

EST. 1993

image

30  
TURNS

FROM FABRIC,  
TO FASHION

Image Pakistan Limited

Annual Report 2023

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## Company Information

<b>Board of Directors:</b>	Mr. S. Hussam Subzwari Mr. Asad Ahmad Ms. Farnaz Ahmad Ms. Uzma Ahmad Ms. Marium Ahmad Mr. Jawed Ahmed Siddiqui Mr. M. Ziyad Akhtar Syed	Non-Executive Chairman/Independent Director Chief Executive Non-Executive Director Non-Executive Director Non-Executive Director Executive Director Non-Executive Director/Independent Director
<b>Auditors:</b>	M/s. Feroze Sharif Tariq & Co. Chartered Accountants	
<b>Bankers:</b>	Al Baraka Bank (Pakistan) Ltd. Bank Alfalah Ltd. Bank AL Habib Ltd. Habib Bank Ltd. MCB Bank Ltd.	
<b>Audit Committee:</b>	Mr. M. Ziyad Akhtar Syed Mr. S. Hussam Subzwari Ms. Farnaz Ahmad	Chairman Member Member
<b>Human Resource Committee:</b>	Mr. S. Hussam Subzwari Ms. Farnaz Ahmad Ms. Uzma Ahmad	Chairman Member Member
<b>Legal Counsel:</b>	Mr. M. Haseeb Jamali LLM	
<b>Liaison Office:</b>	A/33, Central Commercial Area, Block 7/8, Main Shahrah-e-Faisal, Karachi-75350	
<b>Registered Office:</b>	F/538, S.I.T.E., Karachi-75700	
<b>Shares Registrar / Transfer Agent:</b>	M/s. Hameed Majeed Associates (Pvt) Ltd. 4 <sup>th</sup> Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.	
<b>Plant:</b>	F/538, S.I.T.E., Karachi-75700	

## **Notice of Meeting**

Notice is hereby given that the Thirty Third Annual General Meeting of Image Pakistan Limited, will be held on Friday, October 27, 2023 at 9.00 am at A/33, Central Commercial Area, Block 7/8, Main Shahrah-e-Faisal, Karachi to transact the following business:

1. Recitation from the HOLY QURAN.
2. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the year ended June 30, 2023 together with the Directors' and Auditors' Report thereon and Chairman's Review Report.
3. To consider and approve as recommended by the Board of Directors, payment of cash dividend @ 15% i.e. Rs. 1.50 per share.
4. To appoint Auditors of the Company and fix their remuneration.
5. (a) The transactions carried out in normal course of business with related parties as disclosed in Note No. 36 during the year ended June 30, 2023 be and are hereby ratified and approved.  
(b) The Board of Directors of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with related parties during the ensuing year ending June 30, 2024.  
(c) These transactions by the Board of Directors of the Company shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification / approval.
6. To transact any other business with the permission of the Chair.

By Order of the Board

Karachi: October 6, 2023

Company Secretary

### **NOTES:**

1. The Share Transfer Books of the Company will remain closed from October 23, 2023 to October 30, 2023 (both days inclusive).
2. Participation in the AGM proceeding via the video Conference facility:  
The AGM proceeding can also be attended via video conference facility. Shareholders interested to participate in the meeting are requested to email their Name, Folio Number, Cell Number, Computerized National Identity Card (CNIC) Number, and Number of shares held in their name with subject "Registration for Image Pakistan Limited AGM" along with valid copy of both sides of CNIC at [info@image.net.pk](mailto:info@image.net.pk). Video link and login credentials will be shared with only those members whose emails, containing all the required particulars, are received at least 48 hours before the time of AGM. Shareholders can also provide their comments and questions for the agenda items of the AGM at the email.
3. A member entitled to attend AGM is entitled to appoint a proxy and vote in his place at the meeting. Proxy Forms in order to be effective must be received at the registered office of the Company at F/538, S.I.T.E., Karachi duly stamped, signed and witnessed, not later than 48 hours before the meeting.

4. CDC Shareholders or their Proxies are required to bring with them their Original CNIC or Passport along with the Participant's I.D. number and their account number at the time of attending AGM in order to authenticate their identity.
5. Proxy form must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC number must be mentioned on the form, along with attested copies of the CNIC or passport of the beneficial owner and the proxy.
6. In case of corporate entity, the Board of Directors' resolution / power of attorney with the specimen signature of the proxy holder shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
7. Members are requested to notify any change in their addresses immediately to our Shares Registrar M/s. Hameed Majeed Associates (Pvt) Ltd., 4<sup>th</sup> Floor, Karachi Chamber, Hasrat Mohani Road, Karachi.

## اجلاس کا نوٹس

نوٹس ہذا کے ذریعے مطلع کیا جاتا ہے کہ ایچ پاکستان لمیٹڈ کا تیسواں (33واں) سالانہ اجلاس عام (AGM) 27 اکتوبر 2023ء بروز جمعہ صبح 09:00 بجے بمقام A/33، سینٹرل کمرشل ایریا، بلاک 7/8، مین شاہراہ فیصل، کراچی میں مندرجہ ذیل امور پر بحث کے لئے منعقد ہوگا:

1. قرآن پاک کی تلاوت
2. 30 جون 2023ء کو اختتام پذیر سال کے لئے کمپنی کی علیحدہ اور مشترکہ پڑتال شدہ مالیاتی اسٹیٹمنٹس بمعہ ڈائریکٹرز اور آڈیٹرز رپورٹ اور چیئرمین کی تجزیاتی رپورٹ کو وصول کرنا، زیر غور لانا اور اپنانا۔
3. بورڈ آف ڈائریکٹرز کی سفارشات پر 15 فی صد کی شرح سے یعنی 1.50 روپے فی شیئر کے حساب سے نقد ڈیویڈنڈ کی ادائیگی پر غور کرنا اور منظوری دینا۔
4. کمپنی کے آڈیٹرز کا تقرر کرنا اور ان کا مشاہیرہ طے کرنا۔
5. (a) 30 جون 2023ء کو اختتام پذیر سال کے دوران عمومی کاروباری امور میں نوٹ نمبر 36 میں بیان کردہ متعلقہ فریقین کے ساتھ لین دین کی یہاں باقاعدہ تصحیح کی جاتی اور انہیں منظور کیا جاتا ہے۔“  
(b) آئندہ سال مختتمہ 30 جون 2024ء کے دوران عمومی کاروباری امور میں متعلقہ فریقین سے لین دین کی منظوری کے لئے یہاں باضابطہ طور پر کمپنی کے بورڈ آف ڈائریکٹرز کو مجاز ٹھہرایا جاتا ہے۔  
(c) کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے یہ ٹرانزیکشنز حصص داران کی جانب سے منظور شدہ ٹرانزیکشنز شمار ہوں گی اور ان کی باقاعدہ تصحیح اور منظوری کے لئے آئندہ سالانہ اجلاس عام میں شیئر ہولڈرز کے سامنے رکھا جائے گا۔
6. چیئرمین کی اجازت سے دیگر امور پر بحث کرنا۔

بحکم بورڈ  
کمپنی سیکریٹری

کراچی: 06 اکتوبر، 2023ء

## مندرجات:

1. کمپنی کی شیئر ٹرانسفر books مورخہ 23 اکتوبر 2023ء سے 30 اکتوبر 2023ء تک (بشمول دونوں ایام) بند رہیں گی۔
2. بذریعہ ویڈیو کانفرنس سہولت AGM کی کارروائی میں شرکت:  
AGM کی کارروائی میں بذریعہ ویڈیو کانفرنس سہولت بھی شرکت کی جاسکتی ہے۔ اجلاس میں شرکت کے خواہش مند شیئر ہولڈرز سے گزارش ہے کہ وہ اپنے نام، فوئیو نمبر، سیل نمبر، کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) نمبر اور اپنے ملکیتی حصص کی تعداد پر مشتمل معلومات بمعہ CNIC کی دونوں اطراف کی کارآمد نقول عنوان کی جگہ پر ”میج پاکستان لمیٹڈ کی AGM کے لئے رجسٹریشن“ تحریر کر کے [info@image.net.pk](mailto:info@image.net.pk) پر ای میل کریں۔ ویڈیو لنک اور لاگ ان کی تفصیلات صرف ان اراکین کے ساتھ شیئر کی جائیں گی جن کے ای میل بمعہ درکار معلومات AGM کے انعقاد سے کم از کم 48 گھنٹے قبل وصول ہو جائیں۔
3. AGM میں شرکت کا اہل رکن ایک پراکسی مقرر کر سکتا ہے اور اجلاس میں اُس کی جگہ ووٹ کر سکتا ہے۔ پراکسی فارم کو مؤثر بنانے کی غرض سے یہ باقاعدہ مہر اور دستخط شدہ اور گواہان سے تصدیق شدہ کمپنی کو S.I.T.E., F/538 کراچی پر اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل پہنچ جانا چاہئے۔
4. CDC شیئر ہولڈرز یا ان کے پراکسی کو اپنی شناخت ثابت کرنے کے لئے اجلاس میں شرکت کے موقع پر اپنا شراکت آئی ڈی بمعہ اصلی شناختی کارڈ یا پاسپورٹ ہمراہ لانا ہوگا۔
5. کمپنی کو پراکسی فارم مقررہ وقت میں جمع کرایا جائے۔ جس پر دو افراد کی گواہی ہو جن کے نام نام، پتے اور شناختی کارڈ نمبر فارم پر لازمی درج ہوں۔ اس فارم کے ساتھ مستفید ہونے والے مالک اور پراکسی کے شناختی کارڈ اور پاسپورٹ کی مصدقہ نقول منسلک ہونی چاہئیں۔
6. کاروباری ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ بمعہ پراکسی ہولڈر کے نمونہ کے دستخط کمپنی کو پراکسی فارم کے ساتھ جمع کرایا جائے (اگر پہلے جمع نہیں کرایا گیا ہے)۔
7. اراکین سے گزارش ہے کہ اپنے پتے میں تبدیلی کی صورت میں ہمارے شیئر رجسٹرار میسرز جمید جمید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ دفتر واقع چوتھی منزل، کراچی چیمبر، حسرت موہانی روڈ، کراچی کو فوراً آگاہ کریں۔

## Chairman's Review

It gives me immense pleasure to communicate with our valued members and stakeholders and to present the Annual Report of Image Pakistan Limited for the year ended June 30, 2023 and to appraise them on the overall performance of the Board and the effectiveness of the role played by the Board in achieving the Company's objectives by illustrating the overall performance and achievements of the Company.

I extend my appreciation to the company and its management for following the best practices relating to corporate governance and complies with all the relevant requirements of Companies Act, 2017 and the Code of Corporate Governance as per Listed Companies (Code of Corporate Governance) Regulations, 2019. The board members continued to ensure and extend their guidance to the management to meet all legal and regulatory requirements.

Here, I would also like to place on record my sincere appreciation to our staff members for their valuable services and to the shareholders / other stakeholders for their continued support and trust towards the management and the Company.

