



Ashfaq Textile Mills Ltd.

ISO-9002 CERTIFIED

established since 1988



35th ANNUAL REPORT 2023

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

شروع اللہ کے نام سے جو بڑا مہربان اور نہایت رحم والا ہے

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Ashfaq Ahmad
(Chief Executive / Managing Director)

Mr. Nadeem Ashfaq
(Executive Director)

Mr. Waseem Ashfaq
(Executive Director)

Mrs. Shazia Amjad
(Non-Executive Director)

Mrs. Nazia Irfan
(Non-Executive Director)

Mr. Abdul Wahid
(Independent, Non-Executive Director)

Syed Abuzar Hussain
(Independent, Non-Executive Director)

Mr. Muhammad Aqeel Idrees
(Independent, Non-Executive Director)

COMPANY SECRETARY

Mr. Nisar Ahmad

CHIEF FINANCIAL OFFICER (CFO)

Mr. Mohammad Anwar Javed

AUDITORS

RSM Avais Hyder Liaqat Nauman.
Chartered Accountants

BANKERS

United Bank Limited.

AUDIT COMMITTEE

Syed Abuzar Hussain (Chairman)
Mr. Nisar Ahmad (Secretary)
Mrs. Shazia Amjad (Member)
Mr. Mohammad Aqeel Idrees (Member)

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Muhammad Aqeel Idrees (Chairman)
Mrs. Nazia Irfan (Member)
Mr. Abdul Wahid (Member)

SHARE REGISTRAR

M/s FD Registrar Services (SMC-PVT) Ltd.
1705, 17th Floor, Saima Trade Tower A,
I.I. Chundrigar Road, Karachi.

MAILING ADDRESS

8-A/1, Officers Colony, Susan Road,
Faisalabad.

REGISTERED OFFICE

17 K.M. Main Faisalabad, Jaranwala
Road, Faisalabad.

CONTACT DETAILS

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E-mail

info@ashfaqtextile.com

Web-Site

www.ashfaqtextile.com

ASHFAQ TEXTILE MILLS LIMITED.

NOTICE OF MEETING

35th Annual General Meeting of ASHFAQ TEXTILE MILLS LIMITED, will be held at the Registered Office of the Company, 17 K.M. Jaranwala Road, Faisalabad on Saturday 28th October, 2023 at 09:00 a.m. to transact the following business:-

Ordinary Business:

1. To confirm minutes of the last Meeting.
2. To receive, consider and adopt audited financial statements of the company for the year ended on 30th June 2023 together with the Directors and Auditors reports thereon.
3. To appoint auditors for the year ending June 30, 2024 and to fix their remuneration.
4. To transact any other ordinary business with the permission of the Chair.

By Order of the Board

---SD---

Ashfaq Ahmad
Chief Executive

Faisalabad: September 30, 2023.

NOTES:

1. The share transfer books of the Company shall remain closed from 21st October, 2023 to 27th October, 2023 (both days inclusive) and no transfer will be accepted during this period.
2. Share transfer received at the Companies Registrars office, M/s FD Registrar Services (SMC-PVT) Ltd., Office # 1705, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi before the close of business on 20th October 2023 will be treated in time.
3. A member entitled to attend and vote at the general meeting is entitled to appoint another member as proxy. Proxies, in order to be effective, must be received at the Companies registered office not less than 48 hours before the time of meeting.
4. Shareholders are requested to notify the change in their address if any, immediately.
5. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1, dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. Attending of Meeting in Person:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original computerized National Identity Card (CNIC) / original passport at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature of the nominee shall be produced at the time of meeting.

B. Appointment of Proxies:

- i) In case of individuals, the Account and sub-account holders and/or the person whose securities are in group account and their registration detail are uploaded as per the regulations, shall submit the proxy form as per the following requirement.
- ii) The proxy form shall be witnessed by two members whose names, address and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CNIC/original passport at the time of the meeting.
- v) In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted and affixed its common seal (unless it has been provided earlier) along with proxy form to the company.
- vi) Members who have not yet submitted copy of their computerized National Identity Card (CNIC) to the company are requested to send at the earliest.

BRIEF HISTORY OF THE COMPANY

Ashfaq Textile Mills Limited was incorporated on January 14, 1988 as a Private Limited Company under the Companies Ordinance 1984 and subsequently converted into a Public Limited Company. Its Shares are quoted on the Pakistan Stock Exchange Limited Karachi. The Company is ISO – 9002 certified. The Mills is located at 17– K.M. Jaranwala Road, Faisalabad. The Company is engaged in the Manufacturing and Sale of Textile goods. Ashfaq Textile Mills Limited is a Weaving unit having 243 Sulzer Shuttleless Machines in operation.

At present the average production capacity of the plant is 30.711 Million Sq. Meters on 60 picks per annum three shifts per day. The Company has produced 23.871 Million Sq. Meters on 60 picks on the basis of 279 days three shifts per day.

VISION

To play a meaningful role in the economy of Pakistan by accepting the challenge of barrier free trade as a dynamic force.

MISSION

**To serve the customers by providing quality and high standard products and to expand the sales of the Company through quality control measures and good Governance.
To serve hard for boosting Exports of the country to earn more foreign exchange for tremendous growth of the economy.**

DIRECTORS' REPORT

We are pleased to present our 35th Annual Report and Audited Accounts for the year ended June 30, 2023.

Highlights	2023	2022	Variance %
Sales	335.984	507.740	(33.83)
Gross Profit	(85.131)	64.208	(232.59)
Profit / (Loss) Before Tax	(113.845)	20.852	(645.97)
Profit / (Loss) After Tax	(79.878)	19.042	(519.48)
EPS	(1.72)	0.41	(519.51)

The company incurred GP loss of Rs. 85.131 Million in comparison to a profit of Rs. 64.208 Million primarily because our sales dropped by almost 34% for the reasons mentioned below.

It would not be wrong to state that last year was the worst ever year for textile industry on the whole and specifically for our company. The downward trend in the world markets started with Ukraine war and within months of its start the world market especially Europe almost came to a standstill resulting in not only complete stop in future orders but also cancellations of orders in hand.

We faced an unprecedented situation where all of our customers asked us to stop the production overnight. We were forced to look around for replacement orders in order to keep the production operations going but to our shocking surprise there were practically no orders from any customer as all of them were facing the same halt in demand.

We were forced to cut down on our production capacity by shutting off almost half of the capacity, while selling under cost to any order which we could grab onto. This resulted in a double edged sword, on one hand extraordinary increase in our cost of production and on the other hand extremely low sale value. Thus resulting in unprecedented loss for the current year.

The management regretfully cannot recommend any payments of dividends or bonus shares for this year.

Marketing strategy and future prospects

We are seeing some increase in demand from our customers; however, the difference between the demand and supply is so big that it is not allowing the prices to rise up. We hope and pray that the demand keeps on increasing to match up with the supply in order for the price structure to balance out with the cost.

Corporate Social Responsibility

We strongly believe that it is our social responsibility to give back to the community. We are pleased to share that this year we contributed Rs. 600,000 to "Faisalabad Liver Foundation Trust" for free medicines and liver related lab tests totally free to deserving patients. Furthermore a sum of Rs. 50,000 was donated to Rescue 1122 Jaranwala Road Faisalabad.

Principal Risks and Uncertainties

The Company is exposed to certain inherent risks and uncertainties. However, we consider the following as key risks:

- Adverse movement in foreign exchange rates and commodity prices;
- Market disruption due to changes in tax laws and regulations to widen the tax net.

Internal Financial Controls

The directors are aware of their responsibility with respect to internal financial controls. Through discussions with management and auditors (both internal and external), they confirm that adequate controls have been implemented by the Company.

Corporate Governance

The statement of compliance with the best practice of Code of Corporate Governance is annexed.

Corporate and Financial Reporting Frame Work

In compliance of the Code of Corporate Governance, we give below statements on Corporate and Financial Reporting frame work:

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of account of the company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and Prudent Judgment.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the company's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance, as detailed in the Listing Regulations of the Pakistan Stock Exchange.
8. The Board held four meetings during the year. Attendance by each director was as follows;

Sr.No.	Name of Director	No. of Meetings Attended
1	Mr. Ashfaq Ahmad	04
2	Mr. Nadeem Ashfaq	04
3	Mr. Waseem Ashfaq	04
4	Mrs. Shazia Amjad	04
5	Mrs. Nazia Irfan	04
6	Mr. Muhammad Aqeel Idrees	04
7	Mr. Abdul Wahid	04
8	Syed Abuzar Hussain	03

Leave of absence was granted to directors who could not attend one Board meeting.

9. Key operating and financial data for the last six years are annexed.
10. **Audit Committee**

Syed Abuzar Hussain (Chairman)
Mr. Nisar Ahmad (Secretary)
Mrs. Shazia Amjad (Member)
Mr. Muhammad Aqeel Idrees (Member)

The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company. The meeting was also attended by the Head of Internal Audit and External Auditors as and when it was required.

11. **Human Resources and Remuneration Committee.**

The Board has also formed an Human Resources and Remuneration Committee, which comprises of the following:

Mr. Muhammad Aqeel Idrees (Chairman)
Mrs. Nazia Irfan (Member)
Mr. Abdul Wahid (Member)

The Human Resources and Remuneration Committee met one time during the year. The committee makes recommendations to the Board for maintaining a sound organizational plan of the company, an effective employee development programme and sound compensation and benefit plans, policies and practices designed to attract and retain high caliber personnel for effective management of business with a view to achieve set objectives.

