 - 365 days	17.15%	16,419	2,816	0.00%	-	-
Above 365 days	90.74%	32,828	29,789	0.00%	-	-
		2,089,266	50,049		26,995	-

The Group has made security deposits to utility companies for provision of utility connections and advances to employees which are secured against employees' benefits. The management does not expect to incur material losses on such deposits and consider such amount is receivable upon termination of service contract from respective utility companies.

In addition to above, financial assets include other receivables and dividend receivable. Management has assessed that there is no impairment loss in respect of these financial assets of the Group and these are recoverable in full.

(c) Liquidity risk

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

The Group manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2023, the Group had Rupees 34.182 million (2022: Rupees 21,756 million) available borrowing limits from financial institutions and Rupees 1,597.054 million (2022: Rupees 1,161.658 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2023.

Holding Company

	Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	------------------- (Rupees in thousand) --------------------					
Non-derivative financial liabilities:						
Long term financing	7,432,812	11,194,787	963,161	938,050	1,929,981	7,363,595
Trade and other payables	2,843,000	2,843,000	2,843,000	-	-	-
Accrued mark-up	483,829	483,829	483,829	-	-	-
Short term borrowings	6,894,851	7,392,785	7,392,785	-	-	-
Unclaimed dividend	32,264	32,264	32,264	-	-	-
	17,686,756	21,946,665	11,715,039	938,050	1,929,981	7,363,595

Subsidiary Company
Maple Leaf Cement Factory Limited

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	5 years and above
	--------------- (Rupees in thousand) ----------------				
Non-derivative financial liabilities:					
Long term loans from banking	18,618,431	28,397,322	5,974,273	19,881,580	2,541,468
Long term deposits	8,214	8,214	-	8,214	-
Retention money payable	1,752,988	1,752,988	-	1,752,988	-
Liability against right of use asset	41,664	70,776	14,052	26,498	30,226
Trade and other payables	7,159,134	7,159,134	7,159,134	-	-
Unclaimed dividend	27,378	27,378	27,378	-	-
Accrued mark-up	764,955	764,955	764,955	-	-
Short term borrowings	-	-	-	-	-
	28,372,764	38,180,766	13,939,792	21,669,280	2,571,694

Subsidiary Company
Maple Leaf Power Limited

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 3 years	3 years and above
	--------------- (Rupees in thousand) ----------------				
Non derivative financial liabilities:					
Trade and other payables	69,232	69,232	69,232	-	-

Subsidiary Company
Maple Leaf Capital Limited

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Year
	--------------- (Rupees in thousand) ----------------				
Non derivative financial liabilities:					
Trade and other payables	344,342	344,342	344,342	-	-
Accrued Mark-up	99,571	99,571	99,571	-	-
Short term borrowings	2,120,158	2,177,022	2,177,022	-	-
	2,564,071	2,620,935	2,620,935	-	-
Derivative financial liabilities:					
Unrealised loss on re-measurement of futures contracts - shares	-	-	-	-	-

Contractual maturities of financial liabilities as at 30 June 2022

Holding Company

	Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	------------------	(Rupees in thousand)	--------------------			
Non-derivative financial liabilities:						
Long term financing	5,164,912	5,683,002	623,064	383,199	1,000,542	3,676,197
Trade and other payables	1,827,508	1,827,508	1,827,508	-	-	-
Accrued mark-up	108,158	108,158	108,158	-	-	-
Short term borrowings	5,234,795	5,326,561	5,108,625	217,936	-	-
Unclaimed dividend	32,634	32,634	32,634	-	-	-
	12,368,007	12,977,863	7,699,989	601,135	1,000,542	3,676,197

Subsidiary Company
Maple Leaf Cement Factory Limited

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	5 years and above
	---------------	(Rupees in thousand)	----------------		
Non-derivative financial liabilities:					
Long term loans from banking	19,367,668	29,694,914	5,279,292	19,257,595	5,158,027
Long term deposits	8,214	8,214	-	8,214	-
Liability against right of use asset	33,973	60,777	9,138	19,715	31,924
Trade and other payables	5,982,440	5,982,440	5,982,440	-	-
Unclaimed dividend	27,569	27,569	27,569	-	-
Accrued mark-up	632,836	632,836	632,836	-	-
Short term borrowings	3,572,073	3,572,073	3,572,073	-	-
	29,624,773	39,978,823	15,503,348	19,285,524	5,189,951

Subsidiary Company
Maple Leaf Power Limited

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 3 years	3 years and above
	---------------	(Rupees in thousand)	----------------		
Non derivative financial liabilities:					
Trade and other payables	63,938	63,938	63,938	-	-

Subsidiary Company
Maple Leaf Capital Limited

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Year
	---------------	(Rupees in thousand)	----------------		
Non derivative financial liabilities:					
Trade and other payables	140,710	140,710	10,032	63,750	63,750
Accrued Mark-up	24,935	24,935	24,935	-	-
Short term borrowings	986,505	1,008,998	1,008,998	-	-
	1,152,150	1,174,643	1,043,965	63,750	63,750
Derivative financial liabilities:					
Unrealised loss on re-measurement of futures contracts - shares	4,386	4,386	4,386	-	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark-up rates effective as at 30 June. The rates of interest / mark up have been disclosed in note 6 and note 16 to these consolidated financial statements.

50.2 Financial instruments by categories

	2023				2022			
	Amortized cost	At fair value through profit or loss	At fair value through other comprehensive income	Total	Amortized cost	At fair value through profit or loss	At fair value through other comprehensive income	Total
	------- (Rupees in thousand) -------							
Financial assets								
Investments	746,391	7,840,590	1,851,131	10,438,112	612,113	4,096,150	322,742	5,031,005
Deposits	615,790	-	-	615,790	652,450	-	-	652,450
Trade debts	7,031,871	-	-	7,031,871	6,480,200	-	-	6,480,200
Other receivables	136,244	-	-	136,244	94,402	-	-	94,402
Loans and advances	69,075	-	-	69,075	67,694	-	-	67,694
Cash and bank balances	1,597,054	-	-	1,597,054	1,161,658	-	-	1,161,658
	10,196,425	7,840,590	1,851,131	19,888,146	9,068,517	4,096,150	322,742	13,487,409
Financial liabilities								
Long term financing	25,265,550	-	-	25,265,550	24,532,580	-	-	24,532,580
Long term deposits	8,214	-	-	8,214	8,214	-	-	8,214
Liability against right of use asset	41,664	-	-	41,664	33,973	-	-	33,973
Retention money payable	1,752,988	-	-	1,752,988	-	-	-	-
Short term borrowings	9,015,010	-	-	9,015,010	9,793,373	-	-	9,793,373
Trade and other payables	10,415,708	-	-	10,415,708	8,014,596	4,386	-	8,018,982
Accrued mark-up	1,348,355	-	-	1,348,355	764,694	-	-	764,694
Unclaimed dividend	59,642	-	-	59,642	60,203	-	-	60,203
	47,907,131	-	-	47,907,131	43,207,633	4,386	-	43,212,019

50.3 Reconciliation to the line items presented in the statement of financial position is as follows:

	2023			2022		
	Financial assets	Non-financial assets	Total as per statement of financial position	Financial assets	Non-financial assets	Total as per statement of financial position
	----- Rupees in thousand -----			----- Rupees in thousand -----		
Assets as per statement of financial position						
Trade debts	7,031,871	-	7,031,871	6,480,200	-	6,480,200
Investments	10,438,112	-	10,438,112	5,031,005	-	5,031,005
Deposits	615,790	-	615,790	652,450	-	652,450
Loans and advances	69,075	1,127,322	1,196,397	67,694	1,262,907	1,330,601
Other receivables	136,244	1,723,338	1,859,582	94,402	968,672	1,063,074
Cash and bank balances	1,597,054	-	1,597,054	1,161,658	-	1,161,658
	19,888,146	2,850,660	22,738,806	13,487,409	2,231,579	15,718,988

	2023			2022		
	Financial liabilities	Non-financial liabilities	Total as per statement of financial position	Financial liabilities	Non-financial liabilities	Total as per statement of financial position
	----- Rupees in thousand -----			----- Rupees in thousand -----		
Liabilities as per statement of financial position						
Long term financing	25,265,550	-	25,265,550	24,532,580	-	24,532,580
Long term deposits	8,214	-	8,214	8,214	-	8,214
Liability against right of use asset	41,664	-	41,664	33,973		33,973
Retention money payable	1,752,988	-	1,752,988	-	-	-
Short term borrowings	9,015,010	-	9,015,010	9,793,373	-	9,793,373
Trade and other payables	10,415,708	5,348,857	15,764,565	8,018,982	4,348,058	12,367,040
Accrued mark-up	1,348,355	-	1,348,355	764,694	-	764,694
Unclaimed dividend	59,642	-	59,642	60,203	-	60,203
	47,907,131	5,348,857	53,255,988	43,212,019	4,348,058	47,560,077

50.4 Offsetting financial assets and liabilities

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

50.5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing and short term borrowings obtained by the Group as referred to in Note 6 and Note 16 respectively. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'. The Group's strategy, remain unchanged from the last year.