**S. Hussam Subzwari**  
Chairman

Place: Karachi  
Dated: September 28, 2023



## چیرمین کا تجزیہ

میں 30 جون 2023ء کو اختتام پذیر سال کے لئے اپنے معزز اراکین اور اسٹیک ہولڈرز کو ایچ پاکستان لمیٹڈ کی سالانہ رپورٹ ازراہ مسرت پیش کرتا ہوں اور بورڈ کی مجموعی کارکردگی اور کمپنی کی کارکردگی اور کامیابیوں کی عکاسی کرنے والے کمپنی کے مقاصد حاصل کرنے میں بورڈ کے مؤثر کردار کی قدر کرتا ہوں۔

میں بہترین کاروباری عمل داری اور کمپنیز ایکٹ 2017ء کے متعلقہ اصولوں اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط 2019ء کی تعمیل پر کمپنی اور اس کی انتظامیہ کو خراج تحسین پیش کرتا ہوں۔ بورڈ اراکین نے تمام قانون ورگیولیٹری معیارات کو پورا کرنے میں انتظامیہ کی مسلسل رہنمائی کو یقینی بنایا ہے۔

یہاں میں اپنے عملے کے تمام اراکین کی گراں قدر خدمات اور انتظامیہ اور کمپنی پر شیئر ہولڈرز/دیگر اسٹیک ہولڈرز کے مسلسل بھروسے اور حمایت پر شکریہ ادا کرتا ہوں۔

ایس۔ حسام سہزواری

چیرمین

مقام: کراچی

تاریخ: 28 ستمبر 2023ء



**ITC**

COLLEGE OF FASHION  
& TEXTILES

EST. 1993

**Image**



Established in 1993 as a fabric manufacturing company, Image Pakistan Limited has grown to be one of Pakistan's leading fashion and retail houses. Image's Schiffli embroidered fabric has been renowned for its classic aesthetic and premium quality in the textile field for decades. In a short span of a few years, Image has established itself as a high-quality, fashion-forward clothing brand with a store presence across five cities in Pakistan and a strong global online presence; we ensure our product is accessible to women worldwide.

To cater to the different needs of our customers, we offer both Unstitched and Ready-to-Wear collections. We aim to create affordable products that are minimal, chic, and timeless for women across the globe. For our company's outstanding performance in e-commerce, including setting up the first shop on Amazon with a Pakistan ID, we were awarded the "Prime Ministers Excellence Award" at the National E-Commerce Convention in February 2022.

The quality of our fabric, stitching and chic yet timeless style has made Image one of the most acclaimed household names today.

# COMPANY MILESTONES

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1990

Incorporation of company.

1992

Listed at Pakistan Stock Exchange.

2016

Restructured/ Diversified into fashion retail sector under brand name: IMAGE.

2017

Expansion in central region.

2021

1. 150% growth in sales volume.
2. Incorporated a wholly owned subsidiary Image Tech Ltd.
3. The first transaction based on the concept of \*Risk Guarantee Fund\* signed between Image Pakistan Ltd and ORIX Modaraba and Energy conversion fund for the GEF funded project.
4. Image Pakistan Limited is the first company to get approval from Amazon as seller.

2022

1. Recipient of Prime Minister Excellence Award for E-commerce 2022.
2. Opened 4 new retail outlets.
3. In Nov, 2022 image Pakistan as been awarded 5A2 Business Rating by world renowned Dun & Bradstreet.
4. 71% growth in sales volume.

2023

1. Strong revenue growth of more than 57% in FY 22-23
2. Expanded global footprint with exclusive online stores in USA, UK, UAE
3. Store and online sales outperformed
4. Volume and value market share increased

# OUR JOURNEY

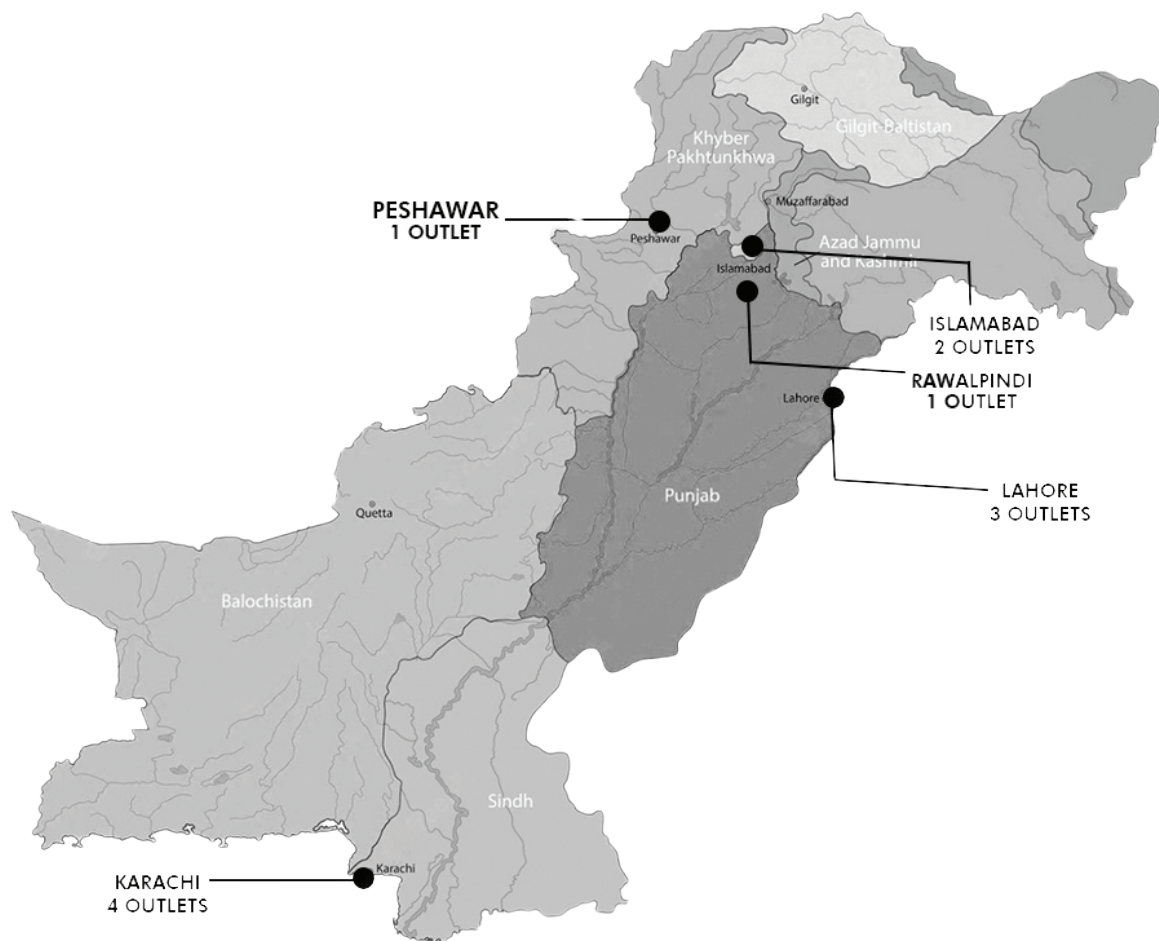
Image capitalized on the changing retail landscape of Pakistan and built stores across major cities in Pakistan that provide superior products both in terms of quality and design, with the value addition of selling 'Designer Clothing' at affordable prices. Since its entry into the retail design industry in July 2015, Image has established itself as a high-quality fashion label in clothing in a short span of time.

Commitment to excellence and creativity, has made Image one of the most acclaimed household names amongst fashion brands. Image also has a strong e-commerce presence, both nationally and internationally, and in 2021, Image became the first Pakistani seller to be officially listed on Amazon. Being included in the seller's list enabled Image to gain access to more than 400 million consumers across the world.

## EXPANDING OUR FOOTPRINT ACROSS THE WORLD

Discover Image Pakistan's enthralling collections across our eleven stores, located within five major cities: Karachi, Lahore, Peshawar, Rawalpindi, and Islamabad. As we scale to new heights by going global, we bring our distinctive style and impeccable craftsmanship closer to fashion aficionados around the country.

Image Pakistan has exclusive online stores in the top countries across the globe, in particular: UK, USA, and UAE



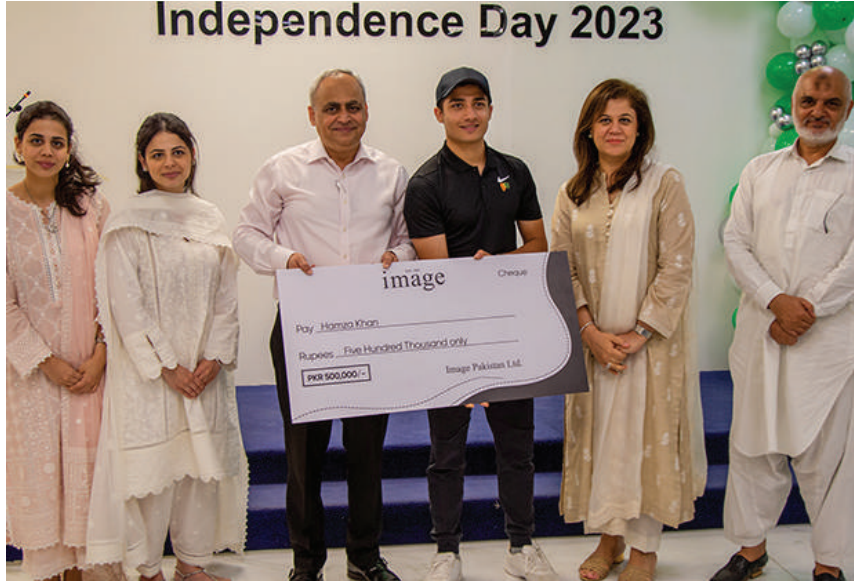
## Directors' Report

The audited accounts of the Company for the year ended June 30, 2023 are presented herewith.

### **FINANCIAL RESULTS**

The Consolidated Financial Results of the Company are summarized as follows:

	Rupees <b>2023</b>	Rupees <b>2022</b>
Gross Sales:		
Local	2,841,990,951	1,844,330,638
Export	184,999,035	72,144,732
	3,026,989,986	1,916,475,370
Less: Sales Tax	330,678,233	198,234,801
Net Sales	2,696,311,753	1,718,240,569
Less: Cost of Sales	1,654,108,999	973,389,785
Gross Profit	1,042,202,753	744,850,784
<b><u>Operating Expenses</u></b>		
Distribution and Selling Cost	465,922,174	332,736,249
Administrative and General Expenses	191,560,963	166,833,860
	657,483,137	499,570,109
Operating Profit	384,719,616	245,280,676
Other Income / (Loss)	1,643,387	(34,363,716)
	386,363,003	210,916,960
Finance Cost	38,976,790	31,609,843
	347,386,213	179,307,117
Other Charges	13,327,527	7,259,513
Profit before Taxation	334,058,686	172,047,604
Provision for Taxation	(45,421,580)	36,114,249
Profit after Taxation	288,637,106	208,161,853
<b>Profit attributable to</b>		
Owner of the Parent Company	288,576,279	208,137,237
Non-Controlling Interest	60,826	24,616
	288,637,106	208,161,853





## **BUSINESS:**

Alhamdulillah, Image Pakistan Limited reports a strong revenue growth of more than 57% in FY 22-23. Image is a special business with so much potential. Delivering performance and driving change is everyone's responsibility at Image, and they have done a remarkable job. Despite facing significant headwinds, we are encouraged by the strong foundations established over the years and excited about what we can achieve in the year ahead. We have delivered strong results in 2022-2023 despite significant inflationary costs, headwinds influencing margins.