12. **Composition of Board**

The board consists of 6 male and 2 female directors with following composition:

Independent directors	3
Other non-executive directors	2
Executive directors	3
Total number of directors	8

13. **Remuneration Policy of Non-Executive Directors**

The fee of the Non-Executive and Independent Directors for attending the Board and Committee meetings of the Company is determined by the Board from time to time.

14. **Subsequent Events**

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year and the date of this report.

15. **Safety and Environments**

The Company strictly complies with the standards of the safety rules and regulations. It also follows environmental friendly policies.

16. **Trading in Company's Shares**

Directors, CEO, CFO Company Secretary and their spouses and minor children have made the following transaction of company shares.

	Purchase	SALE
Mrs. Mussarat Ashfaq	118,000	500

The CEO, Director, CFO and Executives do not hold any interest in the Company other than that disclosed in the pattern of the shareholding.

17. **Auditors**

The present auditors RSM Avais Hyder Liaquat Nauman, Chartered Accountants are due to retire and being eligible offer themselves for re-appointment. The Audit Committee has recommended their re-appointment.

18. **Pattern of Shareholding**

Pattern of share holding of the Company as on June 30, 2023 is annexed.

19. **Acknowledgement**

We also record our sincere thanks and appreciations to the management of our banks M/S United Bank Ltd., who always helped us when needed.

The Directors are pleased to again record their appreciation of the continued hard work and devotion of the staff and workers of the Company.

For and on behalf of Board of Director

---SD---

(ASHFAQ AHMAD)
Chief Executive Officer

FAISALABAD

DATE: September 30, 2023.

FINANCIAL HIGHLIGHTS

		2023	2022	2021	2020	2019	2018
(Rupees in Thousand)							
SALES	Rs.	335.984	507.740	453.352	387.086	321.650	286.602
GROSS PROFIT / (LOSS)	Rs.	(85.131)	64.208	54.292	52.179	42.223	16.970
NET PROFIT / (LOSS) AFTER TAX	Rs.	(79.878)	19.042	11.137	15.095	3.454	(15.748)
FIXED ASSTES	Rs.	899.680	935.154	963.504	968.234	974.361	724.625
LONG TERM LIABILITIES (FINANCIAL INSTITUTION)	Rs.	-	-	-	-	-	-
LONG TERM LIABILITIES (DIRECTORS)	Rs.	-	-	-	-	-	-
ACCUMULATED PROFIT / (LOSS)	Rs.	131.305	238.966	244.649	253.585	221.280	205.908
GROSS PROFIT RATIO	%	(25.64)	12.65	11.98	13.48	13.13	5.92
NET PROFIT / (LOSS) RATIO	%	(23.77)	3.75	2.46	3.90	1.07	(5.49)
DEBT EQUITY RATIO	%	0:100	0:100	0:100	0:100	0:100	0:100
CURRENT RATIO	%	4.78	6.69	7.67	6.69	6.40	5.78
EARNING / (LOSS) PER SHARE	%	(1.72)	0.41	0.27	0.39	0.10	(0.45)
BONUS SHARES	%	-	10%	10%	-	-	-
DIVIDEND	Rs.	-	-	-	-	-	-

ڈائریکٹرز رپورٹ

ڈائریکٹرز 30 جون 2023 کو ختم ہونے والے سال کے چوتیسویں سالانہ آڈیٹڈ مالیاتی اسٹیٹمنٹ بعد آڈیٹرز رپورٹ بخوشی پیش کرتے ہیں۔
اس سال کے مالیاتی نتائج درج ذیل ہیں۔

تفصیل	سالانہ اہتمام 2023	سالانہ اہتمام 2022	فرق %
فروخت (Sale)	335,984	507,740	(33.83)
کل نفع / نقصان	(85,131)	64,208	(232.59)
سال کے لیے نفع / نقصان / نفع	(113,845)	20,852	(645.97)
سال کے لیے بعد از نفع / نقصان / نفع	(79,878)	19,042	(519.48)
آمدنی فی شیئر (EPS)	(1.720)	0.410	(519.51)

آپ کی کمپنی کو 64,208 ملین روپے چھپٹے سال کے منافع کے مقابلے میں 85,311 ملین روپے کا نقصان ہوا جو کہ فروخت میں 34% کمی کی وجہ سے ہے تفصیل درج ذیل ہے

یہ کہنا غلط نہیں ہو گا کہ گزشتہ سال ٹیکسٹائل انڈسٹری کے لیے مجموعی طور پر اور خاص طور پر ہماری کمپنی کے لیے اب تک کا بدترین سال تھا۔ عالمی منڈیوں میں گراؤت (مندی) کا رجحان یوگرا کمپن کی جنگ کی وجہ سے شروع ہوا اس کے شروع ہونے کے چند مہینوں کے اندر ہی عالمی منڈی خاص طور پر یورپ میں تقریباً تمام آرڈرز روک دئے گئے بلکہ تصدیق شدہ آرڈرز بھی منسوخ کر دیئے گئے

ہمیں ایک غیر معمولی صورت حال کا سامنا کرنا پڑا جہاں ہمارے گاہکوں نے کہا کہ راتوں رات پیداوار کو روک دو۔ ہمیں پیداواری کاموں کو جاری رکھنے کے لیے آرڈر کے بدلے تباہل آرڈر تلاش کرنے پر مجبور کیا گیا، مگر حیران کن طور پر کسی بھی گاہک کی طرف سے عملی طور پر کوئی آرڈر نہیں آیا کیونکہ ان سب کی مانگ میں یکساں قہقہل کا سامنا ہے

ہمیں مجبوراً پیداواری صلاحیت کو روکنے کے لئے آدھی ملز کو بند کرنا پڑا، اور کم قیمت پر آرڈرز کا ہنگامان کرنا پڑا۔ اور اس طرح ہمیں دو طرفہ نقصان اٹھانا پڑا۔ ایک پیداواری لاگت بڑھ گئی اور دوسرا کم قیمت پر مال کو فروخت کرنا پڑا۔ جس کی وجہ سے اس سال بہت زیادہ نقصان ہوا۔

انتظامیہ اس سال انوس کے ساتھ منافع یا بونس حصص کی کسی بھی ادائیگی کی سفارش نہیں کر سکتی

مارکیٹ کے حالات اور مستقبل کے خدو خال

ہم اپنے صارفین کی طرف سے مانگ میں بچھٹے اخلاف دیکھ رہے ہیں تاہم طلب اور رسد میں فرق اتنا بڑا ہے کہ قیمتوں کو بڑھنے نہیں دے رہا۔ ہم اس ڈمکے ساتھ امید رکھتے ہیں کہ آرڈرز کے قیمت پیداواری لاگت کے ساتھ توازن قائم ہو جائے۔

کمپنی کی سماجی ذمے داری

ہماری سماجی اور معاشرتی ذمہ داری ہے کہ ہم معاشرے کی فلاح میں حصہ ڈالیں۔ لہذا ہم نے میپا ٹائٹس کے مستحق مرلیٹوں کے (مفت علاج) مکمل ادویات اور جگر سے متعلق ایب ٹیسٹ کے لئے فیصل آباد یونیورسٹی ہسپتال میں فرسٹ کو 600,000 روپے کا عطیہ دیا۔ یہ یہ کہہ سکتے ہیں جو انوالد کے لیے 50,000 روپے کا عطیہ دیا ہے

بنیادی خطرات اور بے اعتمادی

کمپنی کو شدید مورتنی خطرات اور بے اعتمادی کی وجہ سے درج ذیل بنیادی خطرات متوقع ہیں۔
مکمل منفی تحریک کی وجہ سے غیر ملکی تجارتی قیمتوں اور فارن ایکسچینج ریٹ میں اتار چڑھاؤ۔
ٹیکس ٹیٹ کو وسیع کرنے کے لئے ٹیکس قوانین اور ضابطوں میں تبدیلی کا روپاری رکاوٹ کا باعث ہے۔

اندرونی فنانس کنٹرول

آڈیٹرز اور انٹرنیٹ کے مشورے کے فیصلوں سے کافی حد تک کمپنی نے کنٹرول یقینی بنائے ہیں

کارپوریٹ گورننس

ہم کارپوریٹ گورننس کی تفصیل جس پر پوری طرح عمل کیا گیا ہے ہمراہ ہے۔

کارپوریٹ اور فائینانشیل رپورٹنگ کا فریم ورک

کوڈ آف کارپوریٹ گورننس پر عمل کرتے ہوئے اہم کارپوریٹ اور فائینانشیل رپورٹنگ کا فریم ورک درج کر رہے ہیں

- 1- کمپنی کی بینجمنٹ فائیننشل اسٹیٹمنٹس اور کمپنی کے جملہ معاملات کاروبار کے نتائج، نقدی بہاؤ اور لین دین میں تبدیلی شفاف اور درست پیش کرتی ہے۔
- 2- کمپنی کے حساب کاروبار کمپنی آرڈیننس کے مطابق کیا جاتا ہے۔
- 3- مالی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل سے لاگو کیا گیا ہے۔ اکاؤنٹنگ یا اندازے معقول اور دانشمندانہ فیصلے پر مبنی ہے۔
- 4- مالی گوشواروں کو بین الاقوامی اکاؤنٹنگ سٹینڈرڈز کے مطابق رکھا گیا ہے۔
- 5- اندرونی کنٹرول کا نظام منطوب ہے اور اس کی موثر طریقے سے نگرانی اور عملدرآمد کیا گیا ہے۔
- 6- کاروبار جاری رکھنے کے لیے کمپنی کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- 7- پاکستان کے اسٹاک ایکسچینج کے اصولوں کے مطابق کارپوریٹ گورننس کے بہترین طریقوں میں سے کوئی مادی تجاوز نہیں ہوا۔
- 8- بینجمنٹ بورڈ کا چارج و نفع اجلاس ہوا جس میں مندرجہ ذیل حاضری رہی۔