	2023	2022
	(Rupees in thousand)	
Long term financing	26,068,642	25,530,341
Total equity	65,778,156	56,880,640
Total capital employed	91,846,798	82,410,981
Gearing ratio	28.38%	30.98%

The decrease in gearing ratio resulted primarily from increase in equity of the Group.

51. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group classify its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements At 30 June 2023	Level 1	Level 2	Level 3	Total
	------- (Rupees in thousand) ------			
Recurring fair value measurements				
Financial assets				
Financial assets at fair value through profit or loss	7,840,590	-	-	7,840,590
Unrealised gain on re-measurement of futures contracts - shares	6,118	-	-	6,118
Total financial assets	7,846,708	-	-	7,846,708
Financial liabilities				
Unrealized loss on re-measurement of futures contracts - shares	-	-	-	-
Total financial liabilities	-	-	-	-

Recurring fair value measurements At 30 June 2022	Level 1	Level 2	Level 3	Total
	------- (Rupees in thousand) ------			
Recurring share value measurements				
Financial assets				
Financial assets at fair value through profit or loss	4,096,150	-	-	4,096,150
Total financial assets	4,096,150	-	-	4,096,150
Financial liabilities				
Unrealized loss on re-measurement of futures contracts - shares	4,386	-	-	4,386
Total financial liabilities	4,386	-	-	4,386

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

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

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

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

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

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

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices.

52. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

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

At 30 June 2023	Level 1	Level 2	Level 3	Total
	------- (Rupees in thousand) ------			
Freehold land	-	4,567,622	1,194,487	5,762,109
Total non-financial assets	-	4,567,622	1,194,487	5,762,109

At 30 June 2022	Level 1	Level 2	Level 3	Total
	------- (Rupees in thousand) ------			
Freehold land	-	2,768,287	1,192,037	3,960,324
Investment properties - land & building	-	1,824,360	-	1,824,360
Total non-financial assets	-	4,592,647	1,192,037	5,784,684

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

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

(ii) Valuation techniques used to determine level 1 & 2 fair values

The Group obtains independent valuations for its freehold land (classified as property, plant and equipment) at least annually. At the end of each reporting period, the management updates the assessment of the fair value of each property, taking into account the most recent independent valuations. The management determines a property's value within a range of reasonable fair value estimates. The best evidence of fair value of land is current prices in an active market for similar lands.

Valuation processes

The Group engages external, independent and qualified valuers to determine the fair value of the Group's freehold land at the end of every financial year. As at 30 June 2023, the fair values of the freehold land of the Holding Company have been determined by Anderson Consulting (Private) Limited (an approved valuer). MLCFL's freehold land was last revalued by Arif Evaluators, an independent valuer approved by Pakistan Banks' Association (PBA) in "any amount" category, at 30 June 2020.

Changes in fair values are analyzed at each reporting date during the annual valuation discussion between the Chief Financial Officer and the valuers. As part of this discussion the team presents a report that explains the reason for the fair value movements.

53. INTEREST IN OTHER ENTITIES

The Group's principal subsidiaries as at 30 June 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interest held equals the voting rights held by the Group. The country of the incorporation or registration is also their principal place of business.

Name of the entity	Place of business / country of incorporation	Ownership interest held by the Group		Owner ship interest held by non-controlling interests		Principal Activities
		2023	2022	2023	2022	
Maple Leaf Cement Factory Limited	Pakistan	57.43%	56.12%	42.57%	43.88%	Production and sale of cement
Maple Leaf Capital Limited	Pakistan	82.92%	82.92%	17.08%	17.08%	To buy, sell, hold, or otherwise acquire or invest capital in financial instruments
Maple Leaf Power Limited	Pakistan	57.43%	56.12%	42.57%	43.88%	Generation, sale and supply of electricity
Maple Leaf Industries Limited	Pakistan	57.43%	-	42.57%	-	To produce, manufacture, prepare, treat, process, refine, and deal in all kinds of cement and its allied products

53.1 Non controlling interests (NCI)

Set out below is summarized financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

	Maple Leaf Cement Factory Limited		Maple Leaf Capital Limited		Maple Leaf Power Limited		Maple Leaf Industries Limited	
	2023	2022	2023	2022	2023	2022	2023	2022
	----------------------------- (Rupees in thousand) --------------------------------							
Summarized statement of financial position								
Current assets	22,239,667	20,321,989	6,602,940	4,516,670	2,579,212	795,701	10,304	-
Current liabilities	16,215,021	16,193,391	2,597,983	1,189,815	844,372	658,730	1,905	-
Current net assets	6,024,646	4,128,598	4,004,957	3,326,855	1,734,840	136,971	8,399	-
Non-current assets	67,468,044	61,892,221	419,353	508,900	6,391,497	6,695,357	-	-
Non-current liabilities	28,579,576	25,461,804	-	-	38,270	31,244	-	-
Non-current net assets	38,888,468	36,430,417	419,353	508,900	6,353,227	6,664,113	-	-
Net assets	44,913,114	40,559,015	4,424,310	3,835,755	8,088,067	6,801,084	8,399	-
Summarized statement of comprehensive income								
Revenue	62,075,259	48,519,622	1,160,598	(4,711,007)	6,064,205	5,252,091	-	-
Profit / (loss) for the year	4,491,665	3,626,340	577,296	(4,717,768)	1,287,587	916,020	(1,601)	-
Other comprehensive income / (loss)	38,445	1,169	11,259	3,591	(604)	-	-	-
Profit / (loss) allocated to NCI	1,912,102	1,591,238	98,602	(805,795)	548,126	401,950	(682)	-
Dividend paid to NCI	-	-	-	-	-	-		
Summarized statement of cash flows								
Cash generated from / (used in) operating activities	20,143,665	8,334,083	(1,058,184)	690,626	(296,941)	997,353	1	-
Cash generated (used in) / from investing activities	(12,174,483)	(15,819,320)	93,073	(137,544)	282,653	(954,687)	(9,000)	-
Cash (used in) / from financing activities	(6,632,403)	6,601,516	1,133,654	(611,119)	(836)	-	10,000	-
Net increase / (decrease) in cash and cash equivalents	1,336,779	(883,721)	168,543	(58,037)	(15,124)	42,666	1,001	-

54. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

Description	2023	2022
	(Rupees in thousand)	
Holding Company		
Loans / advances obtained as per Islamic mode:		
Contract liabilities	333,800	205,600
Shariah compliant bank deposits / bank balances		
Bank balances	249,627	140,776
Profit earned from shariah compliant bank deposits / bank balances	13,540	5,075
Dividend earned from shariah compliant investments	19,241	22,331
Exchange gain earned	184,790	310,646
Revenue earned from shariah compliant business	42,046,556	39,558,284
Profits earned or interest paid on any conventional loan / advance		
Interest income on loans and advances to Maple Leaf Capital Limited	-	7,088
Profit earned on deposits with banks	62,271	19,601
Return on investments	55,925	15,847
Interest paid on loans	1,604,088	681,246

Relationship with shariah compliant banks

Name	Relationship at reporting date
Al-Baraka Bank (Pakistan) Limited	Bank balance
Bank Alfalah Limited	Bank balance
Bank Islami Pakistan Limited	Bank balance
MCB Islamic Bank Limited	Bank balance
The Bank of Khyber	Bank balance
Askari Bank Limited	Bank balance
Meezan Bank Limited	Bank balance

Description	2023	2022
Subsidiary company (MLCFL)		
Loans / advances obtained as per Islamic mode:		
Loans	2,550,288	2,494,425
Contract liabilities	445,838	345,495
Shariah compliant bank deposits / bank balances		
Bank balances	31,710	28,980
Profit earned from shariah compliant bank deposits / bank balances	590	640
Revenue earned from shariah compliant business	62,075,259	48,519,622
Mark-up paid on islamic mode of financing	481,189	125,171
Profits earned or interest paid on any conventional loan / advance		
Profit earned on deposits with banks	53,494	22,751
Interest paid on loans	1,823,186	1,420,608