While store sales outperformed, online sales were also up. Alongside this, volume and value market share increased. Image has a heritage of quality, style, innovation and value for money and the continuous introduction of new categories specially Printkari, Reshamkari and Image Studio has helped in increasing customer base and revenue. The Company has started international e-commerce on delivered duty paid basis i.e. DDP worldwide and hope to capture new territories in months to come. There are many reasons for Image's success, including: strong international growth, consumers more insulated from economic pressures, constant creativity in designing, a push into new segments like semi-formal / formal wear and brand-building. Image has a great future!

The economy in Pakistan is passing through a turbulent time due to the devaluation of PKR, high inflation, energy and commodity prices. All these factors are putting huge pressure on the disposable income of the consumers and might have an adverse impact on the consumption. These factors have resulted in reducing margins as the total increase in cost cannot be passed on to the customers.

The company has a conservative capital structure characterized by the low debt / equity ratio as a result of the practically non-existent debt financing and the strength of its equity particularly in view of high interest rate environment resulting in low financial charges which is a big source of strength given the present high cost of funds.

## **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Company strongly believes that business profitability and positive social impact must be mutually reinforced. Our company can only be successful in the long term if we create value for our Social Capital. During the period under review, our CSR Initiatives were as under:

### **Designer's Retreat**

Image recognizes that creativity flourishes in an inspiring atmosphere, and embarked on a rejuvenating journey to Nathiagali for a designers' retreat that united diverse teams, including textile designers and fashion stylists. This retreat not only recharged their creative energies but also strengthened the team spirit, fostering unity and renewed focus as the Image team returned to work with a heightened sense of creativity and enthusiasm.

### **Breast Cancer Awareness Seminar**

At Image, there are significant number of female staff members and given the fact that breast cancer awareness among them is very important especially in Pakistan where mortality rate due to breast cancer is the highest among all Asian countries. Image conducted a seminar to provide knowledge and distributed the pink ribbon, the international symbol of breast cancer awareness.

### **Matrix Fit**

Image is very much concerned about the general fitness of the Image family and, therefore, it engaged Matrix Fit (Pakistan's # 1 performance training center) to promote the concept of fitness as a lifestyle and profession within the staff members of Image.

### **International Women's Day**

The United Nations Observance of International Women's Day is to honour and celebrate for the women and girls who are leading the way in the development of transformational technology and digital education. Image observed UN International Women's Day on 3<sup>rd</sup> March, 2023 to promote the theme of the day "DigitALL: Innovation and technology for gender equality".

### **Hamza Khan – World Junior Squash Champion**

17 years old, Hamza Khan won the final of World Junior Squash Championship played in Melbourne, Australia and bringing the title to Pakistan after 37 years.

A ceremony was held on 17<sup>th</sup> August, 2023 at Image to facilitate Hamza Khan on becoming the World Junior Squash Champion and raising Pakistan's flag. Mr. Asad Ahmad, Chief Executive presented him a cheque of Rs. 500,000/- on his achievement as well as assured him full support in achieving his future endeavors.

### **Torsam Khan Squash Championship**

Image was the sponsor of 2<sup>nd</sup> Image Torsam Khan (Junior & Senior Men & Women) Squash Championship held from 29<sup>th</sup> April, 2023 to 2<sup>nd</sup> May, 2023 at Navy RK-JK Squash Complex, Karachi. The Squash legend Jahangir Khan was the Chief Guest who very much appreciated the efforts of Image for providing opportunity to juniors, men and women squash players to participate in mega event and display their skills and techniques at the game.

### **Donation**

Our Company is fully cognizant of its Corporate Social Responsibility and regularly donates funds to various charitable organizations to support the areas of women empowerment, education, health, and community development. Alhamdulillah, your Company has donated 1.50% of after tax profit during this year towards the above mentioned causes.

### **Ahmad Ismail Medical Centre (AIMC)**

Alhamdulillah, Ahmad Ismail Medical Centre (AIMC) named after the founder of your Company Late Mr. Ahmad Ismail is being built at Hawksbay and will soon be functional during the current year. It has been built by an associated concern Tri-Star Foundation and sponsors of your Company and is 100% self funded. AIMC will run as a welfare medical facility to be provided to the poor and needy and down trodden fishermen community residing at Hawksbay. It is a demanding endeavor but will benefit those section of people living at the fringes of society.

## **DISASTER RECOVERY & BUSINESS CONTINUITY PLAN (BCP)**

We are one of the finest manufacturer and retailer of Embroidered Fabric and Ready-To-Wear garments, having several outlets in different cities / locations running with systems, fixed assets and inventories worth billions of rupees. Accordingly, we realize that some disasters may cause severe losses to the Company's operations and its outlets.

Hence, a Business Continuity Plan (BCP) is in place which is an action plan formulated in advance with the aim of preventing the stoppage of important and crucial Company operations or restoring and

restarting them in as little time as possible if they are interrupted by the occurrence of an unexpected event such as a natural disaster or an incident. A comprehensive schedule being implemented to impart training (including mock exercises) to factory employees and outlet staff to prepare themselves for any situation, so that business continuity may be ensured.

## **SUSTAINABLE DEVELOPMENT GOALS (SDGs)**

The Company is determined to adopt the Sustainable Development Goals (SDGs) as a strategic plan for its journey towards sustainability. This year too, we continued to align our following practices to meet the Global goals and to use business driven approaches to create lasting economic growth:

### **Diversity & Inclusion**

**Gender Diversity:** Our Company is well aware of the importance of gender diversity for the development of good firm environmental policy as well as for the improvement of corporate governance. Therefore, our Company has three female directors on its Board as well as a sizeable number of females in work force and a reasonable number of female staff in HR, Marketing and Design Departments.

**Minorities:** There is no disparity within our Company as to religion or cast and the staff members include Christians, Hindus, etc. Our Company has high regards to all minority people.

**Training of Unskilled and Running of Skilled Program:** Considerable efforts have been made by the Company in recent years to recruit unskilled workers, train them before they are employed, and deal with various problems once they are on the job. Simultaneously, Our Company also runs professional training programs for its skilled staff, within and outside the organization to further improve their professional skills. These training programs have significantly contributed to improvement of relationships.

### **Environmental Management Plan (EMP)**

Alhamdulillah, Sindh Environmental Protection Agency (SEPA) has approved Environmental Management Plan (EMP) of your Company based on following:

- Availability of clean / hygienic water and proper sanitation
- Installation of air pollution control equipments and proper disposal of wastewater
- Maintenance of clean, healthy and safe work environment
- Efficient emergency response and contingency plan for the sack of risk mitigation
- Installation of fire and smoke detection devices
- Plantation of trees of indigenous species

## **SHARIAH COMPLIANT**

The Securities & Exchange Commission of Pakistan being satisfied that our Company meets the minimum criteria for Shariah Compliance has granted Shariah Compliance Certificate for a period of 3 years valid upto September, 2025.



## DIVIDEND

The Board of Directors have recommended a cash dividend of Rs. 1.50 per share i.e. 15% for the year ended 30.6.2023. This is in addition to the 15% bonus shares already issued as an interim dividend for the year ended 30.06.2023.

## SUBSIDIARIES OF IMAGE PAKISTAN LIMITED

The Company 100% owns three subsidiaries, a brief of each subsidiary is as follows:

**1. Image Tech Limited**

This subsidiary was incorporated as Public Limited Company on 12<sup>th</sup> July, 2021 to avail the incentives announced by the Government of Pakistan for technology companies including digital electronics and internet related services such as e-commerce. The Company is actively involved in doing e-commerce both locally and internationally.

**2. Image International Limited**

This overseas subsidiary was incorporated on 17<sup>th</sup> November, 2021 in the UK. The Company has made arrangements of fulfilment in the UK and the business has scaled manifolds.

**3. Tri-Star Image (USA) Inc.**

This overseas subsidiary was incorporated on 4<sup>th</sup> January, 2022 in USA. The Company has made arrangements for making delivered duty paid i.e. DDP which has resulted in scaling e-commerce volumes.

## BOARD OF DIRECTORS

The present Board of Directors assumed their office with effect from 24<sup>th</sup> December, 2021 for a period of three years.

## AUDITORS

The present Auditors M/s. Feroze Sharif Tariq & Co., Chartered Accountants, are due for retirement and being eligible to offer themselves for reappointment. As required by the Code of Corporate Governance, the Board of Audit Committee has recommended the re-appointment of M/s. Feroze Sharif Tariq & Co., Chartered Accountants, as auditors of the Company for the ensuing year.

## PATTERN OF SHARE HOLDING

A statement showing pattern of shareholding in the Company as on June 30, 2023 appear on Page No. 115.

## STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAME WORK

- a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations' cash flows and change in equity.
- b) Proper books of accounts of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and departure therefrom has been adequately disclosed.
- e) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- f) The trading in shares of Company was done by Directors as follows:

<u>Name</u>	<u>Designation</u>	<u>No. of Shares</u>
Bonus Shares Mr. Asad Ahmad	Director	5,519,760
Bonus Shares Ms. Farnaz Ahmad	Director	2,106,528
Bonus Shares Ms. Uzma Ahmad	Director	578,172
Shares Purchased by Ms. Marium Ahmad	Director	100,000
Bonus Shares Ms. Marium Ahmad	Director	1,886,325
Bonus Shares Mr. S. Hussam Subzwari	Director	563
Bonus Shares Mr. Jawed Ahmed Siddiqui	Director	323
Bonus Shares Mr. M. Ziyad Akhtar Syed	Director	225

- g) None of the Director, Chief Executive, Executives and their spouses and minor children have traded in the shares of the company during the year other than the ones mentioned above.
- h) Key operating and financial data for the last six years in summarized form is annexed.
- i) During the year five (5) meetings of the Board of Directors were held, attendance by each Director is as follows: -

<u>Name of Director</u>	<u>No. of Meetings attended</u>
Mr. Asad Ahmad	5
Ms. Farnaz Ahmad	5
Ms. Uzma Ahmad	5
Ms. Marium Ahmad	5
Mr. Jawed Ahmed Siddiqui	5
Mr. S. Hussam Subzwari	5
Mr. M. Ziyad Akhtar Syed	4

## DIRECTORS' REMUNERATION

The Board of Directors has approved Directors' Remuneration Policy. The main features of the policy are as follows:

- The Company shall not pay remuneration to its non-executive directors including independent director except for meeting fee for attending the Board and its Committees' meetings.
  - The remuneration of Directors and fee for attending Board meeting is determined by an approved policy in accordance with Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019.
  - The Directors' Remuneration Policy will be reviewed and approved by the Board of Directors from time to time.
- j) The pattern of certificate holdings is annexed.

On behalf of the Board

**Asad Ahmad**  
Chief Executive

**Uzma Ahmad**  
Director

Place: Karachi.