نمبر شمار	ڈائریکٹران کے نام	حاضری کی تفصیل
1-	اشفاق احمد صاحب	04
2-	ندیم اشفاق صاحب	04
3-	وسیم اشفاق صاحب	04
4-	محمد عقیل ادیس صاحب	04
5-	مسز شازیہ امجد صاحبہ	04
6-	مسز نازیہ عرفان صاحبہ	04
7-	عبدالواحد صاحب	04
8-	سعید ابوزر حسین صاحب	03

جن ڈائریکٹرز نے غیر حاضری کے لیے درخواست دی ان کی درخواست کو منظور کیا گیا۔

9- پچھلے چھ سالوں کے کارکردگی کی تفصیل لف ہے۔

10- آڈٹ کمیٹی

بورڈ آف ڈائریکٹرز نے کوڈ آف کارپوریٹ پر عمل کرتے ہوئے آڈٹ کمیٹی کی تشکیل کی ہوئی ہے۔ جس کی تفصیل درج ذیل ہے۔

مسٹر سید ابوزر حسین	چئیرمین
مسٹر ثار احمد	سکرٹری
مسز شازیہ امجد	ممبر
مسٹر محمد عقیل ادیس	ممبر

آڈٹ کمیٹی کی میٹنگ ہر کوارٹر سے پہلے ہوتی ہے۔ اور حساب کتاب کی چھان بین کر کے عبوری اور سالانہ حساب کتاب کی منظوری دیتی ہے۔ میٹنگ میں انٹرنل آڈیٹرز کے منیجر اور ایکسٹرنل آڈیٹرز بھی شریک ہوتے ہیں۔

11- انسانی وسائل اور معاوضہ کمیٹی

انسانی وسائل اور معاوضہ کمیٹی بورڈ آف ڈائریکٹرز کی طرف سے منظور شدہ قواعد و ضوابط کے مطابق چلتی ہے۔ مندرجہ ذیل اس کے ممبران ہیں۔

مسٹر محمد عقیل ادیس	چئیرمین
مسز نازیہ عرفان صاحبہ	ممبر
مسٹر عبدالواحد	ممبر

انسانی وسائل اور معاوضہ کمپنی کی اس سال ایک میٹنگ ہوئی اور کمپنی نے بورڈ کو اپنی سفارشات پیش کیں کہ کس طرح کمپنی کو ایک مضبوط ادارے کے طور پر چلایا جائے۔ ملازموں کی فلاح و بہبود کے متعلق بھی بہت سے پلان اور پالیسیوں پر عملدرآمد کے لیے سفارشات کیں تاکہ ادارہ اپنے اہداف حاصل کر سکے۔

12- مجموعی بورڈ

کمپنی کا بورڈ مندرجہ ذیل 6 مردوں اور 2 عورتوں پر مشتمل ہے

نُود کار ڈائریکٹر۔	3
غیر عملی ڈائریکٹرز۔	2
عملی ڈائریکٹرز۔	3
ڈائریکٹران کی کل تعداد۔	8

13- نُود کار ڈائریکٹر اور غیر عملی ڈائریکٹرز کی معاوضہ کی پالیسی۔

نُود کار ڈائریکٹر اور غیر عملی اور ڈائریکٹران کا بورڈ میٹنگز اور کمپنی کے اجلاس میں شرکت کا معاوضہ کمپنی بورڈ کے ذریعہ وقت کے ساتھ تعین کرتی ہے۔

14- ضمنی واقعات۔

اس مالی سال کے اختتام اور اس رپورٹ کے دوریہ میں کوئی بڑی تبدیلی اور واعدے کمپنی کی مالی حالت کو متاثر نہیں کرتے

15- حفاظتی اقدام اور ماحولیاتی آلودگی سے بچاؤ

ادارہ اس بات پر سختی سے عمل کرتا ہے کہ حفاظتی اقدامات پر پوری طرح عمل کیا جائے جو کہ قانون کے مطابق واجب ہیں اور ماحول کو صاف ستھرا رکھنے کے لیے ہر ممکن اقدام کیا جاتا ہے۔ جس کی وجہ سے ہمارے ادارے کا ماحول صاف ستھرا رہے اور ماحولیاتی ادارے اُس کی تعریف کر چکے ہیں۔

16- کمپنی کے حصص کی تجارت

کمپنی کے جملہ ڈائریکٹران بشمول چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری نے کمپنی کے شیئروں کی درج ذیل تجارت ہوئی۔

خرید	فروخت		
1	مسر مسرت اشفاق	118000	500

چیف ایگزیکٹو آفیسر، ڈائریکٹرز، چیف فنانشل آفیسر اور ایگزیکٹوز کو ماسوائے اُن شیئروں کے جن کو بنا دیا گیا ہے اور کسی چیز میں دلچسپی نہ ہے۔

17- آڈیٹرز

موجودہ آڈیٹرز مینسز اوپس حیدر لیاقت نعمان، چارٹرڈ اکاؤنٹنٹس مستغنی ہو رہے ہیں مگر وہ دوبارہ اپائنٹمنٹ کے لیے اپنے آپ کو پیش کر سکتے ہیں۔ آڈٹ کمپنی نے اُن کی دوبارہ اپائنٹمنٹ کی سفارش کی ہے۔

18- حصص کی تفصیل

حصص کی تفصیل جو کہ 30 جون، 2023 کو کمپنی کے حصے دار ہیں اُن کی تفصیل منسلک ہے۔

19- اعتراف

ہم یہ بات ریکارڈ پر لانا چاہتے ہیں اور ہم شکر یہ کے ساتھ تعریف کرتے ہیں۔ اپنی مہجنت کی، اپنے بینکرز میسرز یونائیٹڈ بینک لمیٹڈ کی جنھوں نے ہر موقع پر ہمارے ساتھ تعاون کیا۔ ڈائریکٹر صاحبان خوشی سے اپنے کاربیگروں کی محنت اور دل لگی سے کام کرنے کی تعریف کرتے ہیں۔

--- SD ---

بورڈ آف ڈائریکٹران کی طرف سے

فیصل آباد

اشفاق احمد

30 ستمبر، 2023

چیف ایگزیکٹو آفیسر

Review Report by the Chairman

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 an annual evaluation of the Board of Directors of Ashfaq Textile Mills Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended Jun 30, 2023, the Board's overall performance and effectiveness has been assessed as Satisfactory. Improvements are an ongoing process leading to action plans. The above overall assessment is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's responsibility.

The Board of Directors of your Company received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings. The board meets frequently enough to adequately discharge its responsibilities. The non-executive and independent directors are equally involved in important decisions.

Dated : September 30, 2023.

---Sd---
Waseem Ashfaq
Chairman

چیئر مین کی جائزہ رپورٹ

اشفاق ٹیکسٹائل ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز کا سالانہ جائزہ لیسٹڈ کمپنیز (کوڈ آف کارپوریٹ) گورننس ریگولیشنز کے تحت کیا جاتا ہے۔ اس جائزے کا مقصد اس امر کو یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور افادیت کو 2019 کمپنی کے مختص کردہ مقاصد کے تناظر میں پرکھا جاسکے۔

مالی سال برائے 30 جون، 2023 کے لیے بورڈ کی مجموعی کارکردگی اور افادیت اطمینان بخش قرار پائی ہے۔ بہتری ایک مستقل جاری رہنے والا عمل ہے جس کی مدد سے عملی منصوبہ بندیوں کو ممکن بنایا جاتا ہے۔ مجموعی جائزہ ضروری اجزاء کے انفرادی جائزے پر منحصر ہے جن میں دورانہدیشی، نصب العین اور اقدار، حکمت عملی کے بنانے میں کردار، پالیسیز کی تشکیل، کمپنی میں جاری کاروباری سرگرمیوں کی نگرانی، مالیاتی وسائل کے انتظام کی نگرانی، موثر مالی نگرانی، بورڈ کے کاروبار کو پورا کرنے میں ملازمین کے ساتھ منصفانہ سلوک اور بورڈ کی ذمہ داری کو موثر انداز سے پورا کرنا شامل ہیں۔

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کو اور اس کی کمیٹی کی ملاقاتوں میں ایجنڈا معی دیگر ضروری دستاویزات قبل از وقت موصول ہوئے۔ بورڈ ضروری سرگرمیوں اور ذمہ داریوں کو موثر طریقے سے انجام دینے کے لیے باقاعدگی سے ملاقات کرتا ہے۔ نان ایگزیکٹو اور آزاد ڈائریکٹرز بھی اہم فیصلوں میں برابری کی بنیاد پر شامل ہوتے ہیں۔

دستخط

وسیم اشفاق

چیئر مین

مورخہ 30 ستمبر، 2023

ASHFAQ TEXTILE MILLS LIMITED

PATTERN OF SHAREHOLDING
FORM "34"
SHAREHOLDERS STATISTICS
AS AT JUNE 30, 2023

NUMBER OF SHAREHOLDERS	SHARE HOLDING			TOTAL SHARES HELD
	FROM		TO	
56	1	-	100	1,479
154	101	-	500	47,664
85	501	-	1000	59,296
215	1001	-	5000	314,141
11	5001	-	10000	82,249
11	10001	-	15000	131,984
2	15001	-	20000	32,930
1	20001	-	25000	22,181
1	90001	-	95000	91,839
1	115001	-	120000	119,507
1	145001	-	150000	148,830
1	160001	-	165000	162,932
1	295001	-	300000	298,500
1	2590001	-	2595000	2,590,791
1	2680001	-	2685000	2,681,965
2	4615001	-	4620000	9,231,816
1	6680001	-	6685000	6,684,417
1	6690001	-	6695000	6,690,577
1	7620001	-	7625000	7,622,513
1	9545001	-	9550000	9,548,424
548				46,564,035