Relationship with shariah compliant banks

Name	Relationship at reporting date
MCB Islamic Bank Limited	Bank balance and financing
Bank Islami Pakistan Limited	Bank balance
Dubai Islamic Bank Pakistan Limited	Bank balance
Al-Baraka Bank (Pakistan) Limited	Bank balance
Faysal Bank Limited	Financing

Description	2023	2022
	(Rupees in thousand)	
Profits earned or interest paid on any conventional loan / advance		
Profit earned on deposits with banks	1,539	1,207
Interest paid on loans	-	20,489
Subsidiary company (MLCL)		
Shariah compliant investments:		
Shariah compliant bank deposits / bank balances		
Bank balances	201,765	30,382
Profit earned from shariah compliant bank deposits / bank balances	4,576	3,620
Gain / (loss) or dividend earned from shariah compliant investments		
Realized gain / (loss) on disposal of quoted shares - net	846,434	(402,079)
Dividend income	98,134	19,552
Profits earned or interest paid on any conventional loan / advance		
Profit earned on deposits with banks	290	439
Interest paid on loans	251,892	167,530

Relationship with shariah compliant banks

Name	Relationship at reporting date
MCB Islamic Bank Limited	Bank balance

55. UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2023	2022	2023	2022
	------- (Rupees in thousand) ------			
Total facilities	20,928,864	16,433,754	69,244,866	57,041,921
Utilized at the end of the year	10,232,750	7,427,199	35,063,518	35,285,948
Unutilized at the end of the year	10,696,114	9,006,555	34,181,348	21,755,973

56. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 8 September 2023 by the Board of Directors of the Holding Company.

57. CORRESPONDING FIGURES

No significant rearrangements / reclassifications of corresponding figures have been made.

58. GENERAL

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

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

KOHINOOR TEXTILE MILLS LIMITED

42-LAWRENCE ROAD, LAHORE

PROXY FORM

I/We____

of____

being a member of KOHINOOR TEXTILE MILLS LIMITED hereby appoint ____________________

____

Name (Folio / CDC A/c No., if Member)

of____

or failing him/her ____

Name (Folio / CDC A/c No., if Member)

of____

as my/our proxy to attend, speak and vote for and on my/our behalf at the 55th Annual General Meeting of the Company to be held at its Registered Office, 42-Lawrence Road, Lahore, Thursday, 19 October, 2023 at 12:00 Noon and/or any adjournment thereof.

As witness given under my/our hand(s) ________________ day of October, 2023.

1. Witness:		2. Witness:	
Signature :	____________________	Signature :	____________________
Name :	____________________	Name :	____________________
CNIC :	____________________	CNIC :	____________________
Address :	____________________	Address :	____________________
:	____________________	:	____________________

Affix
Revenue
Stamp of Rs. 50/-

____

Signature of Member / Attorney
(Please also affix company stamp, in case of corporate entity)

Shares Held: ______________________

Folio No.	CDC Account No.	
	Participant I.D.	Account No.

CNIC No. | | | | | | – | | | | | | | | – | |

Notes:

1. Proxies, in order to be effective, must be received at the Company's Registered Office not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

2. CDC beneficial owners and Proxy Holders must bring with them their Computerized National Identity Cards (CNIC)/Passports in original to prove his/her identity and in case of Proxy, CDC beneficial owners and Proxy Holders must enclose an attested copy of their CNIC/Passport with Proxy Form.

3. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee (unless it has been provided earlier) should be attached with the proxy form or may be provided at the time of meeting.

AFFIX
CORRECT
POSTAGE

The Company Secretary

KOHINOOR TEXTILE MILLS LIMITED
42-LAWRENCE ROAD, LAHORE
Tel: 042-36302261-62

KTM
Kohinoor Textile Mills Limited

کوہ نور ٹیکسٹائل ملز لمیٹڈ

42-لارنس روڈ، لاہور

تشکیلِ نیابت داری (پراکسی فارم)

میں / ہم --
ساکن --
بحیثیت حصہ دار کوہ نور ٹیکسٹائل ملز لمیٹڈ --
نام (فولیو/سی ڈی سی اکاؤنٹ نمبر اگر ممبر ہو)
ساکن -- یا بصورت دیگر --
نام (فولیو/سی ڈی سی اکاؤنٹ نمبر اگر ممبر ہو)
ساکن ---------------------- کو اپنی جگہ بروز جمعرات 19 اکتوبر 2023ء کو دوپہر 12:00 بجے رجسٹرڈ آفس 42-لارنس روڈ، لاہور میں منعقدہ یا ملتوی ہونے والے 55 ویں سالانہ عام اجلاس میں شرکت کرنے، بولنے اور ووٹ دینے کے لیے اپنا نمائندہ مقرر کرتا/کرتی ہوں۔

بطور گواہ میرے/ ہمارے دستخط سے مورخہ ______ اکتوبر 2023ء کو دی گئی۔

۵۰ روپے کا رسیدی ٹکٹ
چسپاں کر کے دستخط کریں

۱۔ گواہ
دستخط : ______________________
نام : ______________________
شناختی کارڈ نمبر : ______________________
پتہ : ______________________
____

دستخط ______________________
(ممبر/مجاز افسر)
(کارپوریٹ ادارے کی صورت میں کمپنی کی مہر بھی لگائیں)

۲۔ گواہ
دستخط : ______________________
نام : ______________________
شناختی کارڈ نمبر : ______________________
پتہ : ______________________
____

____
حامل عام حصص

سی ڈی سی اکاؤنٹ نمبر		فولیو نمبر
اکاؤنٹ نمبر	شراکتی آئی ڈی	

کمپیوٹرائزڈ شناختی کارڈ نمبر | | | | | | - | | | | | | | | - | |

نوٹس:

(۱) پراکسیز کے مؤثر ہونے کے لیے لازم ہے کہ وہ اجلاس سے 48 گھنٹے قبل بمعہ دستخط گواہان اور رسیدی ٹکٹ کمپنی کو موصول ہو جانی چاہئیں۔

(۲) سی ڈی سی حصص داران اور پراکسی ہولڈرز اجلاس ہذا میں اپنی شناخت ثابت کرنے کے لیے اپنے اصلی کمپیوٹرائزڈ قومی شناختی کارڈ/ پاسپورٹ ساتھ لائیں اور پراکسی کی صورت میں سی ڈی سی حصص داران اور پراکسی ہولڈرز اپنے کمپیوٹرائزڈ قومی شناختی کارڈ/ پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ لگائیں۔

(۳) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی بمعہ نمائندہ کے دستخط (اگر پہلے مہیا نہیں کی گئیں) پراکسی فارم کے ساتھ لف کرنے ہوں گے یا اجلاس ہذا کے وقت مہیا کر سکتے ہیں۔

AFFIX
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POSTAGE

The Company Secretary

KOHINOOR TEXTILE MILLS LIMITED
42-LAWRENCE ROAD, LAHORE
Tel: 042-36302261-62

ڈائریکٹرز رپورٹ (کنسالیڈیٹڈ)

ڈائریکٹرز کوہ نور ٹیکسٹائل ملز لمیٹڈ (دی ہولڈنگ کمپنی) اور اس کی ذیلی کمپنیوں میپل لیف سیمنٹ فیکٹری لمیٹڈ (57.43%)، میپل لیف پاور لمیٹڈ (57.43%) میپل لیف انڈسٹریز لمیٹڈ (57.43%) اور میپل لیف کیپٹل لمیٹڈ (82.92%) (مجموعی طور پر ایک گروپ) کے 30 جون 2023 کو ختم ہونے والے سال کے لیے نظر ثانی شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

گروپ کے نتائج

گروپ نے گزشتہ سال کے 24,128 ملین روپے کے مقابلے میں 25,800 ملین روپے کا مجموعی منافع کمایا ہے۔ گروپ نے اس سال 15,559 ملین روپے کا قبل از ٹیکس منافع کمایا جبکہ گزشتہ سال کے دوران منافع 10,346 ملین روپے تھا۔

گروپ کے مجموعی مالیاتی نتائج درج ذیل ہیں:

	30 جون 2023	30 جون 2022
	(روپے ملین میں)	
آمدنی	104,120	87,977
مجموعی منافع	25,800	24,128
آپریشنز سے منافع	19,860	12,979
مالیاتی چارجز	4,301	2,634
بعد از ٹیکس خالص منافع	9,189	5,330
	روپے	
فی شیئر آمدنی - بنیادی اور معتدل	21.55	12.93

ذیلی کمپنیاں

میپل لیف سیمنٹ فیکٹری لمیٹڈ (MLCFL)

اس نے اپنی گزشتہ سال کی فروخت میں 27.94% کا اضافہ درج کرایا اور مجموعی منافع 26.46% (30 جون 2022: 25.30%) جو کہ 16,424 ملین روپے (30 جون 2022: 12,275 ملین روپے) کمایا ہے۔

اس نے ٹیکس کے بعد منافع 4,492 ملین روپے (30 جون 2022: 3,626 ملین روپے) کمایا۔

میپل لیف پاور لمیٹڈ (MLPL)

MLPL نے ٹیکس کے بعد منافع 1,288 ملین روپے (30 جون 2022: 916 ملین روپے) کمایا۔

میپل لیف کیپٹل لمیٹڈ (MLCL)

MLCL نے ٹیکس کے بعد منافع 577 ملین روپے کمایا جبکہ گزشتہ سال کی اسی مدت کے دوران ٹیکس کے بعد 4,718 ملین روپے کا نقصان ہوا تھا۔

کمپنیز ایکٹ، 2017 کی تعمیل میں، سیکشن 227 کے تمام متعلقہ امور شیئر ہولڈرز کو ہماری واحد ڈائریکٹرز رپورٹ میں بیان کئے گئے ہیں۔

اظہار تشکر

ڈائریکٹرز گروپ کے اراکین، مالیاتی اداروں، صارفین اور ملازمین کے تعاون اور حمایت کے شکر گزار ہیں۔ وہ مختلف کرداروں میں کام کرنے والے ملازمین کی محنت اور لگن کو بھی سراہتے ہیں۔

منجانب بورڈ

سید محسن رضا نقوی	توفیق سعید سہگل
ڈائریکٹر	چیف ایگزیکٹو آفیسر

لاہور: 08 ستمبر 2023

بورڈ آڈٹ کمیٹی سمیت بورڈ کی کمیٹیوں کی کارکردگی کی سالانہ تشخیص کرتا ہے۔

بورڈ نامزدگی کمیٹی اور رسک مینجمنٹ کمیٹی کی تشکیل پر غور کرے گا اور مناسب وقت پر تعمیل کرے گا۔

نان ایگزیکٹو/ آزاد ڈائریکٹرز کے لئے ڈائریکٹرز کا مشاہرہ

بورڈ آف ڈائریکٹرز نے ایک "ڈائریکٹرز ریمنریشن پالیسی" منظور کی ہے، جس کی خصوصیات درج ذیل ہیں:

☆ کوئی ڈائریکٹر خود اپنا مشاہرہ متعین نہیں کرے گا۔

☆ ریگولر پیڈ چیف ایگزیکٹو، سپانسرز اور / یا فیملی ڈائریکٹرز اور کل وقتی کام کرنے والے ڈائریکٹرز کے علاوہ ایک ڈائریکٹر کی اجلاس فیس بغیر ٹیکس خالص رقم -/100,000 روپے (ایک سو ہزار روپے صرف) فی اجلاس بورڈ کے اجلاس اور اسکی کمیٹی کے اجلاس میں شرکت کے لئے -/10,000 روپے (دس ہزار روپے صرف) یا بورڈ کی طرف سے وقتاً فوقتاً متعین کردہ کے مطابق ہوگی۔

☆ موجودہ وقت کے لئے اور/ یا بعد میں ترمیم شدہ لاگو ایسی ادائیگی پر اگر کوئی ٹیکس کی ذمہ داری ہوئی تو کمپنی برداشت کرے گی۔

☆ کمپنی کے لئے اور کی جانب سے منعقدہ اجلاسوں میں شرکت اور دیگر امور کے لئے ڈائریکٹرز کی طرف سے خرچ کئے جانے والے تمام اخراجات، بشمول سفری، ہوٹل چارجز اور دیگر اخراجات کمپنی سے وصول کرنے کے اہل ہونگے۔

کمپنی کے چیف ایگزیکٹو اور ڈائریکٹرز کو ادا کئے جانے والے مشاہرہ کی تفصیلات کا انکشاف واحد مالی حسابات کے نوٹ 37 میں کیا گیا ہے۔

مستقبل کا نقطہ نظر

کمپنی طویل مدتی مستحکم نمو کی اپنی جستجو کو مدنظر رکھتے ہوئے معیار اور صلاحیت میں اضافے اور اپنی مصنوعاتی لائنز میں تنوع پر توجہ کے ساتھ اپنے بنیادی ڈھانچے، پلانٹ اور مشینری کو بہتر بنانے میں سرمایہ کاری جاری رکھے ہوئے ہے۔ مزید برآں، ایک " گرین" کمپنی بننے پر اپنی توجہ کو برقرار رکھتے ہوئے، اپنی قابل تجدید توانائی کی صلاحیت میں تیزی سے اضافہ، مزید شمسی توانائی کی پیداوار میں نمایاں سرمایہ کاری کر رہی ہے۔ کمپنی زیرو لیکویڈ کے اخراج کو حاصل کرنے کے طویل مدتی ہدف کے ساتھ پانی کی ری سائیکلنگ ٹیکنالوجیز میں بھی سرمایہ کاری کر رہی ہے۔

شیئر ہولڈنگ کا نمونہ

30 جون 2023 کے مطابق کمپنیز ایکٹ 2017 کے تحت کمپنی کے شیئر ہولڈنگ کا نمونہ منسلک کیا گیا ہے۔

اظہار تشکر

ڈائریکٹرز کمپنی کے ممبروں، مالیاتی اداروں اور صارفین کے تعاون اور حمایت پر ان کے مشکور ہیں۔ وہ مختلف ڈویژنوں میں کام کرنے والے تمام ملازمین کی محنت اور لگن کو بھی سراہتے ہیں۔

منجانب بورڈ

سید محسن رضا نقوی	توفیق سعید سہگل
ڈائریکٹر	چیف ایگزیکٹو آفیسر

لاہور: 08 ستمبر 2023ء

کیٹگری	نام	اجلاسوں میں حاضری کی تعداد
آزادڈائریکٹرز	سیدمحمدشبرزیدی	1
	جناب ذوالفقارمنو	6
دیگرنان ایگزیکٹوڈائریکٹرز	جناب طارق سعید سہگل (چیئرمین)	6
	جناب سعیدطارق سہگل	5
	جناب ولیدطارق سہگل	5
ایگزیکٹوڈائریکٹرز	جناب توفیق سعید سہگل (چیف ایگزیکٹوآفیسر)	6
	جناب دانیال توفیق سہگل	6
	سیدمحسن رضانقوی	6
خاتون ڈائریکٹر (نان ایگزیکٹوڈائریکٹر)	محترمہ جہاں آراء سہگل	3

ان ارکان کوغیرحاضری کی رخصت دی گئی جو بورڈ کے اجلاسوں میں شرکت نہیں کرسکتے تھے۔

سال کے دوران، جناب شفیق احمد خان، بورڈ کے ڈائریکٹر تھےاور05 اجلاسوں میں شریک ہوئے، جو23 اپریل2023 کوریٹائر ہوگئے۔

سال کے دوران منعقد ہونے والے ڈائریکٹرز کے انتخاب کی وجہ سے اورکمپنیزایکٹ، 2017 اورلسٹڈکمپنیز (کوڈآف کارپوریٹ گورننس) ریگولیشنز،2019 کی ضرورت کے مطابق، مندرجہ ذیل کمیٹیوں کودوبارہ تشکیل دیا گیا۔

آڈٹ کمیٹی

مالی سال کے دوران، آڈٹ کمیٹی کے چار (04) اجلاس منعقد ہوئے ہیں۔ ہرایک رکن کی حاضری حسب ذیل کے مطابق ہے:

نام	عہدہ	اجلاسوں میں حاضروں کی تعداد
سیدمحمدشبرزیدی	چیئرمین (آزادڈائریکٹر)	-
جناب ذوالفقارمنو	رکن (آزادڈائریکٹر)	4
جناب سعیدطارق سہگل	رکن (نان ایگزیکٹوڈائریکٹر)	1
جناب ولیدطارق سہگل	رکن (نان ایگزیکٹوڈائریکٹر)	2