Dated: September 28, 2023

## ڈائریکٹرز کی رپورٹ

30 جون 2023ء کو اختتام پذیر سال کے لئے کمپنی کے پڑتال شدہ کھاتے حسب ذیل پیش کئے جا رہے ہیں:

### مالیاتی نتائج

کمپنی کے مشترکہ مالیاتی نتائج کا خلاصہ حسب ذیل ہے:

2022ء	2023ء	کل فروخت
1,844,330,638	2,841,990,951	مقامی
72,144,732	184,999,035	ایکسپورٹ
1,916,475,370	3,026,989,986	
198,234,801	330,678,233	منفی: سیلز ٹیکس
1,718,240,569	2,696,311,753	خالص سیلز
973,389,785	1,654,108,999	منفی: سیلز پر لاگت
744,850,784	1,042,202,753	کل منافع
		<b>آپریٹنگ اخراجات:</b>
332,736,249	465,922,174	ڈسٹری بیوشن اور سیلنگ لاگت
166,833,860	191,560,963	انتظامی و عمومی اخراجات
499,570,109	657,483,137	
245,280,676	384,719,616	آپریٹنگ منافع
(34,363,716)	1,643,387	دیگر آمدنی/(خسارہ)
210,916,960	386,363,003	
31,609,843	38,976,790	قرضوں پر لاگت
179,307,117	347,386,213	
7,259,513	13,327,527	دیگر اخراجات
172,047,604	334,058,686	نفع بمعہ ٹیکسیشن
36,114,249	(45,421,580)	ٹیکسیشن
208,161,853	288,637,106	نفع علاوہ ٹیکسیشن



## مندرجہ ذیل سے منسوب منافع

208,137,237	288,576,279	مرکزی کمپنی کا مالک
24,616	60,826	نان کنٹرولنگ انٹرسٹ
<u>208,161,853</u>	<u>288,637,106</u>	

## کاروبار

الحمد للہ، ایچ پاکستان لمیٹڈ نے مالیاتی سال 23-22 میں 57 فی صد سے زائد کی مستحکم آمدنی رپورٹ کی۔ ایچ ایسا خصوصی کاروبار جس میں ترقی کے بہت زیادہ مواقع ہیں۔ ایچ میں بہترین نتائج دینا اور تبدیلی کے ساتھ چلنا ہر کسی کی ذمہ داری ہے اور اس بابت سب نے شاندار کارکردگی دکھائی ہے۔ شدید مشکلات کا سامنا کرنے کے باوجود، ہم کئی سالوں سے قائم مضبوط بنیادوں سے حوصلہ پکڑتے ہیں اور آئندہ سالوں میں ممکنہ کامیابیوں کے لئے پرجوش ہیں۔ ہم نے مہنگائی سے پیدا اخراجات اور منافع پر اثر انداز ہونے والے عوامل کے باوجود سال 2022-2023 میں مثبت نتائج ڈیلیور کئے ہیں۔

اسٹورز پر شاندار سیلز کے ساتھ ساتھ ہم نے آن لائن ذرائع سے بھی فروخت کے اہداف حاصل کئے۔ علاوہ ازیں، مارکیٹ میں ہماری قدر اور حجم میں اضافہ ہوا۔ ایچ اپنے معیار، انداز، جدت اور پیسوں کا معیاری نعم البدل فراہم کرنے اور پرنٹ کاری، ریشم کاری اور ایچ اسٹوڈیو جیسی نئی کیلنگریز کو متعارف کرانے کے لئے جانا جاتا ہے جس کی نتیجے میں صارفین کی تعداد اور آمدنی میں اضافہ ہوا۔ کمپنی نے ڈیلیورڈ ڈیوٹی پیڈ (DDP) کی بنیاد پر عالمی سطح پر ای کامرس کا آغاز کیا ہے لہذا ہم پر امید ہیں کہ آئندہ مہینوں میں ہم نئے افق تسخیر کریں گے۔ ایچ کی کامیابی کی بڑی وجوہات میں مستحکم بین الاقوامی نمو، معاشی دباؤ سے متاثرہ صارفین، ڈیزائننگ میں مسلسل جدت، نیم روایتی/روایتی لباس جیسے نئے شعبوں کی شمولیت اور برانڈ بلڈنگ شامل ہیں۔ ایچ کا مستقبل تابناک ہے!

پاکستان کی معیشت پاکستانی روپے کی قدر میں کمی، افراط زر کی بلند شرح، توانائی و اشیائے ضروریہ کی قیمتوں میں اضافہ جیسے عوامل کے باعث انتہائی مشکل دور سے گزر رہی ہے۔ مذکورہ بالا تمام عوامل صارفین کی قابل صرف آمدنی پر دباؤ ڈال رہی ہے جس کے کھپت پر انتہائی مضر اثرات مرتب ہو سکتے ہیں۔ یہ عوامل نفع میں کمی کا باعث بن رہے ہیں کیونکہ لاگت میں اضافہ کو مکمل طور پر صارفین تک منتقل نہیں کیا جاسکتا۔

عملی طور پر ڈیٹ فائٹنگ کی عدم موجودگی اور بلند شرح سود کے ماحول میں ایکویٹی کے استحکام کے نتیجے میں کمپنی کا سرمایہ داری ڈھانچہ کم قرض بنام ایکویٹی تناسب کی عکاسی کرتا ہے۔

## کاروباری سماجی ذمہ داری (CSR)

کمپنی مکمل یقین رکھتی ہے کہ کاروباری منافع اور مثبت سماجی اثرات میں مطابقت قائم کی جائے۔ اگر ہم سماجی سرمایہ کی قدر میں اضافہ کریں گے تو ہی کمپنی دائمی کامیابیاں حاصل کر سکے گی۔ زیر جائزہ مدت کے دوران ہماری CSR سرگرمیاں مندرجہ ذیل رہیں:

### ڈیزائنرز ریٹریٹ

امیج یقین رکھتی ہے کہ تخلیقی صلاحیتیں حوصلہ افزا ماحول میں ہی فروغ پاتی ہیں لہذا ڈیزائنرز ریٹریٹ کے لئے نتھیا گلی کی جانب ایک سہانے سفر کا آغاز کیا گیا جس نے مختلف ٹیموں بشمول ٹیکسٹائل ڈیزائنرز اور فیشن اسٹائلنگ کو اکٹھا کیا۔ اس مہم نے نہ صرف ان کی تخلیقی صلاحیتوں کو جلا بخشی بلکہ ٹیم سپرٹ کو مضبوط کیا تاکہ امیج ٹیم کی کام پر واپسی متحد اور تازہ ترین اہداف کے مطابق ہو اور وہ نئے تخلیقی جذبہ اور صلاحیتوں سے لیس ہوں۔

### چھاتی کے کینسر سے متعلق آگاہی سیمینار

امیج میں، خواتین کی کثیر تعداد عملے کا حصہ ہے اور خصوصاً پاکستان میں چھاتی کے کینسر سے آگاہی بہت ضروری ہے جہاں چھاتی کے کینسر کی وجہ سے شرح اموات تمام ایشیائی ممالک میں سب سے زیادہ ہے۔ لہذا، امیج نے آگاہی پیدا کرنے کے لئے سیمینار کا اہتمام کیا اور پنک ربن تقسیم کئے جو چھاتی کے کینسر سے آگاہی کی بین الاقوامی علامت ہے۔

### میٹرکس فٹ

امیج اپنے عملے کی عمومی صحت سے متعلق انتہائی حساس ہے۔ لہذا امیج نے فٹ نیس کے تصور کو امیج عملے کے طرز زندگی اور پیشے کے طور پر تبدیل کرنے کے لئے میٹرکس فٹ (پاکستان کا اولین ٹریڈنگ سنٹر) کے ساتھ شراکت داری کی۔

### خواتین کا عالمی دن

متغیر ٹیکنالوجی اور ڈیجیٹل تعلیم کی ترقی میں اولین کردار ادا کرنے والی خواتین اور لڑکیوں کو خراج تحسین پیش کرنے کے لئے اقوام متحدہ خواتین کا عالمی دن مناتی ہے۔ ”DigitALL: صنفی مساوات کے لئے جدت اور ٹیکنالوجی“ کے تھیم کی ترویج کے لئے امیج نے اقوام متحدہ کا خواتین کا عالمی دن 3 مارچ، 2023ء کو منایا۔

### حمزہ خان - ورلڈ جونیئر اسکواش چیمپئن

سترہ سال حمزہ خان نے میلبورن آسٹریلیا میں منعقد ہونے والے ورلڈ جونیئر اسکواش چیمپئن شپ کے فائنل میں کامیابی حاصل کی اور 37 سال کے بعد یہ ٹائٹل پاکستان میں واپس لائے۔

ورلڈ جونیئر اسکواش چیمپئن بننے اور پاکستان کا جھنڈا بلند کرنے پر حمزہ خان کو خراج تحسین پیش کرنے کے لئے 17 اگست 2023ء کو ایک تقریب کا انعقاد کیا گیا۔ چیف ایگزیکٹو جناب اسد احمد صاحب نے ان کی کامیابی پر انہیں 500,000/-

روپے کا چیک پیش کیا اور مستقبل میں اپنی جدوجہد کو جاری رکھنے اور کامیابی سمیٹنے کے لئے مکمل سپورٹ کی یقین دہانی کرائی۔

### طور سم خان اسکواش چیمپئن شپ

امیچ 29 اپریل 2023ء سے 2 مئی 2023ء تک نیوی IRK-JK اسکواش کمپلیکس کراچی میں منعقد ہونے والی دوسری امیچ طور سم خان (جونیر اینڈ سینئر مرد و خواتین) اسکواش چیمپئن شپ کا سپانسر تھا۔ اسکواش لچنڈ جہانگیر خان مہمان خصوصی تھے جنہوں نے جونیرز، مرد و خواتین اسکواش پلیئرز کو میگا ایونٹ میں شمولیت کے مواقع فراہم کرنے اور اس کھیل میں اپنی مہارت اور تکنیک کا اظہار کرنے پر امیچ کی کاوشوں کو سراہا۔

### عطیات

ہماری کمپنی کاروباری و سماجی ذمہ داری کی سمجھ بوجھ رکھتی ہے اور خواتین کی خود مختاری، تعلیم، صحت اور کمیونٹی ڈیولپمنٹ جیسے شعبوں سے منسلک خیراتی اداروں کو باقاعدگی سے عطیات دے رہی ہے۔ الحمد للہ آپ کی کمپنی نے اپنے نفع علاوہ ٹیکس کا 1.50% حصہ عطیہ کیا ہے۔

### احمد اسمعیل میڈیکل سنٹر (AIMC)

الحمد للہ، ہا کس بے پر آپ کی کمپنی کے بانی مرحوم احمد اسمعیل کے نام پر احمد اسمعیل میڈیکل سنٹر (AIMC) تعمیر کیا ہے اور رواں برس کے دوران یہ بہت جلد فعال ہو جائے گا۔ یہ سنٹر ایسوسی ایٹڈ کمپنی اور آپ کی کمپنی کے سپانسرز ٹرائی اسٹار فاؤنڈیشن نے 100 فی صد ذاتی فنڈز سے تعمیر کیا ہے۔ AIMC جو غریبوں اور ضرورت مندوں اور ہا کس بے میں مقیم مستحق ماہی گیروں کی کمیونٹی کو فاعلی طبی سہولیات فراہم کرے گا۔ یہ ایک انقلابی کوشش ہے جس سے دور دراز کے لوگوں کے ان طبقتوں کو فائدہ پہنچے گا۔