S.NO.	CATAGORIES OF SHAREHOLDERS	NUMBER OF SHARE HOLDERS	TOTAL SHARES HELD	PERCENTAGE
1	INDIVIDUAL	547	46,554,167	99.98
2	COMPANIES	-	-	-
3	FINANCIAL INSTITUTIONS	1	10,868	0.02
		548	46,565,035	100.00

CATEGORIES OF SHARE HOLDING

AS AT JUNE 30, 2023

DIRECTORS AND THEIR SPOUSE:	SHARES HELD	%
Mr. Ashfaq Ahmad	9,548,424	20.5056
Mr. Nadeem Ashfaq	6,684,417	14.3550
Mr. Waseem Ashfaq	6,690,577	14.3682
Mrs. Shazia Amjad	2,682,630	5.7610
Mrs. Nazia Irfan	2,681,965	5.7596
Abdul Wahid	1,302	0.0028
Syed Abuzar Hussain	605	0.0013
Mr. Muhammad Aqeel Idrees	1,331	0.0029
Mrs. Musarat Ashfaq	7,921,013	17.0106
Mrs. Uzma Nadeem	4,615,908	9.9128
Mrs. Memona Waseem	4,615,908	9.9128
SHAREHOLDERS HOLDING 10% OR MORE:		
Mr. Ashfaq Ahmad	9,548,424	20.5056
Mrs. Musarat Ashfaq	7,921,013	17.0106
Mr. Nadeem Ashfaq	6,684,417	14.3550
Mr. Waseem Ashfaq	6,690,577	14.3682
FINANCIAL INSTITUTIONS:		
IDBL (ICP UNIT)	10,868	0.0233
JOINT STOCK COMPANIES		
NCC - PRE SETTLEMENT DELIVERY ACCOUNT	-	-
GENERAL PUBLIC:	1,110,087	2.3839
TOTAL	46,565,035	100

**Statement of Compliance with Listed Companies
(Code of Corporate Governance) Regulations, 2019.**

**Ashfaq Textile Mills Limited
For the year ended June 30, 2023.**

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

1. The total number of directors are eight as per the following:

Gender	Number
Male	6
Female	2

2. The composition of Board is as follows:

Category	Names
Independent Directors	Mr. Muhammad Aqeel Idrees Mr. Abdul Wahid Syed Abuzar Hussain
Other Non-Executive Directors	Mrs. Shazia Amjad Mrs. Nazia Irfan
Executive Directors	Mr. Ashfaq Ahmad Mr. Nadeem Ashfaq Mr. Waseem Ashfaq
Female Directors	Mrs. Shazia Amjad Mrs. Nazia Irfan

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 significant policies along with their date of approval or updating is maintained by the Company.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board has approved appointment of Chief Financial Officer and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. Mr. Nisar Ahmad was assigned the responsibilities of Company Secretary of the Company in addition to his other responsibilities of the Company.

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

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

a) Audit Committee

1) Syed Abuzar Hussain	Chairman
2) Mr. Nisar Ahmad	Secretary
3) Mrs. Shazia Amjad	Member
4) Mr. Muhammad Aqeel Idrees	Member

b) HR and Remuneration Committee

1) Mr. Muhammad Aqeel Idrees	Chairman
2) Mrs. Nazia Irfan	Member
3) Mr. Abdul Wahid	Member

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

13. The frequency of meetings of the committee were as per following:

a. Audit Committee:	4(four) quarterly meetings
b. HR and Remuneration Committee:	1(one) annual meeting

14. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

15. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and 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.

16. 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.

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

18. Currently, six directors are exempt from the directors training certification requirement by virtue of their experience / training as prescribed by listing regulations of Pakistan Stock Exchange whereas female director is exempted from the directors training program. The Company has planned to arrange DTP for the remaining directors during the next year.

For and on behalf of the Board of Directors

---sd--

Waseem Ashfaq
Chairman

---sd---

Ashfaq Ahmad
Chief Executive Officer



**Independent Auditor's Review Report
to the members of Ashfaq 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 Ashfaq Textile Mills Limited (the Company) for the year ended June 30, 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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

Further, we highlight below instance of non-compliance with the requirement of Regulations, as reflected in the paragraph referred below, it is stated in the statement of compliance:

Reference : Description

19 Section 19 of Regulations state that it is encouraged that by June 30, 2022 all the directors on the Board have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the commission and approved it.

However, during the course of review it was observed that no director has attended the training program.

-- SD --

Place: Faisalabad
Date: October 03, 2023

**RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS**

UDIN: CR202310194RvMwK8cOt



RSM Avais Hyder Liaquat Nauman
Chartered Accountants

478-D, Peoples Colony No. 1
Faisalabad – Pakistan

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INDEPENDENT AUDITOR'S REPORT

To the members of Ashfaq Textile Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Ashfaq Textile Mills Limited (the Company), which comprise the statement of financial position as at June 30, 2023, 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, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the loss and comprehensive loss, 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 ICAP Code of Ethics for Chartered Accountants (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.

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Key Audit Matter

We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for other information. The other information comprises the information 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 Hamid Masood

RSM AVAIS HYDER LIAQUAT NAUMAN *Ali*
CHARTERED ACCOUNTANTS

Place: Faisalabad

Date: September 30, 2023.

UDIN: AR202310194khL3DISKV

ASHFAQ TEXTILE MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees		Note	2023 Rupees	2022 Rupees
EQUITY AND LIABILITIES				ASSETS			
SHARE CAPITAL AND RESERVE				NON CURRENT ASSETS			
Authorised capital 100,000,000 ordinary shares of Rs.10/- each		<u>1,000,000,000</u>	<u>1,000,000,000</u>	Property, plant and equipment	9	899,680,090	935,153,756
				Long term security deposits	10	4,509,782	4,509,782
						<u>904,189,872</u>	<u>939,663,538</u>
Issued, subscribed and paid up capital	3	465,650,350	423,318,500				
Capital reserve							
Revaluation surplus on property, plant and equipment	4	331,558,667	345,360,789				
Revenue reserve							
Unappropriated profit		131,305,076	238,966,146				
		<u>928,514,093</u>	<u>1,007,645,435</u>				
NON CURRENT LIABILITIES							
Deferred liability							
Staff retirement gratuity	5	95,560,353	95,282,398				
Deferred taxation	6	76,988,888	116,963,022				
		<u>172,549,241</u>	<u>212,245,420</u>				
CURRENT LIABILITIES				CURRENT ASSETS			
Trade and other payables	7	46,169,608	42,814,109	Stores, spares and loose tools	11	32,062,988	42,222,210
infrastructure development cess payable		-	95,127	Contract costs	19.1.1	4,658,401	2,263,975
Provision for taxation - income tax	25	5,927,238	6,346,749	Trade debts	12	49,554,138	93,909,179
		<u>52,096,846</u>	<u>49,255,985</u>	Loans and advances	13	30,444,824	34,034,197
				Prepayments		652,742	577,565
				Other receivables	14	43,360	173,612
				Tax refunds due from Government	15	35,095,724	32,504,097
				Short term Investments	16	60,719,566	60,772,985
				Cash and bank balances	17	35,738,565	63,025,482
						<u>248,970,308</u>	<u>329,483,302</u>
CONTINGENCIES AND COMMITMENTS	8	-	-				
		<u>1,153,160,180</u>	<u>1,269,146,840</u>			<u>1,153,160,180</u>	<u>1,269,146,840</u>

The annexed notes 1 to 32 form an integral part of these financial statements.

---SD---
CHIEF EXECUTIVE OFFICER

---SD---
DIRECTOR

---SD---
CHIEF FINANCIAL OFFICER

ASHFAQ TEXTILE MILLS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
Sales	18	335,983,552	507,739,885
Cost of sales	19	421,114,578	443,531,426
Gross (loss)/profit		<u>(85,131,026)</u>	<u>64,208,459</u>
Other income	20	<u>17,485,858</u>	<u>2,338,506</u>
		(67,645,168)	66,546,965
Selling cost	21	2,194,490	2,011,817
Administrative expenses	22	43,856,598	41,774,795
Other operating expenses	23	10,941	1,697,606
Finance cost	24	137,823	210,830
		<u>46,199,852</u>	<u>45,695,048</u>
(Loss)/Profit for the year before taxation		<u>(113,845,020)</u>	<u>20,851,917</u>
Provision for taxation	25	(33,966,947)	1,809,783
(Loss)/Profit for the year		<u><u>(79,878,073)</u></u>	<u><u>19,042,134</u></u>
Earnings per share - Basic and diluted	26	<u><u>(1.72)</u></u>	<u><u>0.41</u></u>

The annexed notes 1 to 32 form an integral part of these financial statements.