ان ارکان کوغیرحاضری کی رخصت دی گئی جواجلاسوں میں شرکت نہیں کرسکتے تھے۔

سال کے دوران جناب شفیق احمد خان، آڈٹ کمیٹی کے رکن تھے جنھوں نے04 اجلاسوں میں شرکت کی۔

جناب شفیق احمد خان، سابقہ چیئرمین، آڈٹ کمیٹی نے27 اکتوبر2022 کومنعقدہ گزشتہ AGM میں شرکت کی۔

ہیومن ریسورس اورریمنریشن (HR & R) کمیٹی

نام	عہدہ
جناب ذوالفقارمنو	چیئرمین (آزادڈائریکٹر)
جناب سعیدطارق سہگل	رکن (نان ایگزیکٹوڈائریکٹر)
جناب دانیال توفیق سہگل	رکن (ایگزیکٹوڈائریکٹر)

زیرِجائزہ سال کے دوران، ہیومن ریسورس اینڈ ریمنریشن کمیٹی کا ایک اجلاس منعقد ہوا اور جناب شفیق احمد خان جو HR & RC کے رکن تھے سمیت تمام ارکان اجلاس میں شریک ہوئے۔

کیٹگری	نام	اجلاسوں میں حاضری کی تعداد
آزاد ڈائریکٹرز	سید محمد شبر زیدی	1
	جناب ذوالفقار منو	6
دیگر نان ایگزیکٹو ڈائریکٹرز	جناب طارق سعید سہگل (چیئرمین)	6
	جناب سعید طارق سہگل	5
	جناب ولید طارق سہگل	5
ایگزیکٹو ڈائریکٹرز	جناب توفیق سعید سہگل (چیف ایگزیکٹو آفیسر)	6
	جناب دانیال توفیق سہگل	6
	سید محسن رضا نقوی	6
خاتون ڈائریکٹر (نان ایگزیکٹو ڈائریکٹر)	محترمہ جہاں آراء سہگل	3

ان ارکان کو غیر حاضری کی رخصت دی گئی جو بورڈ کے اجلاسوں میں شرکت نہیں کر سکتے تھے۔

سال کے دوران، جناب شفیق احمد خان، بورڈ کے ڈائریکٹر تھے اور 05 اجلاسوں میں شریک ہوئے، جو 23 اپریل 2023 کو ریٹائر ہو گئے۔

سال کے دوران منعقد ہونے والے ڈائریکٹرز کے انتخاب کی وجہ سے او کمپنیز ایکٹ، 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی ضرورت کے مطابق، مندرجہ ذیل کمیٹیوں کو دوبارہ تشکیل دیا گیا۔

آڈٹ کمیٹی

مالی سال کے دوران، آڈٹ کمیٹی کے چار (04) اجلاس منعقد ہوئے ہیں۔ ہر ایک رکن کی حاضری حسب ذیل کے مطابق ہے:

نام	عہدہ	اجلاسوں میں حاضروں کی تعداد
سید محمد شبر زیدی	چیئرمین (آزاد ڈائریکٹر)	-
جناب ذوالفقار منو	رکن (آزاد ڈائریکٹر)	4
جناب سعید طارق سہگل	رکن (نان ایگزیکٹو ڈائریکٹر)	1
جناب ولید طارق سہگل	رکن (نان ایگزیکٹو ڈائریکٹر)	2

ان ارکان کو غیر حاضری کی رخصت دی گئی جو اجلاسوں میں شرکت نہیں کر سکتے تھے۔

سال کے دوران جناب شفیق احمد خان، آڈٹ کمیٹی کے رکن تھے جنہوں نے 04 اجلاسوں میں شرکت کی۔

جناب شفیق احمد خان، سابقہ چیئرمین، آڈٹ کمیٹی نے 27 اکتوبر 2022 کو منعقدہ گزشتہ AGM میں شرکت کی۔

ہیومن ریسورس اور ریمنریشن (HR & R) کمیٹی

نام	عہدہ
جناب ذوالفقار منو	چیئرمین (آزاد ڈائریکٹر)
جناب سعید طارق سہگل	رکن (نان ایگزیکٹو ڈائریکٹر)
جناب دانیال توفیق سہگل	رکن (ایگزیکٹو ڈائریکٹر)

زیرِ جائزہ سال کے دوران، ہیومن ریسورس اینڈ ریمنریشن کمیٹی کا ایک اجلاس منعقد ہوا اور جناب شفیق احمد خان جو HR & RC کے رکن تھے سمیت تمام ارکان اجلاس میں شریک ہوئے۔

دانشمندی کا سرمایہ:

دانشورانہ سرمایہ ایک تنظیم میں دستیاب مختلف معلوماتی نظام پر مشتمل ہوتا ہے۔KTML میں انتظامیہ کا خیال ہے کہ مسابقتی فائدہ کو برقرار رکھنے کے لیے تکنیکی پلیٹ فارم کو اپ ڈیٹ کرنا انتہائی ضروری ہے اس لیے کمپنی اپنے اسٹیک ہولڈرز کو بہترین سروس فراہم کرنے کے لیے انفارمیشن ٹیکنالوجی میں مسلسل سرمایہ کاری کر رہی ہے۔

قدرتی سرمایہ:

انتظامیہ آئندہ نسلوں کے خوشحال مستقبل کے لیے قدرتی سرمائے کی استقامت کے لیے پرعزم ہے۔ صاف ستھرا ماحول فراہم کرنے کے لیے انتظامیہ سولر جیسی پاور پراجیکٹس میں اپنی سرمایہ کاری بڑھا رہی ہے۔ نایاب وسائل کے ضیاع کو محدود کرنے کے لیے پانی کو دانشمندی سے استعمال کیا جا رہا ہے۔ مذکورہ مقصد کے حصول کے لیے کمپنی نے کئی سال پہلے ویسٹ واٹر ٹریٹمنٹ پلانٹ لگایا ہوا ہے۔

کارپوریٹ سماجی ذمہ داری

کمپنی معاشرے کی طرف اپنی ذمہ داری کو تسلیم کرتی ہے اور مستقل بنیادوں پر مختلف رفاہی اداروں کے ذریعہ معاشرے کی فلاح کے منصوبوں کو مالی اعانت فراہم کرکے اپنا فرض ادا کرتی ہے۔ کمپنی کو پاکستان سنٹر برائے انسان دوستی نے معاشرتی اور رفاہی شراکت میں قائد کی حیثیت سے تسلیم کیا ہے اور کمپنی ان کمیونٹیز کا تعمیری ممبر بننے کی کوشش کرتی ہے جہاں وہ موجود ہے۔ کمپنی نے میڈیکل سوشل سائنسز پراجیکٹ میں بھی حصہ لیا ہے اور اس سلسلے میں، کمپنی کے بورڈ آف ڈائریکٹرز اور ذیلی کمپنی کے بورڈ نے مشترکہ طور پر گلاب دیوی چیسٹ ہسپتال (جی ڈی سی ایچ) لاہور میں العلیم میڈیکل کالج میں ایڈمن بلاک کی تعمیر کے لئے عطیہ کرنے کا فیصلہ کیا ہے۔ کمپنی نے ماضی میں بھی میڈیکل سوشل سائنسز پروجیکٹ میں حصہ لیا اور اس سلسلے میں، کمپنی نے گلاب دیوی چیسٹ ہاسپٹل (GDCH) لاہور میں سعید سہگل کارڈیک کمپلیکس تعمیر کرکے ایک جدید کارڈیک سہولت عطیہ کی تھی۔

کوہ نور میپل لیف گروپ نے "تیرھواں کارپوریٹ سوشل رسپانسیبلٹی نیشنل ایکسلینس ایوارڈ" مختلف سماجی ذمہ داریوں کی کارکردگی کے سبب حاصل کیا ہے۔

مزید برآں، ایک ذمہ دار شہری ہونے کے ناطے، کمپنی نے پاکستان میں حالیہ تباہ کن سیلاب سے متاثرہ خاندانوں اور کمیونٹیز کی مدد کے لیے حکومت پاکستان کی فلڈ ریلیف سرگرمیوں کے لئے بھی عطیات دیے ہیں۔