### آفات سے بحالی اور کاروباری تسلسل کا منصوبہ (BCP)

ہم ایمبر انڈر ڈیفیرک اور ریڈی ٹو ویئر گارمنٹس کی تیاری اور ریٹیلر میں منفرد ہیں اور مختلف شہروں/مقامات پر جس کی اربوں روپے مالیت کے سسٹمز، مستقل اثاثہ جات اور انوینٹریز پر مشتمل متعدد آؤٹ لیٹس ہیں۔ اسی طرح سے، ہمیں ادراک ہے کہ کئی آفات کمپنی کے آپریشنز اور اس کے آؤٹ لیٹس کو شدید نقصان پہنچا سکتے ہیں۔

لہذا، کاروبار کے تسلسل کا منصوبہ (BCP) تیار کیا گیا ہے جو کمپنی کے اہم اور ضروری آپریشنز میں رکاوٹ سے بچاؤ یا بحالی اور آغاز نو کے لئے پیشگی وضع کئے گئے ایکشن پلان کا حصہ ہے۔ تاکہ غیر متوقع حادثات اور قدرتی آفات سے پیدا ہونی والی رکاوٹوں پر بروقت اور جلد از جلد رد عمل دیا جاسکے اور کمپنی کے آپریشنز رکنے نہ پائیں۔ فیکٹری ملازمین اور آؤٹ لیٹ کے عملے کو ٹریننگ (موک مشقیں) دینے کے لئے ایک جامع شیڈول پر عمل درآمد کیا جا رہا ہے تاکہ انہیں ان حالات کے لئے ہمہ وقت

تیار رہنے کا موقع ملے اور کاروبار کے تسلسل کو یقینی بنایا جاسکے۔

## پائیدار ترقیاتی اہداف (SDG)

کمپنی استحکام کی جانب سفر جاری رکھنے کے لئے پائیدار ترقیاتی اہداف (SDG) کو بطور اسٹریجک منصوبہ اپنانے کے لئے پرعزم ہے۔ رواں برس بھی ہم عالمی اہداف حاصل کرنے اور دائمی معاشی نمو کے لئے کاروبار سے منسلک طریقہ کار کو استعمال کرنے کے لئے اپنے طریق عمل کو سنوارنے کے لئے کوشاں رہے۔

## تنوع اور شمولیت

جنس میں تنوع: ہماری کمپنی بہتر ماحولیاتی پالیسی کی ترویج اور کاروباری عمل داری میں بہتری کے لئے جنسی تغیر کی اہمیت سے ہماری کمپنی بخوبی آگاہ ہے۔ لہذا، ہماری کمپنی کا بورڈ نہ صرف تین خواتین ڈائریکٹرز پر مشتمل ہے بلکہ افرادی قوت میں خواتین کی معقول تعداد بھی کام کر رہی ہے۔ اسی طرح ایچ آر، مارکیٹنگ اور ڈیزائن کے شعبوں میں بھی خواتین کی کثیر تعداد کام کرتی ہے۔

اقلیتیں: ہماری کمپنی میں مذہب اور ذات کی بنیاد پر کوئی تفریق نہیں ہے۔ ہمارے عملے میں مسیحی، ہندو برادری وغیرہ سے تعلق رکھنے والے افراد بھی شامل ہیں۔ ہماری کمپنی تمام اقلیتی افراد کا خیال رکھتی ہے۔

غیر تربیت یافتہ افراد کی ٹریننگ اور اسکالڈ پروگرام کا آغاز: حالیہ برسوں میں غیر تربیت یافتہ ورکرز کی بھرتی، تعیناتی سے پہلے تربیت اور تعیناتی کے بعد پیدا مسائل سے نبرد آزما ہونے میں کمپنی نے خاطر خواہ کوششیں کی ہیں۔ اسی طرح سے، ہماری کمپنی ادارے کے اندر اور باہر اپنے تربیت یافتہ عملے کے پیشہ ورانہ تربیتی پروگرام بھی چلاتی ہے تاکہ ان کی پیشہ ورانہ مہارت کو نکھارا جاسکے۔ یہ تربیتی پروگرام باہمی تعلقات کی بہتری میں اہم کردار ادا کرتے ہیں۔

## ماحولیاتی انتظام کا منصوبہ (EMP)

الحمد للہ، سندھ اینوائرنمنٹل پروٹیکشن ایجنسی (SEPA) نے مندرجہ ذیل بنیادوں پر آپ کی کمپنی کے اینوائرنمنٹل مینجمنٹ پلان (EMP) کی منظوری دی ہے:

- صاف/صحت بخش پانی کی دستیابی اور مناسب نکاسی
- ہوائی آلودگی کو کنٹرول کرنے والے آلات کی تنصیب اور ضائع پانی کی باقاعدہ تلفی
- کام کے صاف، صحت مند اور محفوظ ماحول کا قیام
- خطرات کے تدارک کے لئے کارآمد ایمرجنسی ریسپانس اینڈ کنٹین جینسی پلان
- آتشزدگی و دھوئیں کے سراغ کے لئے آلات کی تنصیب

● مختلف انواع کے درختوں کی کاشت

## شریچہ کمپلائنس

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان مکمل طور پر مطمئن ہے کہ ہماری کمپنی شریعت کے کم از کم معیار کی تعمیل کرتی ہے اور SECP نے عرصہ تین سال کی مدت کے لئے کمپنی کو شریچہ کمپلائنس سٹوفکیٹ سے نوازا ہے جس کی میعاد ستمبر 2025ء تک ہے۔

## منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 30 جون 2023ء کو اختتام پذیر سال کے لئے 15 فی صد کی شرح سے 1.50 روپے فی حصص نقد منافع منقسمہ تجویز کیا ہے۔ مزید برآں 30 جون 2023ء کو اختتام پذیر سال کے لئے 15% بونس حصص کا عبوری منافع منقسمہ قبل ازیں جاری کر دیا گیا ہے۔

## امیج پاکستان لمیٹڈ کی ذیلی کمپنیاں

کمپنی تین ذیلی کمپنیوں کی 100 فی صد مالک ہے۔ ہر ذیلی کمپنی کی مختصر تفصیل حسب ذیل ہے:

### 1. امیج ٹیک لمیٹڈ

یہ ذیلی کمپنی حکومت پاکستان کی جانب سے ٹیکنالوجی کمپنیوں کے لئے جاری مراعات حاصل کرنے کی غرض سے 12 جولائی 2021ء کو بطور پبلک لمیٹڈ کمپنی قائم ہوئی تھی۔ اس کمپنی کے بنیادی کاروباری امور میں ڈیجیٹل الیکٹرونکس اور انٹرنیٹ پر مبنی خدمات یعنی ای-کامرس شامل ہے۔ کمپنی ملکی و غیر ملکی سطح پر ای کامرس سرگرمیوں کو بروئے کار لارہی ہے۔

### 2. امیج انٹرنیشنل لمیٹڈ

یہ غیر ملکی ذیلی کمپنی 17 نومبر 2021ء کو برطانیہ میں رجسٹر ہوئی۔ کمپنی نے برطانیہ میں صارف تک سامان کی جلد ترسیل کو یقینی بنایا ہے اور کاروبار کو کئی گنا وسیع کیا ہے۔

### 3. ٹرائی-اسٹار امیج (امریکہ) انکارپوریٹڈ

غیر ملکی ذیلی کمپنی 4 جنوری 2022ء کو امریکہ میں رجسٹر ہوئی۔ کمپنی نے ڈیلیوریڈ ڈیوٹی پیڈ (DDP) کے لئے انتظامات کئے ہیں جس کے نتیجے میں ای کامرس کے حجم میں اضافہ ہوا ہے۔

## بورڈ آف ڈائریکٹرز

حالیہ بورڈ آف ڈائریکٹرز نے 24 دسمبر 2021ء سے عرصہ تین برس کے لئے اپنے فرائض کی انجام دہی کا آغاز کیا۔

## آڈیٹرز

حالیہ آڈیٹرز میسرز فیروز شریف طارق اینڈ کو، چارٹرڈ اکاؤنٹنٹس ریٹائر ہونے والے ہیں اور اہلیت کی بنا پر خود کو دوبارہ تقرری کے لئے پیش کرنے کے اہل ہیں۔ کوڈ آف کارپوریٹ گورننس کے تحت آڈٹ کمیٹی بورڈ نے آئندہ برس کے لئے بطور کمپنی آڈیٹرز میسرز فیروز شریف طارق اینڈ کو، چارٹرڈ اکاؤنٹنٹس کی تقرری کی سفارش کی ہے۔

## پیٹرن آف شیئر ہولڈنگ

30 جون 2023ء کو کمپنی کی شیئر ہولڈنگ کی وضع کا اعلامیہ صفحہ نمبر 115 پر موجود ہے۔

## کارپوریٹ و مالیاتی رپورٹنگ فریم ورک پر اعلامیہ

- (a) کمپنی کی انتظامیہ کی تیار کردہ مالیاتی اسٹیٹمنٹس سرمایے میں تبدیلی، کیش فلو، آپریشنز اور کاروباری امور کی بہترین عکاسی کرتی ہیں۔
- (b) کمپنی کے کھاتوں کی باقاعدہ کتابیں تیار کی گئی ہیں۔
- (c) مالیاتی اسٹیٹمنٹس کی تیاری میں موافق اکاؤنٹنگ پالیسیوں کا اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینہ جات موزوں فیصلوں کی بنیاد پر لگائے گئے ہیں۔
- (d) مالیاتی اسٹیٹمنٹس کی تیاری میں پاکستان میں رائج بین الاقوامی مالیاتی رپورٹنگ اسٹینڈرڈز (IFRS) کی پیروی کی گئی ہے اور اس میں کسی بھی قسم کے سقم کو مناسب انداز میں ظاہر اور واضح کیا گیا ہے۔
- (e) لسٹنگ ضوابط میں بیان کردہ کارپوریٹ گورننس کی بہترین عمل داری میں کوئی سقم موجود نہ ہے۔
- (f) ڈائریکٹرز کی جانب سے کی گئی حصص کی تجارت کی تفصیلات مندرجہ ذیل ہیں:

تعداد حصص	عہدہ	نام
5,519,760	ڈائریکٹر	جناب اسد احمد کے بونس حصص
2,106,528	ڈائریکٹر	محترمہ فرناز احمد کے بونس حصص
578,172	ڈائریکٹر	محترمہ عظمیٰ احمد کے بونس حصص
100,000	ڈائریکٹر	محترمہ مریم احمد کی جانب سے حصص کی خریداری
1,886,325	ڈائریکٹر	محترمہ مریم احمد کے بونس حصص
563	ڈائریکٹر	جناب ایس حسام سبزواری کے بونس حصص
323	ڈائریکٹر	جناب جاوید احمد صدیقی کے بونس حصص
225	ڈائریکٹر	جناب محمد زیاد اختر سید کے بونس حصص