---SD---
CHIEF EXECUTIVE OFFICER

---SD---
DIRECTOR

---SD---
CHIEF FINANCIAL OFFICER

ASHFAQ TEXTILE MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	2023 Rupees	2022 Rupees
(Loss) / Profit for the year	(79,878,073)	19,042,134
Other comprehensive (loss) / income		
Items that will not be subsequently reclassified to profit or loss		
Remeasurement of staff retirement gratuity	1,051,734	(1,079,632)
Deferred tax relating to remeasurement of staff retirement gratuity	(305,003)	313,093
	746,731	(766,539)
Total comprehensive (loss)/income for the year	(79,131,342)	18,275,595

The annexed notes 1 to 32 form an integral part of these financial statements.

---SD---
CHIEF EXECUTIVE OFFICER

---SD---
DIRECTOR

---SD---
CHIEF FINANCIAL OFFICER

ASHFAQ TEXTILE MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

	Capital Reserve	Revenue Reserve	Total	
	Revaluation surplus on property, plant and equipment	Unappropriated profit		
	-----Rupees-----			
Balance as at June 30, 2021	384,835,000	359,885,481	244,649,359	989,369,840
Total comprehensive income for the year				
Profit for the year	-	-	19,042,134	19,042,134
Other comprehensive income				
Items that will not be subsequently reclassified to profit or loss				
Remeasurement of staff retirement gratuity			(1,079,632)	(1,079,632)
Deferred tax relating to remeasurement of staff retirement gratuity			313,093	313,093
			(766,539)	(766,539)
	-	-	18,275,595	18,275,595
Incremental depreciation on revalued assets for the year - net of deferred tax	-	(14,524,692)	14,524,692	-
Transaction with owners				
Issue of bonus shares	38,483,500	-	(38,483,500)	-
Balance as at June 30, 2022	423,318,500	345,360,789	238,966,146	1,007,645,435
Total comprehensive income for the year				
Loss for the year	-	-	(79,878,073)	(79,878,073)
Other comprehensive (loss) / income				
Items that will not be subsequently reclassified to profit or loss				
Remeasurement of staff retirement gratuity	-	-	1,051,734	1,051,734
Deferred tax relating to remeasurement of staff retirement gratuity			(305,003)	(305,003)
			746,731	746,731
	-	-	(79,131,342)	(79,131,342)
Incremental depreciation on revalued assets for the year - net of deferred tax	-	(13,802,122)	13,802,122	-
Transaction with owners				
Issue of bonus shares	42,331,850	-	(42,331,850)	-
Balance as at June 30, 2023	465,650,350	331,558,667	131,305,076	928,514,093

The annexed notes 1 to 32 form an integral part of these financial statements.

---SD---
CHIEF EXECUTIVE OFFICER

---SD---
DIRECTOR

---SD---
CHIEF FINANCIAL OFFICER

ASHFAQ TEXTILE MILLS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	2023 Rupees	2022 Rupees
(a) CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit for the year before taxation	(113,845,020)	20,851,917
Adjustments for:		
Depreciation of property, plant and equipment	41,029,041	42,688,361
Provision for staff retirement gratuity	23,405,524	20,272,301
Fair value adjustment	(197,234)	(12,318)
Finance cost	137,823	210,830
Operating cash flows before working capital changes	(49,469,866)	84,011,091
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	10,159,223	(14,966,046)
Stock in trade	-	2,289,447
Contract costs	(2,394,426)	566,865
Trade debts	44,355,041	(10,023,617)
Loans and advances	1,738,224	(4,767,781)
Prepayments	(75,177)	(46,045)
Other receivables	130,252	5,594,047
Tax refunds due from Government	(182,550)	3,871,797
Increase in current liabilities		
Trade and other payables	3,355,499	16,379,460
Cash generated from operating activities	7,616,220	82,879,218
Finance cost paid	(137,823)	(210,830)
Income tax paid	(7,289,630)	(8,694,234)
Staff retirement gratuity paid	(22,075,835)	(7,275,360)
Net cash (used in) / generated from operating activities	(21,887,068)	66,698,794
(b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(5,555,375)	(14,325,830)
Addition in short term investments	(12,663,319)	(60,772,985)
Redemption/Disposal in short term investments	12,913,972	-
Net cash (used in) investing activities	(5,304,722)	(75,098,815)

	2023 Rupees	2022 Rupees
(c) CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) in gas infrastructure development cess payable	(95,127)	(301,757)
Net cash (used in) financing activities	<u>(95,127)</u>	<u>(301,757)</u>
Net (decrease) / Increase in cash and cash equivalents (a+b+c)	(27,286,917)	(8,701,778)
Cash and cash equivalents at the beginning of the year	63,025,482	71,727,260
Cash and cash equivalents at the end of the year	<u><u>35,738,565</u></u>	<u><u>63,025,482</u></u>

The annexed notes 1 to 32 form an integral part of these financial statements.

---SD---

CHIEF EXECUTIVE OFFICER

---SD---

DIRECTOR

---SD---

CHIEF FINANCIAL OFFICER

ASHFAQ TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. GENERAL INFORMATION

- 1.1 Ashfaq Textile Mills Limited (the Company) was incorporated in Pakistan on January 14, 1988 as a private limited company under the repealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act 2017 on May 30, 2017) and subsequently converted into a public limited company. The Company is listed on Pakistan Stock Exchange Limited. The business of the Company is manufacturing and sale of textiles and rendering of sizing and conversion services. The registered office and mills of the Company are located at 17 K.M. Jaranwala Road, Faisalabad in the Province of Punjab.
- 1.2 The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

- International Financial Reporting Standard (IFRS's) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Application of new and revised International Financial Reporting Standards (IFRSs)

2.2.1 Standards, amendments to standards and interpretations becoming effective in current year

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Company for the periods beginning on or after July 01, 2022 and therefore, have been applied in preparing these financial statements.

- Amendments to IAS 16 - Property, Plant and Equipment

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendments have no material impact on company's financial statements.

- Amendments to IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities - General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments.

The application of amendments have no material impact on the company's financial statements.

- **Annual improvements to IFRS – 2018 – 2020**

- IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

- IFRS 9 Financial Instruments

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The amendments have no material impact on the company's financial statements.

2.2.2 Standards, amendments to standards and interpretations becoming effective in current year but not relevant

There are certain amendments to standards that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2022 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

2.2.3 Standards, amendments to standards and interpretations becoming effective in future periods

There are certain standards, amendments to the IFRS and interpretations that are mandatory for companies having accounting periods beginning on or after July 1, 2023 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

- **Amendments to IAS 1 - Disclosure of Accounting Policies**

In February 2021, the Board issued amendments to IAS 1 the amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies.
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments are effective for the annual periods beginning on or after January 01, 2023.

The amendments are not expected to have any material impact on the company's financial statements.

- **Amendments to IAS 8 - Definition of Accounting Estimates**

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for the annual periods beginning on or after January 01, 2023.

The amendments are not expected to have any material impact on the company's financial statements.

- **Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgment (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgment is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

The amendments are effective for the annual periods beginning on or after January 01, 2023.

The amendments are not expected to have any material impact on the company's financial statements.

- **Amendments to IAS 1 - Classification of Liabilities as Current or Noncurrent**

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are effective for the annual periods beginning on or after January 01, 2023.

The amendments are not expected to have any material impact on the company's financial statements.

- **Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments deal with situation where there is a sale or contribution of assets between investor and its associate or joint venture.

The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

The effective date of the amendments has yet to be set by the Board, however earlier application of the amendments is permitted. The amendments are not expected to have any material impact on the company's financial statements.

- **IFRS 17 Insurance Contracts**

IFRS 17 Insurance Contracts is a new accounting standard for insurance contracts. The standard covers recognition, measurement, presentation and disclosure of insurance contracts. Once effective, the standard will replace IFRS 4 Insurance Contracts.

The standard applies to all types of insurance contracts. Overall objective of the standard is to provide an accounting model for insurance contracts covering all relevant accounting aspects.

The standard is effective for reporting periods starting on or after January 01, 2023.

The application of the standard is not expected to have any material impact on the company's financial statements.

2.2.4 Standards, amendments to standards and interpretations becoming effective in future periods but not relevant.

There are certain new standards, amendments to standards and interpretations that are effective from different future periods but are considered not to be relevant to the Company's operations, therefore, not disclosed in these financial statements.

2.3 Basis of preparation

These financial statements have been prepared under the historical cost convention except:

- certain property, plant and equipment are stated at valuation.
- staff retirement benefits carried at present value.
- short term Investments at fair value through statement of profit or loss.

The principal accounting policies adopted are set out below:

2.4 Staff retirement gratuity

The Company operates a defined benefit plan - unfunded gratuity scheme covering all permanent employees. Provision is made annually on the basis of actuarial recommendation to cover the period of service completed by employees using Projected Unit Credit Method. All actuarial gains and losses are recognised in 'other comprehensive income' as they occur.

2.5 Trade and other payables

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

2.6 Provisions

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

2.7 Provision for taxation

Current

Provision for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits and tax rebates available under the law.

Deferred

Deferred tax is provided using the liability method for all temporary differences at the date of statement of financial position between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effect on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of the Institute of Chartered Accountants of Pakistan.

Deferred tax asset is recognised for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the date of statement of financial position.

Deferred tax charged or credited in the income statement, except in case of items charged or credited to equity in which case it is included in equity.

2.8 Dividend and other appropriations

Dividend is recognised as a liability in the period in which it is approved. Appropriations of profits are reflected in the statement of changes in equity in the period in which such appropriations are made.

2.9 Property, plant and equipment

Property, plant and equipment except freehold land and capital work in progress are stated at cost/valuation less accumulated depreciation and impairment in value, if any. Freehold land is stated at valuation less accumulated impairment in value, if any. Capital work in progress is stated at cost less accumulated impairment in value, if any.