کمپنی کے کاروبار کے ماحول پر اثرات

انتظامیہ ملز کے احاطے سے آلودہ پانی کے اخراج کے بعد اردگرد کے علاقوں میں اس کے نقصان دہ اثرات کو سمجھتی ہے۔ اردگرد کے واٹر ٹیبل پر پروسیسنگ میں استعمال ہونے والے کسی بھی کیمیکل کے ممکنہ طور پر نقصان دہ اثرات کو روکنے کے لئے، فیکٹری سے خارج ہونے والے پانی میں کسی بھی آلودگی کو کم سے کم یا ختم کرنے کے لئے ایک ویسٹ واٹر ٹریٹمنٹ پلانٹ تعمیر کیا ہے۔ اس کے علاوہ، کمپنی متبادل، پائیدار انرجی ذرائع میں تحقیق اور اہم منصوبوں کے عملدرآمد کو جاری رکھتی ہے۔

موزوں داخلی کنٹرولز

بورڈ آف ڈائریکٹرز داخلی کنٹرول ماحول کے حوالے سے اپنی ذمہ داری سے بخوبی واقف ہے اور اس کے مطابق کارروائیوں کو مؤثر انداز میں انجام دینے، کمپنی کے اثاثوں کی حفاظت، قابل اطلاق قوانین اور ضوابط کی تعمیل اور قابل اعتماد مالی رپورٹنگ کے لئے داخلی مالیاتی کنٹرول کا ایک مؤثر نظام قائم کیا گیا ہے۔ کمپنی کا آزاد داخلی آڈٹ فنکشن باقاعدگی سے مالیاتی کنٹرولز کا نفاذ اور نگرانی کرتا ہے، جبکہ آڈٹ کمیٹی سہ ماہی کی بنیاد پر اندرونی کنٹرول فریم ورک کے اثرات اور مالی حسابات کا جائزہ لیتی ہے۔

بنیادی خطرات اور غیر یقینی حالات

کمپنی کو درج ذیل بنیادی خطرات اور چیلنجز درپیش ہیں:۔

i۔ عالمی اور علاقائی سطح پر مسابقت میں اضافہ کی وجہ سے برآمدی فروخت میں کمی۔

ii۔ روپے کی قدر میں کمی کی وجہ سے برآمدہ خام کپاس، پیکیجنگ اور ڈائیز کی قیمتوں میں اضافہ، جو منافع مارجن کو کم کر رہی ہے۔

iii۔ ایندھن اور بجلی کی زیادہ قیمتوں کی وجہ سے توانائی کی لاگت میں اضافہ۔

iv۔ آپریٹنگ اخراجات میں مجموعی طور پر افراطِ زر کا اضافہ۔

v۔ ٹیکسٹائل مینوفیکچررز کے مابین قیمت کے ساتھ ساتھ فروخت پر بھی مسابقت۔

آرگنائزیشن پیش آنے والے ممکنہ چیلنجوں اور غیر یقینی صورتحال کا مقابلہ کرنے کے لئے مؤثر طریقے سے لیس ہے۔ مشترکہ تجربے، مہارت اور مؤثر کاروباری رپورٹنگ کے ذریعے، انتظامیہ ہمیشہ داخلی اور خارجی پیشرفت سے آگاہ رہتی ہے۔ کمپنی نے منفرد خصوصی کراس فنکشنل ٹیمیں تشکیل دی ہیں جو آگے کے نقطہ کو اُجاگر کرنے کے لئے مستقل طور پر اہم امور اور خطرات کے بارے میں تبادلہ خیال کرتی ہیں۔ برآمدی منڈیوں میں سخت مسابقت اور کم مارجن کے باعث، مینجمنٹ کی قیادت میں مارکیٹنگ ٹیم نے غیر استعمال شدہ مارکیٹوں میں اپنی موجودگی بڑھانے کے لئے مؤثر انداز سے مارکیٹ میں داخل ہونے کی حکمت عملی کا آغاز کیا ہے۔ مجموعی افراطِ زر کو پورا کرنے کے لئے ایک مؤثر پروکیورمنٹ منصوبہ تیار کیا گیا ہے۔

کاروبار کی نوعیت میں تبدیلی

کمپنی یا اسکی ذیلیوں، یا کسی دیگر کمپنی جس میں کمپنی دلچسپی رکھتی ہو کے کاروبار کی نوعیت سے متعلقہ مالی سال کے دوران کوئی تبدیلی وقوع پذیر نہیں ہوئی ہے۔

کمپنی کے کاروبار سے متعلق حکومت پاکستان کی پالیسیاں اور کارکردگی پر ان کا اثر شرح سود اور توانائی کی قیمتیں بڑھانے کی حکومت پاکستان کی پالیسی کمپنی کے مالیات پر نمایاں اثر ڈالتی اور جس کے نتیجے میں مالی اور مینوفیکچرنگ لاگت بڑھ جاتی ہے۔

غیر مالی کارکردگی

اہم اجزاء کے حوالے سے کمپنی کی غیر مالی کارکردگی حسبِ ذیل کے مطابق ہے۔

انسانی سرمایہ:

انسانی سرمایہ تنظیم کی کامیابی میں ایک اہم عنصر ہے۔ KTML کا خیال ہے کہ تنظیم کی طویل مدتی کامیابی اس کے ملازمین کی ترقی پر منحصر ہے۔ اسی خیال کو مدنظر رکھتے ہوئے تنظیم ملازمین کی گرومنگ میں متعدد انداز سے اِن ہاؤس/آؤٹ سورسڈ ٹریننگ سیشنز میں مسلسل سرمایہ کاری کر رہی ہے۔

تعلقات کا سرمایہ:

KTML اپنے اسٹیک ہولڈرز، صارفین، شیئر ہولڈرز اور سپلائرز کے ساتھ بہت صحت مند اور فائدہ مند تعلقات سے لطف اندوز ہوتی ہے۔ کمپنی اس وقت اعلیٰ معیار کی مصنوعات کی پیداوار اور فراہمی کر رہی ہے جو اپنے صارفین کے زیادہ سے زیادہ اطمینان کو یقینی بناتی ہے۔ کمپنی اپنے تمام اسٹیک ہولڈرز کے ساتھ انتہائی اطمینان بخش تعلقات برقرار رکھے ہوئے ہے۔

ڈائریکٹرز نے حسب ذیل کے مطابق سفارش کیا ہے:

تفصیل	روپے ہزاروں میں
ٹیکس سے پہلے منافع	3,463,592
ٹیکس کی فراہمی	(1,056,330)
ٹیکس کے بعد منافع	2,407,262
مجموعی منافع میں منتقلہ	10,066
مجموعی منافع جو آگے لائے	14,998,382
مجموعی منافع جو آگے گیا	17,415,710

بعد کے واقعات

کمپنی کی کارکردگی، مقاصد یا حکمت عملی کو مادی طور پر متاثر کرنے والے کوئی مابعد واقعات رونما نہیں ہوئے ہیں۔ مزید برآں، کمپنی کے مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے مابین کمپنی کی مالی پوزیشن کو متاثر کرنے والی کوئی تبدیلیاں یا معاہدے وقوع پذیر نہیں ہوئے جن کا تعلق مالی گوشواروں اور رپورٹ کی تاریخ سے ہو۔

حصص کی واپس خریداری

کمپنیز ایکٹ، 2017 کے سیکشن 88 کے مطابق، کمپنی نے منسوخی کے مقصد کے لیے خریداری کی مدت کے دوران جاری کردہ اور پیڈ اپ مجموعی 29,997,000 عام حصص خریدے، جو 03 مارچ 2023 کو منعقدہ غیر معمولی اجلاس عام میں کمپنی کے 30,000,000 عام حصص کی خریداری/ بائی بیک کی منظور شدہ مقدار میں سے، پاکستان اسٹاک ایکسچینج لمیٹڈ کے ذریعے 13 مارچ 2023 سے 29 اگست 2023 تک خریداری کی مدت کے دوران موجودہ حصص کی قیمت پر کمپنی کے جاری کردہ عام اور ادا شدہ حصص سرمائے کے 10.023% کی نمائندگی کرتے ہیں۔۔ اس طرح خریدے گئے حصص بعد میں 6 ستمبر 2023 کو منسوخ کر دیے گئے۔ اس کے نتیجے میں کمپنی کی فی حصص آمدنی اور بریک اپ ویلیو میں اضافہ ہوگا۔