(g) کسی بھی ڈائریکٹر، چیف ایگزیکٹو، ایگزیکٹوز اور ان کے/کی شریک حیات اور کم سن بچوں نے مذکورہ بالا کے علاوہ مذکورہ سال کے دوران کمپنی کے حصص میں تجارت نہیں کی ہے۔

(h) گذشتہ چھ ماہ کا اہم آپریٹنگ و مالیاتی ڈیٹا خلاصہ کی شکل میں منسلک ہے۔

(i) سال بھر کے دوران بورڈ آف ڈائریکٹرز کے پانچ (5) اجلاس منعقد ہوئے ہر ڈائریکٹر کی حاضری حسب ذیل ہے:

#### نام ڈائریکٹر اجلاس میں حاضری کی تعداد

5	جناب اسد احمد
5	محترمہ فرناز احمد
5	محترمہ عظمیٰ احمد
5	محترمہ مریم احمد
5	جناب جاوید احمد صدیقی
5	جناب ایس حسام سبزواری
4	جناب ایم زیاد اختر سید

#### ڈائریکٹرز کا معاوضہ

- بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کے معاوضہ کی پالیسی منظور کی ہے۔ پالیسی کی بنیادی خصوصیات مندرجہ ذیل ہیں:
- بورڈ اور آڈٹ کمیٹیوں کے اجلاس میں شرکت کی فیس کے علاوہ کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز بشمول خود مختار ڈائریکٹرز کو کوئی معاوضہ ادا نہیں کرے گی۔
- کمپنیز ایکٹ 2017ء اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط، 2019ء کے تحت ڈائریکٹرز کا معاوضہ اور بورڈ اجلاس میں شرکت کی فیس کا تعین کیا جاتا ہے۔
- بورڈ آف ڈائریکٹرز، ڈائریکٹرز کے معاوضہ کی پالیسی پر ہمہ وقت نظر ثانی کرتا ہے اور اس کی منظوری دیتا ہے۔
- (j) سٹوکیٹ ہولڈنگ کا پیٹرن لف ہذا ہے۔

#### منجانب بورڈ

عظمیٰ احمد  
ڈائریکٹر

اسد احمد  
چیف ایگزیکٹو

مقام: کراچی

تاریخ: 28 ستمبر 2023ء





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

Year ended: June 30, 2023

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

1. The total number of directors are 7 as per the following:
  - a) Male: 4
  - b) Female: 3
2. The composition of board is as follows:

Independent Directors	Mr. S. Hussam Subzwari Mr. M. Ziyad Akhtar Syed
Non - Executive Director	Ms. Farnaz Ahmad Ms. Uzma Ahmad Ms. Marium Ahmad
Executive Directors	Mr. Asad Ahmad (CEO) Mr. Jawed Ahmed Siddiqui
Female Directors	Ms. Farnaz Ahmad Ms. Uzma Ahmad Ms. Marium Ahmad
3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Chief Executive and one Director have the prescribed education and experience required for exemption under Clause 19(2) of Code of Corporate Governance (CCG) Regulations. Accordingly, they are exempt from attending directors' training program pursuant to the Clause 19(2) of the CCG Regulations. Five directors have attended and completed directors' training course conducted

- by Pakistan Institute of Corporate Governance (PICG) and Institute of Cost & Management Accountants of Pakistan (ICMAP).
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
  11. CFO and CEO duly endorsed the financial statements before approval of the board.
  12. The board has formed committees comprising of members given below:
    - a) Audit Committee: Mr. M. Ziyad Akhtar Syed (Chairman)  
Mr. S. Hussam Subzwari  
Ms. Farnaz Ahmad
    - b) HR and Remuneration Committee: Mr. S. Hussam Subzwari (Chairman)  
Ms. Farnaz Ahmad  
Ms. Uzma Ahmad
  13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
  14. The frequency of meetings of the committee were as per following:
    - a) Audit Committee Quarterly
    - b) HR and Remuneration Committee Annually
  15. The Board has set up an effective internal audit function / or has outsourced the internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
  16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or director of the Company.
  17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
  18. We confirm that all requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

**Asad Ahmad**  
Chief Executive

**Uzma Ahmad**  
Director

Place: Karachi

Dated: September 28, 2023

## **Independent Auditors' Review Report to the Members of Image Pakistan 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 **Image Pakistan Limited** for the year ended 30 June 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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

sd/-  
Feroze Sharif Tariq & Co.  
Chartered Accountants

September 28, 2023  
Karachi  
UDIN: CR202310129B9Cm7xePg

# **Independent Auditors' Report to the Members of Image Pakistan Limited**

## **Report on the Audit of the Unconsolidated Financial Statements**

### **Opinion**

We have audited the annexed unconsolidated financial statements of Image Pakistan Limited (the Company), which comprise the unconsolidated statement of financial position as at 30 June 2023, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated 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 unconsolidated statement of financial position, unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2023 and of the Profit, the comprehensive Income, the changes in equity and its cash flows for the year then ended.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matter.

Following are the key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1	<p><u>Capital Expenditure</u></p> <p>(Refer Note 19 to the annexed Financial Statements)</p> <p>The company's financial statements for the year ended June 30, 2023 disclosed a significant capital expenditure of Rs. 213.127 million incurred during the year which primarily attributed to the establishment of garment and embroidery processes, procurement of efficient Solar Panels &amp; technological advanced machines.</p> <p>The capital expenditure incurred during the year represents significant transactions and requires appropriate application as per applicable financial reporting framework. In view of the above, we have identified this matter as a key audit matter.</p>	<p>Our key audit procedures in this area amongst others included the following:</p> <p>We evaluated the authorization and approval procedures for capital expenditure, ensuring compliance with company policies along with their budgeting.</p> <p>We tested samples of capital expenditure transactions to check the accuracy and valuation of the amounts recorded in the financial statements.</p> <p>We assessed management's criteria for capitalizing expenditure, as per the Capitalization policy and ensured consistency with the relevant accounting standards.</p> <p>Physical verification on sample basis to check the existence of assets.</p> <p>We examined the documentation supporting management's decisions regarding the capitalization of expenditure, such as contracts, and invoices.</p> <p>We assessed the adequacy of disclosures in accordance with the applicable financial reporting framework</p>
2.	<p><u>Revenue recognition</u></p> <p>The Company recognized net revenue of Rupees 2,064.483 million for the year ended 30 June 2023.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> <p>For further information, refer to the following:</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue;</li> <li>• We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents;</li> <li>• We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant</li> </ul>

	<ul style="list-style-type: none"> <li>- Summary of significant accounting policies, Revenue recognition note 7.10 to the financial statements.</li> <li>- Revenue note 27 to the financial statements.</li> </ul>	<p>underlying documentation to assess if the related revenue was recorded in the appropriate accounting period;</p> <ul style="list-style-type: none"> <li>• We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 ‘Revenue from Contracts with Customers’; and</li> <li>• We also considered the appropriateness of disclosures in the financial statement</li> </ul>
--	--	--

#### **Information Other than the Unconsolidated Financial Statements and Auditors’ Report Thereon**

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the unconsolidated financial statements and our auditors’ report thereon.

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated 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 Unconsolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the unconsolidated 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 unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated 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.

#### **Auditors’ Responsibilities for the Audit of the Unconsolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ 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 unconsolidated 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 unconsolidated 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 auditors' report to the related disclosures in the unconsolidated 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 auditors' 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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 unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund Established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Mohammad Tariq.

September 28, 2023  
Place: Karachi  
UDIN: AR202310129fux9NpR2M

sd/-  
Feroze Sharif Tariq & Co.  
Chartered Accountants





WHO WE ARE

## **Vision Statement**

Image Pakistan Limited is committed to strive for excellence in all areas of its activity

## **Mission Statement**

We view our business objective of providing quality product that promote commerce and industry within the context of our overall objective of contributing to the nation's prosperity

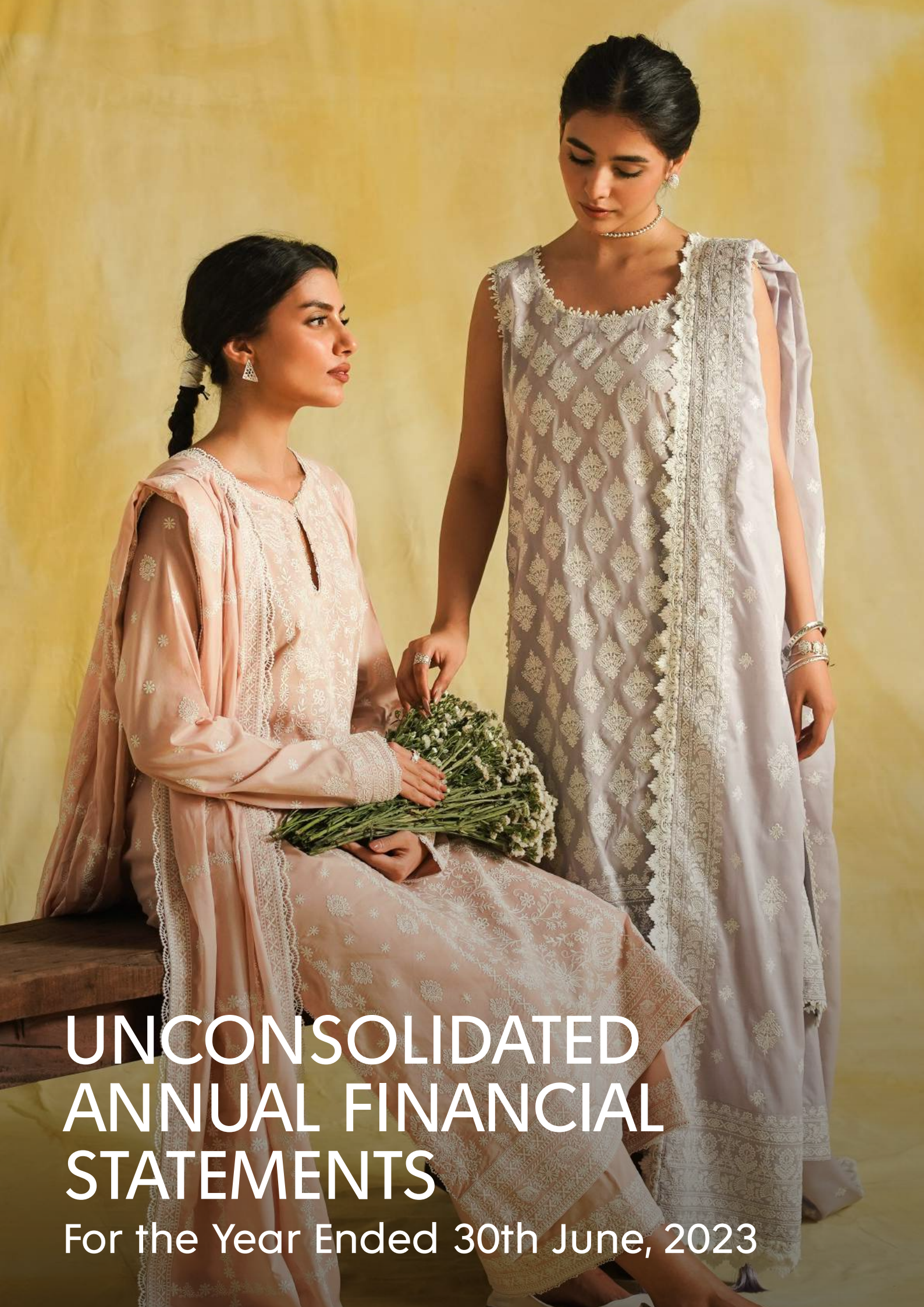
## **Core Value**

- 1. Striving for continuous improvement and innovation with commitment and responsibility;**
- 2. Treating stakeholders with respect, courtesy and competence;**
- 3. Practicing highest personal and professional integrity;**
- 4. Maintaining teamwork, trust and support, with open and candid communication;**
- 5. Ensuring cost consciousness in all decisions and operations.**