Depreciation is charged to income applying the reducing balance method at the rates specified in property, plant and equipment note.

Depreciation on additions during the year is charged from the month in which asset is acquired or capitalised, while no depreciation is charged for the month in which asset is disposed off. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Repairs and maintenance costs are charged to income during the period in which they are incurred. Major renewals and improvements are capitalised.

Gains or losses on disposal of assets, if any, are recognised as and when incurred.

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these assets are available for use.

Any revaluation increase arising on the revaluation of land, buildings and plant and equipment improvements is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land, buildings and plant and equipment improvements is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revaluation on buildings and plant and equipment improvements to the extent of incremental depreciation charged is transferred to unappropriated profit.

2.10 Impairment

The company assesses at each date of statement of financial position whether there is any indication that assets except deferred tax assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether these are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in statement of profit or loss, unless the relevant assets are carried at revalued amounts, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognised for the assets in prior years. A reversal of an impairment loss is recognised immediately in statement of profit or loss.

2.11 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.12 Stores, spares and loose tools

These are valued at moving average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice value plus other charges incurred thereon.

2.13 Stock in trade

Stock in trade except wastes is valued at lower of cost and net realisable value. Cost is determined as follows:

Raw material	Weighted average cost.
Work in process	Average manufacturing cost.
Finished goods	Average manufacturing cost.

Wastes are valued at net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to make the sales. Average manufacturing cost includes cost of direct material, labour and appropriate manufacturing overheads.

2.14 Contract costs

Contract costs are recognised at average manufacturing costs incurred that will be used in satisfying performance obligation in the future less amortisation and impairment loss, if any.

2.15 Trade debts and other receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad are written off when identified. Other receivables are recognised at nominal amount which is fair value of the consideration to be received in future.

2.16 Short term investments

Short term investments are carried at fair value through profit or loss. Fair value gain or loss on short term investment are recognised in profit or loss in the period in which it arises. Any gain or loss on disposal is recognised in profit or loss in the period in which it arises.

2.17 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand, balances with banks, books overdrawn and highly liquid short-term investments that are convertible to known amounts of cash and are subject to insignificant risk of change in value.

2.18 Foreign currencies

Transactions in currencies other than Pakistani Rupee are recorded at the rates of exchange prevailing on the dates of the transactions. At each date of statement of financial position, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the date of statement of financial position except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

Gains and losses arising on retranslation are included in net profit or loss for the period.

2.19 Financial instruments

2.19.1 Financial assets

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

- Financial assets at amortised cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

- Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Equity instrument financial assets are measured at fair value at initial recognition and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

2.19.2 Financial liabilities

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

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

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

2.20 Offsetting of financial asset and financial liability

A financial asset and financial liability is offset and the net amount reported in the statement of financial position, if the Company has a legal enforceable right to offset the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.21 Related party transactions

Transactions with related parties are priced on arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

2.22 Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

2.23 Critical accounting estimates and judgments

The preparation of financial statements in conformity with IASs / IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, revaluation of land, buildings and plant and equipment, provision for doubtful receivables and slow moving inventory, staff retirement gratuity, fair value of short term investments and taxation. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

3. Issued, subscribed and paid up capital

2022	2023		2023 Rupees	2022 Rupees
Number of shares				
20,991,000	20,991,000	Ordinary shares of Rs. 10/- each fully paid in cash	209,910,000	209,910,000
17,492,500	21,340,850	Ordinary shares of Rs. 10/- each fully paid bonus shares	213,408,500	174,925,000
3,848,350	4,233,185	Ordinary shares of Rs. 10/- each fully paid bonus shares issued during the year	42,331,850	38,483,500
<u>42,331,850</u>	<u>46,565,035</u>		<u>465,650,350</u>	<u>423,318,500</u>

4. Revaluation surplus on property, plant and equipment

Opening balance	345,360,789	359,885,481
Incremental depreciation for the year	(19,439,608)	(20,457,313)
Deferred tax related to Incremental depreciation on revalued assets Transferred to deferred tax	5,637,486	5,932,621
	<u>331,558,667</u>	<u>345,360,789</u>

- 4.1 Freehold land, building on freehold land and plant and machinery are carried at valuation. Latest valuation on the basis of market values, has been carried out by independent valuers "M/S Impulse (Private) Limited" on June 30, 2019.

5. Staff retirement gratuity

5.1 General description

The scheme provides terminal benefits for all the employees of the Company who attain the minimum qualifying period. Annual charge is based on actuarial valuation carried out as at June 30, 2023 using Projected Unit Credit Method.

	Note	2023 Rupees	2022 Rupees
5.2 The amount recognised in the statement of financial position is as follows :			
Present value of defined benefit obligation	5.3	<u>95,560,353</u>	<u>95,282,398</u>
5.3 Movement in net liability recognised			
Opening balance		95,282,398	81,205,825
Expenses recognised in statement of profit or loss	5.4	23,405,524	20,272,301
Paid / adjusted during the year		(22,075,835)	(7,275,360)
Remeasurement (Gain) / loss on obligation		(1,051,734)	1,079,632
Balance at June 30,		<u>95,560,353</u>	<u>95,282,398</u>
5.4 Expenses recognised in statement of profit or loss			
Current service cost		12,243,130	12,515,486
Interest cost		11,162,394	7,756,815
		<u>23,405,524</u>	<u>20,272,301</u>

5.5 Principal actuarial assumptions

	2023	2022
Discount factor used	16.25% Per annum	13.25% Per annum
Expected rate of increase in salaries	15.25% Per annum	12.25% Per annum
Expected average remaining working lives of participating employees	7 years	7 years

5.6 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is :

	Change in assumptions	Reworked defined benefit obligation	
		Increase in assumptions	Decrease in assumptions
-----Rupees-----			
Discount rate	100 bps	89,725,114	102,148,749
Salary increase rate	100 bps	102,334,033	89,457,681

5.7 The above sensitivity analysis is based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (Projected Unit Credit Method) has been applied as for calculating the liability of staff retirement gratuity.

	Note	2023 Rupees	2022 Rupees
6. Deferred taxation	6.1	<u>76,988,888</u>	<u>116,963,022</u>
Opening balance		116,963,022	121,813,081
(Reversal) of deferred tax related to:			
Incremental depreciation on revalued assets		(5,637,486)	(5,932,621)
Remeasurement of staff retirement gratuity		305,003	(313,093)
(Reversal) / Provided during the year		<u>(34,641,651)</u>	<u>1,395,655</u>
		<u>76,988,888</u>	<u>116,963,022</u>

6.1 It represents the following:

Deferred tax liability:			
Difference between accounting and tax bases of assets		146,876,010	145,097,457
Deferred tax asset			
Staff retirement gratuity		(27,712,502)	(27,631,895)
Tax Credit		<u>(42,174,620)</u>	<u>(502,540)</u>
		<u>76,988,888</u>	<u>116,963,022</u>

7. Trade and other payables

Creditors		14,632,395	20,866,437
Accrued liabilities		29,333,562	16,572,258
Worker's profit participation fund	7.1	-	1,127,476
Worker's welfare fund		-	467,664
Sales tax payable		283,933	2,655,956
Other		1,919,718	1,124,318
		<u>46,169,608</u>	<u>42,814,109</u>

7.1 Worker's profit participation fund

Opening balance		1,127,476	905,469
Interest on funds utilised in the Company's business		82,707	47,444
		<u>1,210,183</u>	<u>952,913</u>
Amount paid to workers on behalf of the fund		<u>(1,210,183)</u>	<u>(952,913)</u>
		-	-
Allocation for the year		-	1,127,476
		<u>-</u>	<u>1,127,476</u>

8. CONTINGENCIES AND COMMITMENTS

Commitments

Under letter of credit for stores		11,327,580	17,992,022
Under Processing Contracts		59,867,959	-
		<u>71,195,539</u>	<u>17,992,022</u>

9. Property, plant and equipment

	Note	2023 Rupees	2022 Rupees
Operating assets	9.1	<u>899,680,090</u>	<u>935,153,756</u>
		<u>899,680,090</u>	<u>935,153,756</u>