کمپنی کے سرمایہ کاری اخراجات/ جاری توسیع کی کاروباری شرح

کمپنی کا خیال ہے کہ پروڈکشن سائٹس میں سرمایہ کاری اور توسیع کمپنی کے لئے منافع بخش ہوگی۔ لہذا، کمپنی اپنے بنیادی ڈھانچے کو بہتر بنانے میں سرمایہ کاری کر رہی ہے۔ کمپنی کی رائیونڈ سائٹ پر توسیعی منصوبہ نے اب اعلیٰ پیداواری صلاحیت اور معیاری مصنوعات کے ساتھ کامیابی سے کام شروع کر دیا ہے۔ مزید برآں، ایک "گرین" کمپنی بننے پر اپنی توجہ کو مدنظر رکھتے ہوئے، KTML اپنی قابل تجدید توانائی کی صلاحیت کو تیزی سے توسیع، اور مزید شمسی توانائی کی پیداوار میں نمایاں سرمایہ کاری کر رہی ہے۔ کمپنی نے سال کے اختتام کے بعد کوہ نور رائے ونڈ سائٹ پر مزید 936 روٹرز کا اضافہ کیا اور کوہ نور راولپنڈی سائٹ پر ستمبر 2023 کے اختتام تک MVS 384 سپنڈلز شامل کرنے کا منصوبہ بنایا ہے۔

ادائیگیوں، ڈیٹ/ قرضہ کی نادہندگی

بہترین کاروباری طریقوں پر عملدرآمد کرتے ہوئے، کمپنی واجب الادا رقوم کی بروقت واپس ادائیگی کی اپنی ذمہ داری کو پورا کرتی ہے۔ زیر جائزہ سال کے دوران قرضہ / ڈیٹ کی ادائیگی پر کوئی نادہندگی درج نہیں کرائی گئی۔ اس کے علاوہ، مالی سال کے اختتام پر ٹیکسز، ڈیوٹیز اور لیویز کی مد میں کوئی ادائیگی زائد المیعاد یا بقایا نہیں ہے۔

مصنوعات تیار کرنے پر توجہ مرکوز کر رہا ہے۔ ڈوبی کی زیادہ صلاحیت اور جیکوارڈ کاروبار میں سرمایہ کاری نے کمپنی کی پیشکشوں کو بڑھانے میں مدد کی ہے اور مستقبل میں منافع ہوگا کیونکہ ہم مزید ویلیو ایڈڈ سامان کی پیشکش کرتے ہیں۔ رائیونڈ سائٹ پر شمسی توانائی کی اہم تنصیب کے ویونگ ڈویژن کی بجلی کی لاگت پر نمایاں اثرات مرتب ہونگے اور ہماری لوم آپریشن کی لاگت کم ہوگی۔ ہم مالیاتی سال 2023-24 کی دوسری ششماہی میں صنعت کے اندر استحکام اور ڈیمانڈ ڈرائیو قیمت کی سطح میں اضافہ کی بدولت نقد منافع حاصل ہونے کی پیش گوئی کرتے ہیں۔

پروسیسنگ اور کٹ اینڈ سیو ڈویژن - جیسا کہ اسپننگ اور ویونگ ڈویژنز کے برعکس - پاکستانی روپیہ اور امریکی ڈالر دونوں لحاظ سے، پچھلے سال کے مقابلے مستحکم کارکردگی کا حامل تھا۔ یہ فرسٹ ورلڈ کے ریٹیلرز کے اپنے پرانے گریج اسٹاک کو اٹھانے اور تبدیل کرنے، بین الاقوامی مال برداری کے اخراجات میں کمی اور پاکستان میں روپے کی قدر میں تیزی سے کمی کی وجہ سے کارفرما ہے۔ تاہم، ایکسپورٹ ری فنانسنگ اسکیم (ERF) کا خاتمہ، سیلز ٹیکس کی واپسی میں مزید تاخیر، اجرتوں اور توانائی میں زیادہ افراط زر اور حد سے زیادہ شرح سود کی وجہ سے منافع کو خطرہ لاحق ہے۔ تاہم، ہمیں یقین ہے کہ ہوم ٹیکسٹائل ڈویژن اپنے بہت سے حریفوں کی طرف سے بنائی گئی کموڈٹی مصنوعات کے مقابلے میں مستحکم منافع کے ساتھ چھوٹی، زیادہ قیمت والی مصنوعات پر اپنی توجہ مرکوز رکھے گا۔ کمپنی اپنی کوششوں کو مقامی مینوفیکچرنگ کی ان مصنوعات پر مرکوز رکھے گی ہمارے صارفین روایتی طور پر یورپ سے خریدتے ہیں۔ مزید برآں، کمپنی ان صارفین کا انتخاب بنی ہوئی ہے جن کے پاس لیبر قوانین کے حوالے سے بین الاقوامی اصولوں کی پابندی اور مضبوط "سبز" فوکس کے ساتھ پائیدار طریقے سے سورسنگ کے حوالے سے سنجیدہ اور رہنما اصول ہیں۔ آئندہ سال میں، ہم اس ڈویژن سے اسی طرح کے مستحکم نتائج کی توقع کرتے ہیں۔

آئندہ مالی سال ٹیکسٹائل کی صنعت، اور مجموعی طور پر پاکستان کے لیے بہت کشیدہ دور ہونے کا امکان ہے، چونکہ افراط زر بے قابو ہو رہا ہے، کیونکہ بہت زیادہ اتار چڑھاؤ حتمی جذبات اور ذخیرہ اندوزی/ ہیرا پھیری کے باعث شرح مبادلہ کو ہلا کر رکھ دیا، شرح سود نئی بلندیوں پر پہنچ گئی اور عام انتخابات کی آمد کے ساتھ ہی پریشان کن حالات دیکھے جا رہے ہیں۔ بہر حال، ملک میں غیر یقینی صورتحال کے باوجود، ہمیں یقین ہے کہ ہم آئندہ مالی سال میں بھی ایسے ہی نتائج دینے میں کامیاب ہوں گے۔

مالیاتی جائزہ

زیر جائزہ سال کے دوران، کمپنی کی فروخت 6 فیصد کے اضافہ سے 42,047 ملین روپے (39,558:2022 ملین روپے) رہی، جبکہ فروخت کی قیمت 18 فیصد کے اضافہ سے 34,566 ملین روپے (29,389:2022 ملین روپے) زیادہ ہوئی۔ اس کے نتیجے میں مجموعی منافع 7,480 ملین روپے (10,169:2022 ملین روپے) رہا۔ زیر جائزہ سال کے لئے آپریٹنگ منافع 5,131 ملین روپے (7,380:2022 ملین روپے) رہا۔ کمپنی نے ٹیکس کے بعد منافع 2,407 ملین روپے (4,741:2022 ملین روپے) درج کیا ہے۔ 30 جون 2023 کو ختم ہونے والے سال کے لئے فی شیئر آمدنی گزشتہ سال کی اسی مدت کی 15.84 روپے کے مقابلے موجودہ سال میں 8.05 روپے ہے۔

گروپ کا مالیاتی جائزہ

زیر جائزہ سال کے دوران، گروپ کی مجموعی آمدنی بڑھ کر 104,120 ملین روپے (87,977:2022 ملین روپے)، جبکہ فروخت کی قیمت بڑھ کر 78,320 ملین روپے (63,848:2022 ملین روپے) ہوگئی۔ اس کے نتیجے میں مجموعی منافع 25,800 ملین روپے (24,128:2022 ملین روپے) ہوا۔ 30 جون 2023 کو ختم ہونے والے سال کے لئے فی شیئر آمدنی گزشتہ سال کی اسی مدت کی 12.93 روپے کے مقابلے موجودہ سال میں 21.55 روپے رہی ہے۔

ڈیویڈنڈ اور تصرفات

زیادہ شرح سود، خام مال کی قیمتوں میں اضافہ اور کمپنی کی جانب سے حصص کی حالیہ واپسی خریداری کے باعث نقدی کے بہاؤ پر ممکنہ تناؤ کی وجہ سے، ڈائریکٹرز نے کوئی بھی ڈیویڈنڈ ادا کرنے میں اپنی نااہلی کا اظہار کیا اور 30 جون 2023 ختم ہونے والے سال کے لیے کمپنی کے شیئر ہولڈرز کو حتمی نقد منافع کی سفارش نہیں کی۔ کمپنی کی انتظامیہ کافی حد تک ڈیلیوریج اور تسلی بخش آپریٹنگ کیش فلو کے بعد نقد ڈیویڈنڈ کے ذریعے شیئر ہولڈرز کو ادائیگی کے ایک مستحکم سلسلہ کے لیے پُرعزم ہے۔