## **Statement of Ethics and Business Practices**

**The articulation of this statement is based on following points:**

- 1. Questionable and improper payments or use of the Company's assets.**
- 2. Political contributions.**
- 3. Conflict of interest.**
- 4. Books and records of the Company.**
- 5. Payment of amounts due to customers, agents or distributors.**
- 6. Reporting violations.**
- 7. Means as important as the end.**
- 8. Integrity and scrupulous dealings.**
- 9. Strict observance of the laws of the country.**
- 10. Giving and receiving gifts.**



# UNCONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the Year Ended 30th June, 2023

## Balance Sheet as at

		June 30, 2023	June 30, 2022
	Notes		(Rupees)
<b><u>EQUITY AND LIABILITIES</u></b>			
<b><u>CAPITAL &amp; RESERVES</u></b>			
<u>Authorized Capital</u>			
300,000,000 (2022: 100,000,000) Ordinary Shares of Rs. 10/- each		3,000,000,000	3,000,000,000
Issued, Subscribed and Paid-up Capital	8	1,316,398,000	995,386,020
Capital Reserve			
Capital Reserve - (a Share Premium account)		252,683,670	252,683,670
Surplus on revaluation of Property, Plant and Equipment	9	746,875,309	345,505,366
Revenue Reserve			
Unappropriated Profit		128,862,856	232,603,180
Shareholders' Equity		2,444,819,835	1,826,178,236
<b><u>NON-CURRENT LIABILITIES</u></b>			
Long term Loan from associated and related Parties	10	119,525,000	121,920,000
Diminishing Musharka Finance Facility	11	109,462,739	-
Diminishing Muharaka facility against Vehicle	12	7,469,329	10,298,787
Deferred Taxation	13	85,026,675	47,238,734
Provision for Gratuity	14	13,082,735	8,462,290
<b><u>CURRENT LIABILITIES</u></b>			
Trade and Other Payables	15	592,684,231	397,410,139
Accrued Interest on Loan from Associates		20,627,359	13,302,629
Non current Liabilities of Long term Liabilities	11&12	8,417,233	17,553,972
Unclaimed Dividend	16	15,614,994	26,510,502
Provision for Taxation	17	36,845,502	8,759,124
		674,189,319	463,536,366
Contingencies and Commitments	18		
		3,453,575,632	2,477,634,413

## June 30, 2023

		June 30, 2023	June 30, 2022
<b><u>ASSETS</u></b>			
<b><u>NON-CURRENT ASSETS</u></b>			
Tangible Fixed Assets			
Property, Plant and Equipments	19	1,399,589,120	826,941,914
Long Term Deposits	20	24,240,671	19,020,671
Long Term Investments	21	22,108,589	22,108,589
<b><u>CURRENT ASSETS</u></b>			
Stores, Spares and Loose Tools	22	1,277,707	1,412,707
Stock-in-Trade	23	1,612,961,279	1,308,273,276
Trade Debtors - unsecured	24	266,128,455	245,802,826
Trade Deposits and Prepayments - considered good	25	102,216,103	13,433,963
Income Tax Refunds and Advances		8,682,876	5,475,665
Cash and Bank Balances	26	16,370,832	35,164,803
		2,007,637,252	1,609,563,240
		<u>3,453,575,632</u>	<u>2,477,634,413</u>

The annexed notes form an integral part of these accounts.

Asad Ahmad  
Chief Executive

Uzma Ahmad  
Director

Mohammad Zameer  
Chief Financial Officer

**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Notes	2023	2022
		(Rupees)	
SALES - Net	27	2,064,482,506	1,374,396,792
COST OF SALES	28	1,216,350,926	670,456,367
GROSS PROFIT		848,131,580	703,940,425
<b><u>Operating Expenses</u></b>			
Distribution and Selling Cost	29	375,957,247	327,125,041
Administrative and General Expenses	30	169,106,324	165,720,067
		545,063,571	492,845,108
OPERATING PROFIT		303,068,009	211,095,317
Other (Income)/Loss	31	1,643,387	(34,363,716)
		304,711,396	176,731,601
Finance Cost	32	38,160,862	31,541,340
		266,550,534	145,190,261
Other Charges		13,327,527	7,259,513
PROFIT BEFORE TAXATION		253,223,007	137,930,748
Taxation	33	(45,421,579)	36,114,249
PROFIT AFTER TAXATION		207,801,429	174,044,997
Earnings per share - basic and diluted	34	1.91	2.06

*The annexed notes form an integral part of these accounts.*

Asad Ahmad  
Chief Executive

Uzma Ahmad  
Director

Mohammad Zameer  
Chief Financial Officer

**UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2023**

	June 30, 2023	June 30, 2022
	(Rupees)	
<b>Profit for the Year</b>	207,801,429	174,044,997
Items that will not be subsequently reclassify to Profit or Loss		
<b>Other comprehensive Income:</b>		
Revaluation during the year	440,121,873	-
Related deferred tax	(29,035,343)	-
	411,086,530	-
Reversal of Unrealized gain / (loss) due to change in fair value of investment through other Comprehensive Income due to provision for impairment of full investmnet made by the board.	-	(150,056,225)
Remearurement of defined benefit liability	(346,985)	219,569
Related deferred tax	(100,626)	63,675
	(246,359)	155,894
<b>Total comprehensive income for the period</b>	618,641,599	24,144,666

The annexed notes form an integral part of this financial information.

Asad Ahmad  
Chief Executive

Uzma Ahmad  
Director

Mohammad Zameer  
Chief Financial Officer



**UNCONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>June 30 2023</b>	<b>June 30 2022</b>
	(Rupees)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Taxation	253,223,007	137,930,748
Adjustment for Non-Cash and Other Items:		
Depreciation	80,602,045	65,654,932
Provision for Gratuity - net of Payments	4,273,460	3,630,278
Provision for impairment in investment	--	34,510,675
Financial expenses	38,160,862	31,541,340
	123,036,367	135,337,225
	376,259,374	273,267,973
Working Capital Changes		
<i>(Increase) / Decrease in Current Assets</i>		
Stock in Trade	(304,688,003)	(470,737,989)
Stores and Spares	135,000	(1,201,749)
Trade debtors	(20,325,629)	114,518,372
Trade deposits, Prepayments & Statutory balances	(88,782,140)	(12,979,837)
<i>Increase / (Decrease) in Current Liabilities</i>		
Trade and Other Payables	195,274,092	(11,826,837)
	(218,386,680)	(382,228,040)
Taxes Paid	(11,689,188)	(19,331,381)
Dividend Paid	(10,895,508)	(42,429,766)
Financial charges Paid/Write back	(30,836,132)	(47,713,506)
	(53,420,828)	(109,474,653)
<i>Net Cash Inflow/ (Outflow) from Operating Activities</i>	104,451,867	(218,434,720)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investment made in Subsidiary Companies	--	(22,108,589)
Acquisition of Fixed Assets	(213,127,380)	(226,508,318)
Sales Proceeds from Fixed Assets	--	--
<i>Net Cash Inflow/ (Outflow) from Investing Activities</i>	(213,127,380)	(248,616,907)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term Deposits	(5,220,000)	(12,114,266)
Finance Lease- net	(2,829,458)	13,227,759
Share Capital Issued against Cash	--	426,594,010
Share Premium received	--	213,297,005
(Payments)/Loan Obtained of Diminishing Musharka Finance Facility - net	100,326,000	(97,125,000)
Long term Loan from associated and related parties	(2,395,000)	(53,150,000)
<i>Net Cash Inflow/ (Outflow) from Financing Activities</i>	89,881,542	490,729,508
Net Increase in Cash and Cash Equivalents	(18,793,971)	23,677,881
Cash and Cash Equivalents at the Beginning	35,164,803	11,486,922
Cash and Cash Equivalents at the End	30 16,370,832	35,164,803

*The annexed notes form an integral part of these accounts.  
The even dated auditors report hitherto is annexed.*

Asad Ahmad  
Chief Executive

Uzma Ahmad  
Director

Mohammad Zameer  
Chief Financial Officer

**UNCONSOLIDATED STATEMENT OF CHANGE IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2023**

	Capital Reserve		Revenue Reserves			Total
	Share Capital	A Share Premium Account	Surplus on Revaluation of Property, Plant and Equipment	Unrealized gain / (loss) due to change in fair value of investment through other Comprehensive Income	Unappropriated Profit/Accumulated (Loss)	
Balance as on June 30, 2021	568,792,010	39,386,665	356,301,574	150,056,225	104,485,282	1,219,021,756
Net Profit for the year ended June 2022	--	--	--	--	174,044,997	174,044,997
Other Comprehensive income	--	--	--	(150,056,225)	155,894	(149,900,331)
Total Comprehensive income	--	--	--	(150,056,225)	174,200,891	24,144,666
Final Dividend for the year ended June 30, 2021 @ Rs. 1/Share	--	--	--	--	(56,879,201)	(56,879,201)
Issuance of Right Shares @ 75%	426,594,010	--	--	--	--	426,594,010
Share Premium on issuance of 75% Right Shares @ Rs. 5/Share	--	213,297,005	--	--	--	213,297,005
Transfer to Profit and Loss account of incremental depreciation (net of tax)	--	--	(10,796,208)	--	10,796,208	-
Balance as on June 30, 2022	995,386,020	252,683,670	345,505,366	-	232,603,180	1,826,178,236
Net Profit for the year ended June 2023	--	--	--	--	207,801,429	207,801,429
Other Comprehensive income	--	--	--	--	(246,359)	(246,359)
Total Comprehensive income	--	--	--	--	207,555,069	207,555,069
Final dividend issued as Bonus Shares @ 15%	149,307,900	--	--	--	(149,307,900)	--
Interim dividend issued as Bonus Shares @15%	171,704,080	--	--	--	(171,704,080)	--
Surplus arise as on June 30,2023 net of tax	--	--	411,086,530	--	--	411,086,530
Transfer to Profit and Loss account of incremental depreciation (net of tax)	--	--	(9,716,587)	--	9,716,587	-
Balance as on June 30, 2023	1,316,398,000	252,683,670	746,875,309	-	128,862,856	2,444,819,835

*The annexed notes form an integral part of these accounts.  
The even dated auditors report hitherto is annexed.*