9.1 Operating assets

	Freehold land (note 10.2)	Building on freehold land	Plant and machinery	Factory equipment	Office equipment	Furniture and fixture	Vehicles	Arms and ammunitions	Total
Rupees									
At July 01, 2021									
Cost / valuation	69,550,000	219,182,228	827,252,239	7,346,377	15,413,478	2,971,295	70,689,343	34,100	1,212,439,060
Accumulated depreciation	-	(24,009,599)	(195,687,764)	(2,267,844)	(6,188,538)	(1,864,628)	(18,891,778)	(24,940)	(248,935,091)
Net book value	<u>69,550,000</u>	<u>195,172,629</u>	<u>631,564,475</u>	<u>5,078,533</u>	<u>9,224,940</u>	<u>1,106,667</u>	<u>51,797,565</u>	<u>9,160</u>	<u>963,503,969</u>
Year ended June 30, 2022									
Opening net book value	69,550,000	195,172,629	631,564,475	5,078,533	9,224,940	1,106,667	51,797,565	9,160	963,503,969
Additions	-	-	14,021,073	21,000	277,075	19,000	-	-	14,338,148
Depreciation charge	-	(4,879,316)	(31,850,266)	(254,190)	(468,884)	(55,491)	(5,179,757)	(457)	(42,688,361)
Closing net book value	<u>69,550,000</u>	<u>190,293,313</u>	<u>613,735,282</u>	<u>4,845,343</u>	<u>9,033,131</u>	<u>1,070,176</u>	<u>46,617,808</u>	<u>8,703</u>	<u>935,153,756</u>
At July 01, 2022									
Cost / valuation	69,550,000	219,182,228	841,273,312	7,367,377	15,690,553	2,990,295	70,689,343	34,100	1,226,777,208
Accumulated depreciation	-	(28,888,915)	(227,538,030)	(2,522,034)	(6,657,422)	(1,920,119)	(24,071,535)	(25,397)	(291,623,452)
Net book value	<u>69,550,000</u>	<u>190,293,313</u>	<u>613,735,282</u>	<u>4,845,343</u>	<u>9,033,131</u>	<u>1,070,176</u>	<u>46,617,808</u>	<u>8,703</u>	<u>935,153,756</u>
Year ended June 30, 2023									
Opening net book value	69,550,000	190,293,313	613,735,282	4,845,343	9,033,131	1,070,176	46,617,808	8,703	935,153,756
Additions	-	-	4,868,819	100,373	586,183	-	-	-	5,555,375
Depreciation charge	-	(4,757,333)	(30,844,700)	(246,129)	(465,154)	(53,509)	(4,661,781)	(435)	(41,029,041)
Closing net book value	<u>69,550,000</u>	<u>185,535,980</u>	<u>587,759,401</u>	<u>4,699,587</u>	<u>9,154,160</u>	<u>1,016,667</u>	<u>41,956,027</u>	<u>8,268</u>	<u>899,680,090</u>
At June 30, 2023									
Cost / valuation	69,550,000	219,182,228	846,142,131	7,467,750	16,276,736	2,990,295	70,689,343	34,100	1,232,332,583
Accumulated depreciation	-	(33,646,248)	(258,382,730)	(2,768,163)	(7,122,576)	(1,973,628)	(28,733,316)	(25,832)	(332,652,493)
Net book value	<u>69,550,000</u>	<u>185,535,980</u>	<u>587,759,401</u>	<u>4,699,587</u>	<u>9,154,160</u>	<u>1,016,667</u>	<u>41,956,027</u>	<u>8,268</u>	<u>899,680,090</u>
Annual rate of depreciation (%)	-	2.5	5	5	5	5	10	5	

9.1.1 Depreciation for the year has been allocated as under:

	2023 Rupees	2022 Rupees
Cost of goods sold	35,848,162	38,852,726
Administrative expenses	<u>5,180,879</u>	<u>4,578,613</u>
	<u>41,029,041</u>	<u>43,431,339</u>

9.2 The total area of land of the company is 378700.5-Sft, which is used for head office and production unit.

9.3 No assets were disposed during the year ended June, 2023 and June, 2022.

9.4 Fair value measurement of the Company's property, plant and equipment

The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties.

The fair value of the building on freehold land was determined using the market comparable approach that reflects the recent transaction prices for assets of comparable utility and age, adjusted for depreciation /obsolescence.

The fair value measurement of revalued assets is based upon unobservable inputs (level 3).

9.5 Had there been no revaluation, the related figures of freehold land, building on freehold land and plant and machinery at June 30, 2023 and 2022 would have been as follows:

	2023		
	Cost	Accumulated depreciation	Written down value
-----Rupees-----			
Freehold land	9,659,905	-	9,659,905
Building on freehold land	233,976,265	56,289,985	177,686,280
Plant and machinery	510,868,968	288,637,889	222,231,079
	<u>754,505,138</u>	<u>344,927,874</u>	<u>409,577,264</u>

	2022		
	Cost	Accumulated depreciation	Written down value
-----Rupees-----			
Freehold land	9,659,905	-	9,659,905
Building on freehold land	233,976,265	51,733,927	182,242,338
Plant and machinery	506,000,149	277,031,522	228,968,627
	<u>749,636,319</u>	<u>328,765,449</u>	<u>420,870,870</u>

9.6 Forced sale value of revalued assets on the date of revaluation was Rs. 752,958,000/-

	2023 Rupees	2022 Rupees
10. Long term security deposits		
Against utilities	4,467,696	4,467,696
Others	42,086	42,086
	<u>4,509,782</u>	<u>4,509,782</u>
11. Stores, spares and loose tools		
Stores	15,828,200	23,507,482
Spares	16,136,953	18,619,792
Loose tools	97,835	94,936
	<u>32,062,988</u>	<u>42,222,210</u>
12.1 Stores and spares include items that many result in fixed capital expenditure but are not distinguishable.		
	2023 Rupees	2022 Rupees
12. Trade debts		
Considered good		
Unsecured		
Local	49,554,138	93,909,179
	<u>49,554,138</u>	<u>93,909,179</u>

	Note	2023 Rupees	2022 Rupees
13. Loans and advances			
Considered good			
Loans			
Employees	13.1	22,894,963	22,878,601
Advances			
Suppliers		65,257	56,589
For purchases / expenses		178,500	319,000
Income tax		7,289,629	9,140,778
Letters of credit fee margin and expenses		16,475	1,639,229
		<u>30,444,824</u>	<u>34,034,197</u>

13.1 The loans and advances are provided to employees under their terms of employment on interest free basis.

	2023 Rupees	2022 Rupees
14. Other receivables		
Considered good		
Insurance claim	-	75,368
Other	43,360	98,244
	<u>43,360</u>	<u>173,612</u>

15. Tax refunds due from Government

	2023 Rupees	2022 Rupees
Sales tax	14,561,040	14,378,490
Income tax	20,534,684	18,125,607
	<u>35,095,724</u>	<u>32,504,097</u>

16. Short term Investments

	2023 Rupees	2022 Rupees
Investments - at fair value through profit or loss		
UBL Liquidity Plus Fund		
375,333.39 units of Rs. 101.1866/- each	37,978,710	50,695,448
(2022: 501,497.69 units of Rs. 101.08825/- each)		
NBP Financial Sector Income Fund		
2,139,892.93 units of Rs. 10.6271/- each	22,740,856	10,077,537
(2022: 955,126.25 units of Rs. 10.55/- each)		
	<u>60,719,566</u>	<u>60,772,985</u>

16.1 Effective rate of profit during the year was 21.65% (2022: 21.24%) per annum.

16.2 The fair value of the quoted securities is determined based on the quoted prices (unadjusted) in active market for identical assets. It represents Level 1 hierarchy.

	Note	2023 Rupees	2022 Rupees
17. Cash and bank balances			
Cash in hand		2,442,227	996,986
Cash at banks			
In current accounts		14,291,676	26,305,137
In Deposit Accounts	17.1	19,004,662	35,723,359
		<u>35,738,565</u>	<u>63,025,482</u>

17.1 Effective rate of profit during the year is 21% (2022: 8%) per annum.

	Note	2023 Rupees	2022 Rupees
22. Administrative expenses			
Directors' remuneration	27	10,560,000	10,560,000
Salaries and benefits		6,497,069	6,052,460
Staff retirement benefits		3,276,773	2,838,122
Electricity and gas		847,223	785,350
Insurance		1,903,750	1,277,168
Rent, rates and taxes		100,000	100,000
Vehicles running and maintenance		8,208,658	6,154,946
Travelling and conveyance		1,106,911	705,804
Postage, telephone and telex		884,004	839,203
Printing and stationery		641,274	477,079
Auditors' remuneration	22.1	537,500	537,500
Legal and professional		100,640	96,400
Fees and subscriptions		1,507,621	1,576,757
Entertainment		1,362,330	1,452,149
Charity and donations	22.2	650,000	700,000
Depreciation	9.1.1	5,180,879	5,704,589
Other		491,966	615,918
Fine and penalties		-	1,301,350
		<u>43,856,598</u>	<u>41,774,795</u>

22.1 Auditors' remuneration

Assurance services

Annual audit	450,000	450,000
Half yearly review	40,000	40,000

Non-assurance services

	47,500	47,500
	<u>537,500</u>	<u>537,500</u>

22.2 Ashfaq Ahmad - Chief Executive Officer of the Company is Trustee of the Liver Foundation Trust, Faisalabad. The Company has made payment of donations amounting to Rs. 650,000/- (2022: Rs.600,000/) to Liver Foundation Trust during the year.

	2023 Rupees	2022 Rupees
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23. Other operating expenses

Workers' profit participation fund	-	1,127,476
Worker's welfare fund	10,941	570,130
	<u>10,941</u>	<u>1,697,606</u>

24. Finance cost

Interest / mark up on:

Short term bank borrowings	-	5,526
Workers' profit participation fund	82,707	47,444
Bank charges and commission	55,116	157,860
	<u>137,823</u>	<u>210,830</u>

	2023 Rupees	2022 Rupees
25. Provision for taxation		
Current		
For the year	5,927,238	6,346,749
For prior year	384,953	-
Deferred	<u>(40,279,138)</u>	<u>(4,536,966)</u>
	<u>(33,966,947)</u>	<u>1,809,783</u>

25.1 The relationship between tax expense and accounting profit

The relationship between tax expense and accounting profit has not been presented in these financial statements as income is subject to minimum tax. Provision for taxation has been made under section 113 of the Income Tax Ordinance, 2001.