حصص داران کے لیے ڈائریکٹرز رپورٹ

کمپنیز ایکٹ 2017 کی دفعہ 227 کی تعمیل میں ڈائریکٹرز 30 جون، 2023 کو ختم ہونے والے سال کے لئے 55 ویں سالانہ رپورٹ معہ نظر ثانی شدہ مالیاتی گوشوارے اوران پر آڈیٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کررہے ہیں۔

اصل سرگرمی

کوہ نور ٹیکسٹائل ملز لمیٹڈ (کمپنی) کمپنیز ایکٹ 1913 (اب کمپنیز ایکٹ 2017) کے تحت پاکستان میں قائم شدہ ایک پبلک لمیٹڈ کمپنی اور پاکستان اسٹاک ایکسچینج لمیٹڈ میں درج شدہ ہے۔ کمپنی کا رجسٹرڈ دفتر 42 لارنس روڈ، لاہور پر واقع ہے۔ کمپنی کا اصل کاروبار یارن اور کپڑے کی تیاری، کپڑے کی پروسیسنگ اور سلائی اور ٹیکسٹائل مصنوعات کی تجارت کرنا ہے۔

آپریشنز کا جائزہ

زیر جائزہ مدت میں ٹیکسٹائل انڈسٹری کے اندر کام کے معمول میں بہت زیادہ ہلچل دیکھی گئی۔ کوویڈ کے دور کی طلب میں کمی کے بعد، مغربی ریٹیلرز کے پاس رکھے گئے بڑے اسٹاک کے پس منظر میں مقامی مارکیٹ میں لیکویڈیٹی کے بڑے بحران کے دوران سود کی شرحوں اور توانائی کی قیمتوں میں بہت زیادہ اضافہ ہوا ہے۔
بہت زیادہ سبسڈی والے ماحول سے، پاکستان میں ٹیکسٹائل کی صنعت نے تیزی سے خود کو سبسڈی سے محروم پایا، علاقائی حریفوں کے مقابلے میں توانائی کی زیادہ قیمتوں کا سامنا کرنا پڑ رہا ہے، بے قابو مہنگائی کی وجہ سے بہت زیادہ شرح سود ڈومیسٹک اخراجات کو ناقابل برداشت سطح پر لے جارہی ہے اور کمزور کمپنیوں کو بند ہونے یا آپریشن کو کم کرنے کے خطرے میں ڈال رہی ہے۔
اسٹیٹ بینک کی جانب سے درآمدی پابندی کی وجہ سے اس عرصے میں درآمدی خام مال، اسپیئر پارٹس اور توسیع کے لیے مشینری کی خریداری میں دشواری کا سامنا رہا۔
سپننگ، ویونگ اور کٹ اینڈ سیو ڈویژنز میں دو سال قبل خریدے گئے آلات پہنچ چکے، نصب ہو گئے اور کام کر رہے ہیں جس کے باعث آئندہ مالی سال کی فروخت میں اضافہ ہوگا۔
کمپنی اپنے "سبز" اہداف کی طرف گامزن رہتے ہوئے -توانائی کی بچت کے قابل تجدید ذرائع اور پانی کی ری سائیکلنگ کے منصوبوں میں سرمایہ کاری جاری رکھے ہوئے ہے جو اگلے چھ ماہ کے اندر نافذ العمل ہو جائیں گے اور کمپنی کے اخراجات کو کم کرنے میں نمایاں اثر مرتب ہونگے۔ کمپنی کی راولپنڈی اور رائے ونڈ سائٹس پر شمسی توانائی سے بجلی پیدا کرنے کی صلاحیت میں بالترتیب 6.00 اور 6.50 میگاواٹ کا اضافہ دسمبر 2023 کے اختتام تک عمل میں آنا چاہیے، جس سے صنعت کے اندر مسابقتی سطح پر بجلی کی ہماری لاگت کم ہو جائے گی۔ اس کوشش کی تکمیل کے بعد، کمپنی کو دن کی روشنی کے اوقات میں تمام سائٹس پر مکمل طور پر شمسی توانائی پر کام کرنا چاہیے۔
KTML پانی کے دوبارہ استعمال اور ری سائیکلنگ کی کوششوں میں سر فہرست ہے، اپنے مقصد کو زیرو ڈسچارج آپریشن بنانے اور آخر میں بند لوپ واٹر سسٹم پر توجہ مرکوز کر رہا ہے۔ اس مقصد کے لیے، کمپنی ایک بڑے پیمانے پر الٹرا فلٹریشن سسٹم میں سرمایہ کاری کر رہی ہے تاکہ اپنے ہوم ٹیکسٹائل پروسیسنگ ڈویژن –اس کے انتہائی حساس علاقے میں تمام پانی کے دوبارہ استعمال کو ممکن بنایا جاسکے۔ مزید یہ کہ کمپنی کی کالونیوں سے "گرے" پانی کو بازیافت کرنے کے لیے ایک مکمل سیوریج ٹریٹمنٹ پلانٹ تعمیر کیا جارہا ہے، جس سے گھریلو پانی کو ہمارے پراسیس میں ٹریٹ اور دوبارہ استعمال کرنے کی اجازت دی جائے گی، ملک کے سیوریج سسٹم میں پانی کے ضیاع کو ختم کیا جارہا ہے۔
مقامی اسپننگ انڈسٹری کو پچھلے سال کے مقابلے میں سخت تبدیلی کا سامنا کرنا پڑا، کیونکہ توانائی کی قیمتوں میں تیزی سے اضافہ اور فروخت کی قیمتوں میں کمی کے نتیجے میں منافع میں نمایاں کمی واقع ہوئی۔ پھر بھی، کمپنی نے ایک اعلیٰ معیار کے پروڈیوسر کے طور پر فائن کاؤنٹ یارن اور متبادل اسپننگ ٹیکنالوجیز اور فائبرز میں سرمایہ کاری کی بدولت بہتر کارکردگی کا مظاہرہ نہیں کیا۔ ڈویژن نے اپنے منافع کو کوویڈ سے پہلے کی سطح پر واپس دیکھا۔ طلب بدستور کم ہے اور یارن مارکیٹ کو لیکویڈیٹی کی شدید کمی کا سامنا ہے۔ اس کے باوجود، ہمیں یقین ہے کہ درمیانی مدت میں نتائج بہتر ہوں گے۔
خام مال پر انوینٹری کے نقصانات کو روکنے میں پچھلے سال کے دوران خام مال کی خریداری سے بھرپور منافع ہوا۔ کمپنی آئندہ بھی خام مال کی خریداری میں محتاط پالیسی پر عمل پیرا رہے گی۔ بین الاقوامی اجناس کی قیمتوں میں کمی آرہی ہے جس کی وجہ سے ان پٹ کی کم قیمتیں پاکستان میں سود اور توانائی کی زیادہ قیمتوں میں سے کچھ کا ازالہ کررہی ہیں۔
ویونگ ڈویژن نے خود کو ایک سخت مقام پر پایا ہے کیونکہ ہماری اہم توسیع ایک دہائی میں انڈسٹری کے مشکل ترین ادوار میں آن لائن ہوئی ہے۔ تیار شدہ ٹیکسٹائل مصنوعات کی مقامی طلب کم ہے، ڈومیسٹک پروسیسنگ ملز کے پاس گریج کا اعلیٰ اسٹاک موجود ہے اور فرسٹ ورلڈ کے ریٹیلرز نے گریج مرحلہ پر نئے سامان کا آرڈر دینے کے بجائے اپنی سپلائی چین میں پرانے اسٹاک کو استعمال کرنے پر توجہ مرکوز کی ہے۔ اس کے علاوہ، LTFF/ LTTF اقدام کے تحت فنانسنگ پر مبنی منصوبے کو یہ سہولت اب دستیاب نہیں ہے کیونکہ اسٹیٹ بینک نے اچانک رعایتی قرضہ واپس لے لیا اگرچہ ہمارے بینکرز سے منظوری پر یہ تصور کیا گیا تھا کہ مشینری کی آمد پر ان اسکیموں کے تحت یہ سہولت دستیاب کرائی جائے گی۔ اس کے نتیجے میں بہت زیادہ سود ادا کرنا پڑا، جو کہ منصوبہ بندی سے آٹھ گنا زیادہ ہے۔ اس کے باوجود، ڈویژن اپنی صلاحیت کے مطابق کام جاری رکھے ہوئے، اعلیٰ قیمت کی

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