		2023	2022
26. Earnings per share - Basic and diluted			
(Loss) / Profit for the year	(Rupees)	<u>(79,878,073)</u>	<u>19,042,134</u>
Weighted average number of ordinary shares outstanding during the year	(Number)	<u>46,565,035</u>	<u>46,565,035</u>
Earnings per share - Basic and diluted	(Rupees)	<u>(1.72)</u>	<u>0.41</u>

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

27. REMUNERATION TO CHIEF EXECUTIVE OFFICER , DIRECTORS AND EXECUTIVES

	2023			2022		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	-----Rupees-----					
Remuneration	2,653,200	4,422,000	4,360,816	2,653,200	4,422,000	3,152,806
House rent allowance	1,188,000	1,980,000	1,952,604	1,188,000	1,980,000	1,411,704
Conveyance allowance	118,800	198,000	195,260	118,800	198,000	141,170
	<u>3,960,000</u>	<u>6,600,000</u>	<u>6,508,680</u>	<u>3,960,000</u>	<u>6,600,000</u>	<u>4,705,680</u>
Number of persons	1	2	4	1	2	3

27.1 The Chief Executive Officer and Directors are entitled to reimbursement of telephone bills. The monetary value of these benefits is Rs. 141,689/- (2022: Rs. 90,665/-). The Directors have waived off their meeting fee.

28. TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of associated undertakings, directors and key management personnel. Remuneration to Chief Executive Officer and Directors are disclosed in Note 27. The Company has not carried out any other significant transactions with the related parties.

29. PLANT CAPACITY AND ACTUAL PRODUCTION

	2023	2022
Weaving		
Number of looms installed	243	243
Number of looms worked	243	243
Standard cloth production (Sq. meters)	30,711,000	30,711,000
Actual production (Sq. meters)	23,871,431	30,236,640
Sizing		
Warping machines	3	3
Sizing machines	1	1
Standard production (Kgs.)	4,150,000	4,150,000
Actual production (Kgs.)	1,819,423	2,485,093

29.1 Reasons for short fall:

- It is difficult to determine precisely the production / rated capacity in textile weaving since it fluctuates widely depending on various factors such as speed, width and construction of cloth etc.
- The actual production is planned to meet the market demand.

30. NUMBER OF EMPLOYEES

	2023	2022
Total number of employees as at June 30,	482	498
Average number of employees during the year	480	501

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company finances its operations through the mix of equity, debt and working capital management with a view to maintain an appropriate mix between various sources of finance to minimise risk. The overall risk management is carried out by the finance department under the oversight of Board of Directors in line with the policies approved by the Board.

	2023 Rupees	2022 Rupees
31.1 FINANCIAL INSTRUMENTS BY CATEGORY		
Financial assets at amortized cost:		
Deposits	4,509,782	4,509,782
Trade debts	49,554,138	93,909,179
Loans	22,894,963	22,878,601
Other receivables	43,360	75,368
Cash and bank balances	35,738,565	63,025,482
	<u>112,740,808</u>	<u>184,398,412</u>
Financial assets at fair value through profit and loss:		
Short term Investments	<u>60,719,566</u>	<u>60,772,985</u>
Financial liabilities at amortized cost:		
Trade and other payables	<u>46,169,608</u>	<u>42,346,445</u>

31.2 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company's activities expose it to a variety of financial risks (credit risk, liquidity risk and market risk). Risks measured and managed by the Company are explained below:

31.2.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The Company is exposed to concentration of credit risk towards a customer which represent 81.83% (2022: 88.73%) of total trade debts. The maximum exposure to credit risk at the reporting date is as follows:

	2023 Rupees	2022 Rupees
Deposits	4,509,782	4,509,782
Trade debts	49,554,138	93,909,179
Loans	22,894,963	22,878,601
Other receivables	43,360	75,368
Bank balances	33,296,338	62,028,496
Short term Investments at fair value	60,719,566	60,772,985
	<u>171,018,147</u>	<u>244,174,411</u>

Due to the Company's long standing relations with counter parties and after giving due consideration to their financial standing, the management do not expect non performance by these counter parties on their obligations towards the Company.

For trade debts, credit quality of the customer is assessed, taking into consideration its financial position and previous dealings. Individual credit limits are set. The management regularly monitor and review customers credit exposure. The majority of customers of the Company are situated in Pakistan. The trade debts as at reporting date were not past due.

Credit risk of bank balances and investment are limited as these are placed with banks having good credit rating.

The bank balances alongwith credit rating is as follows.

Credit Rating	2023 Rupees	2022 Rupees
AAA	1,644,193	1,180,556
AA+	29,178,052	25,991,472
AA	2,474,094	34,304,965
Others	-	551,503
	<u>33,296,338</u>	<u>62,028,496</u>

The analysis of credit rating of investees' in relation to short term investment are as follows:

	2023 Rupees	2022 Rupees
AA+	37,978,710	50,695,448
A+	22,740,856	10,077,537
	<u>60,719,566</u>	<u>60,772,985</u>

31.2.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity is to maintain sufficient level of liquidity of the Company on the basis of expected cash flows, requirements of holding highly liquid assets and maintaining adequate reserve borrowing facilities to cover liquidity risk. This includes maintenance of statement of financial position liquidity ratios through working capital management. Following are the contractual maturities of financial liabilities including interest payments as at June 30, 2023 and 2022;

	2023		
Carrying amount	Contractual cash flows	Six months or less	
-----Rupees-----			
Financial liabilities:			
Trade and other payables	46,169,608	46,169,608	46,169,608
	46,169,608	46,169,608	46,169,608
	2022		
Carrying amount	Contractual cash flows	Six months or less	
-----Rupees-----			
Financial liabilities:			
Trade and other payables	42,346,445	42,346,445	42,346,445
	42,346,445	42,346,445	42,346,445

The Company will manage the liquidity risk from its own source through equity and working capital management. As at the date of statement of financial position, the Company has liquid assets of Rs. 212.21 (2022: Rs. 273.19 million) and unavailed short term borrowing facilities of Rs. Nil (2022 : Rs. 30 million).

31.2.3 Market risk

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

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Majority of interest rate risk may arise from short term borrowings from banks. The short term borrowing limit of Rs. Nil (2022: Rs. 30 million) is available to the company subject to mark up rate of Nil (2022: 16.66% per annum). An estimated change of 100 basis points in interest rates at the reporting date would have resulted in the increase / decrease of profit for the year and decrease / increase in equity by the amount of Rs. Nil (2022: Rs. 357,234/-).

Interest rate risk may arise from deposit accounts. An estimated change of 100 basis points in interest rates at the reporting date would have resulted in the increase / decrease of profit for the year and decrease / increase in equity by the amount of Rs. 190,045 (2022: Rs. 357,233).

Sensitivity analysis

Sensitivity to interest rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

Fair value sensitivity analysis for fixed rate instruments

The Company has no fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not effect statement of profit or loss.

Cash flow sensitivity analysis for variable rate instruments

There is no exposure of variable rate instruments at the year end requiring sensitivity

ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. At the reporting date, the Company is not exposed to any currency risk.

iii) Equity price risk

Equity price risk is the risk of unfavorable changes in the fair value of the equity securities as a result of changes in the levels of Stock Exchange indexes and the value of individual shares (including the units of mutual funds). The equity price risk exposure arises from the Company's short term investments for which prices in the future are uncertain. The Company's policies to manage price risk through diversification and selection of securities within specified limits set by the internal risk management guidelines.

As at June 30, 2023, the company is exposed to price risk of Rs.60.72 million (2022: 60.77).

An increase or decrease of 10% in the fair values of the Company's equity securities, with all other variables held constant, would result in decrease / increase of profit for the year by Rs.6.07 million (2022: 6.07). This level of change is considered to be reasonably possible based on observation of current market conditions.

31.3 Fair values of financial instruments

The carrying values of all the financial assets and financial liabilities reported in the financial statements approximate their fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

31.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain 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 dividends paid to shareholders, issue new shares or obtain long term financing from directors / financial institutions.

The Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view the future investment requirements and expectation of the shareholders. The capital structure of the Company consists of equity of the Company. Total capital comprises of shareholders' equity as shown in the statement of financial position under 'share capital and reserves' and net debt (debt less cash and cash equivalents). At the reporting date, the Company is not exposed to capital risk.

32. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue on September 30, 2023. by the Board of Directors of the Company.

---SD---
CHIEF EXECUTIVE OFFICER

---SD---
DIRECTOR

---SD---
CHIEF FINANCIAL OFFICER

PROXY FORM

The Corporate Secretary
ASHFAQ TEXTILE MILLS LTD.
8-A/1, Officer Colony,
Susan Road, Madina Town,
Faisalabad.

I/We _____ of _____
being member(s) of ASHFAQ TEXTILE MILLS LIMITED and holder of _____
Ordinary Shares as per Share Register Folio # _____ (In case of Central Depository System
Account Holder A/C # _____ Participant I.D. # _____) hereby
appoint _____ of _____
who is member of the Company as Register Folio # _____ (In case of Central Depository System Account
Holder A/C # _____ Participant I.D. # _____) or failing
him/her _____ of _____
who is member of the company as Register Folio # _____ (In case of Central Depository System
Account Holder A/C # _____ Participant I.D. # _____)
as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the company to be
held on Saturday, October 28, 2023 at 10.00 a.m. at any adjournment thereof.

Signd this _____ day of _____ 2023.

Affix Rs. 5/-
Revenue
Stamp

Signature

(Signature appended above should agree with the
specimen signature registered with the Company.)

NOTES:

1. The proxy form, duly completed and signed, must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he / she himself / herself is a member of the Company, except that, a corporation may appoint any person as a proxy who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company all such instruments of proxy shall be rendered invalid.
4. In case of proxy for an individual CDC shareholder, attested copies of NIC or the passport, account and participant's I. D. number of the beneficial owner alongwith the proxy is required to be furnished with the proxy form.
3. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form of the Company.