Asad Ahmad  
Chief Executive

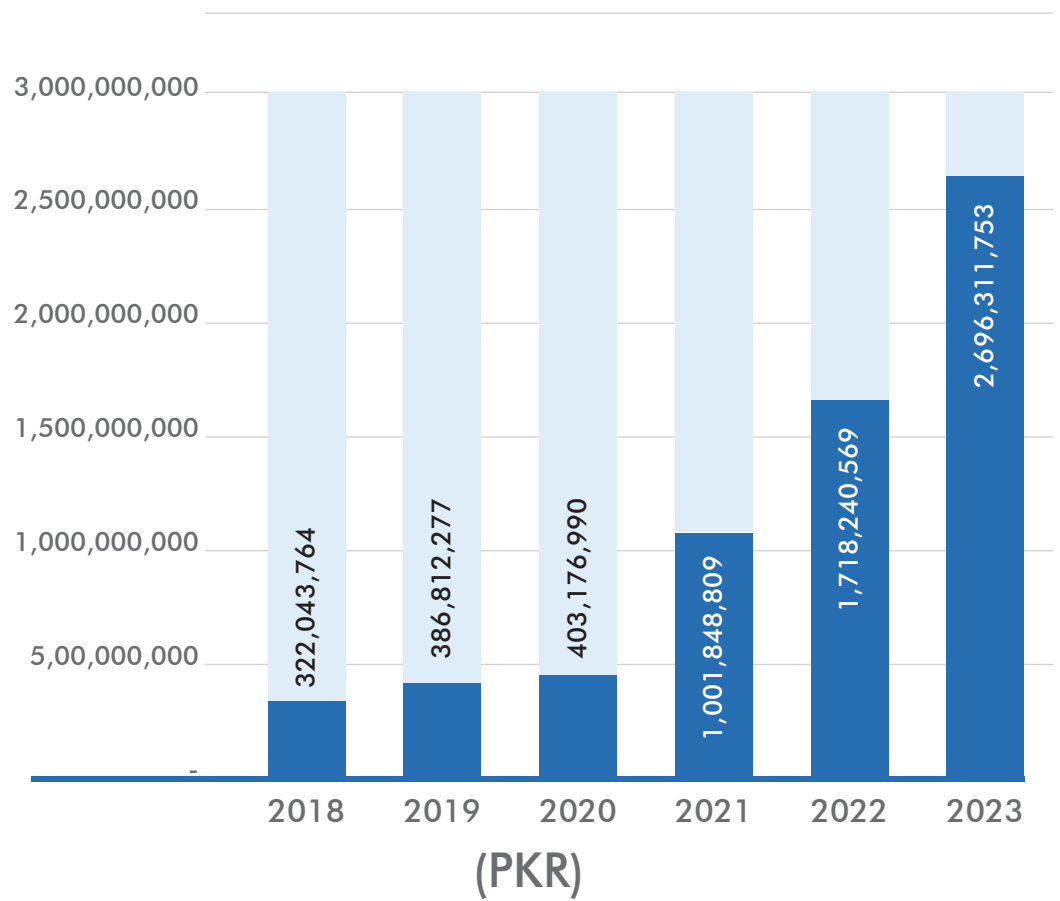
Uzma Ahmad  
Director

Mohammad Zameer  
Chief Financial Officer

## Last Six Years Results At A Glance

Particulars	2023	2022	2021	2020	2019	2018
<b>Financial Position</b>						
Paid -up Capital (Rs.)	1,316,398,000	995,386,020	568,792,010	568,792,010	568,792,010	450,780,390
Reserves (Rs.)	1,246,091,036	864,964,689	650,229,746	485,506,155	460,884,456	499,050,445
Fixed Assets - WDV (Rs.)	1,399,589,120	826,941,914	666,088,528	590,877,323	614,012,274	636,456,309
Investment (Rs.)	-	-	184,566,900	134,951,350	132,250,850	180,958,050
Current Assets (Rs.)	2,195,049,216	1,670,676,315	1,213,197,401	872,343,719	664,809,786	586,325,720
Current Liabilities (Rs.)	721,722,330	468,368,378	555,352,151	317,180,867	191,656,171	99,203,325
<b>Income</b>						
Sales	2,696,311,753	1,718,240,569	1,001,848,809	403,176,990	386,812,277	322,043,764
Net Profit for the year	288,637,106	208,161,853	115,099,318	22,404,807	52,671,854	77,800,009
Accumulated Profit/(Loss)	246,532,057	266,735,315	104,485,282	(22,618,546)	(57,868,398)	(80,271,826)
<b>Statistics &amp; Ratios</b>						
Operating Profit/(Loss) Ratio(%)	14.27	14.28	19.88	16.16	19.24	31.53
Net Profit/(Loss) Ratio (%)	10.70	12.11	11.49	5.56	13.62	24.16
Current Ratio	3.04:1	3.57:1	2.18:1	2.56:1	3.47:1	5.91:1
Paid-up Value Per Share (Rs.)	10	10	10	10	10	10
Earning/(Loss) Per Share (Rs.)	2.65	2.47	2.02	0.39	0.93	1.50
Break value Per Share (Rs.)	19.47	18.69	21.43	18.54	18.10	21.07
Net Assets (Rs. in Million)	2562.59	1860.35	1219.02	1054.30	1029.68	949.83
Cash Dividend (%)	15%	-	10%	-	-	10%
Bonus Dividend (%)	15%	15%	-	-	-	-

# REVENUE GROWTH (PKR)



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### 1 THE COMPANY AND ITS OPERATIONS

Image Pakistan Limited (the Company) was incorporated in Pakistan, as a public limited company on November 14, 1990, under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017) and its shares are listed at the Pakistan Stock Exchange in Pakistan. The principal activity of the Company is manufacturing and sale of Embroidered Fabric and Ready-To-Wear garments and Polyester Filament Yarn.

The operations of the Polyester Filament Yarn remain discontinued during the year.

The geographical Location and address of the company's business units, including mill/plant are as under:

The registered office of the company and manufacturing facilities is located at F/538, S.I.T.E., Karachi - 75700, Pakistan.

The Company also operates owned and on rent, selling outlets in Karachi, Lahore, Islamabad, Rawalpindi and Peshawar.

#### 1.1 Summary of significant events and transactions in the current reporting period

The Company's financial position and performance was particularly affected by the following events and transactions during the reporting period:

The Company' main unit to produce polyester filament yarn remain not in operation and the company is to manufacture during the year value added embroidered fabric as disclosed in note 1.

The Company obtained interest bearing loan from Related Parties and Financial Institutions during the year to meet the working capital requirements of the Company as disclosed in note 10 and 11.

Further, for a detailed discussion about the Company's performance, refer to the Directors' Report and respected note to the accounts.

### 2 STATEMENT OF COMPLIANCE

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

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

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

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

### 3 BASIS OF PREPARATION/MEASUREMENT

These unconsolidated financial statements have been prepared under historical cost convention except for the following items, which are measured on an alternative basis on each reporting date.

<u>Item</u>	<u>Measurement basis</u>
Land	Revaluation model
Building	Revaluation model
Plant and Machinery	Revaluation model
Employee benefits- Net defined benefit liability	Present value of the defined benefit liability, determined through actuarial

The method used to measure fair values are disclosed in respective policy notes.

These unconsolidated financial statements are separate financial statements of the Company in which investments in subsidiary companies, associates and jointly controlled entity are accounted for on the basis of direct equity interest rather than on the basis of reported results. Consolidated financial statements are prepared separately.

### 4 APPROVAL OF FINANCIAL STATEMENTS

These unconsolidated financial statements were approved by the Board of Directors and authorized for issue on September 28, 2023.

## 5 STANDARDS, INTERPRETATIONS, IMPROVEMENTS AND AMENDMENTS APPLICABLE TO UNCONSOLIDATED FINANCIAL STATEMENTS

### 5.1 Adoption of amendments to approved accounting standards effective during the year

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after July 1, 2022 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these unconsolidated financial statements.

#### Amendments to approved accounting standards

IFRS 3 Reference to the Conceptual Framework (Amendments)  
IAS 16 Reference to the Conceptual Framework (Amendments)  
IAS 37 Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

The adoption of the above amendments to the accounting standards did not have any material effect on the Company's unconsolidated

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret

#### Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9 Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities  
IAS 41 Agriculture – Taxation in fair value measurements  
IFRS 16 Leases – Lease incentives

The adoption of the above amendments to the approved accounting standards did not have any material effect on the Company's

### 5.2 Standards and amendments to IFRSs that are not yet effective

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective amendment or improvements:

#### Amendment or improvement

Amendment or improvement		Effective date (annual periods beginning on or after)
IFRS 17	Insurance Contracts (Amendments)	January 01, 2023
IAS 1 and IFRS Practice	Disclosure of Accounting Policies (Amendments)	January 01, 2023
IAS 8	Definition of Accounting Estimates (Amendments)	January 01, 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a	January 01, 2023
IAS 12	International Tax Reform – Pillar Two Model Rules	January 01, 2023
IAS 1	Classification of Liabilities as Current or Non-current	January 01, 2024
IFRS 16	Lease Liability in a Sale and Leaseback (Amendments)	January 01, 2024
IAS 7 / IFRS 7	Disclosures: Supplier Finance Arrangements (Amendments)	January 01, 2024
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its	Not yet finalised

The above standards and amendments are not expected to have any material impact on the Company's unconsolidated financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan for the purpose of applicability in Pakistan and are not expected to have any material impact on the Company's unconsolidated

Standard or interpretation	IASB Effective dates (annual periods beginning on or after)	
IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2004
IFRS 17	Insurance Contracts	January 01, 2023

## 6 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

### 6.1 Property, plant and equipment

Estimates with respect to residual values and depreciable lives and pattern of flow of economic benefits are based on the recommendation of technical team of the Company. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of tangible fixed assets with a corresponding affect on the depreciation charge and impairment.

### 6.2 Taxation

In making the estimates for income taxes payable by the Company, the management considers applicable tax laws and the decisions of appellate authorities on certain cases issued in past. Deferred tax assets are recognized for all unused tax losses and credits to the extent that it is probable that taxable profit will be available against which such losses and credits can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

### 6.3 Stock-in-trade and stores and Spares

The Company reviews the Net Realizable Value (NRV) of stock-in-trade to assess any diminution in the respective carrying values.

Stores and Spares as dislodged in note 8.6.

### 6.4 Provision for doubtful receivables

A provision for impairment of trade and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. These estimates and underlying assumptions are reviewed on an ongoing basis.

### 6.5 Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the out come of the future events cannot be predicted with certainty. The company, based on the availability of the latest information, estimates at the value of contingent assets and liabilities which may differ on the occurrence/non occurrence of the uncertain future events.

### 6.6 Leases note 7.4,--- Present value measurement of lease liabilities, determinating lease term and whether a contract is or contains a lease and depreciation of right of used assets

### 6.7 Note 7.19 & 14 measuremnet of defined benefit obligations ; Key acturial assumptions

## 7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except application of new amendments and interpretations in the International Accounting Standards as described in note 5.

### 7.1 Taxation

#### *Current Year*

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or minimum tax on turnover or Alternate Corporate Tax whichever is higher and tax paid on final tax regime basis. Alternate Corporate Tax is calculated in accordance with the provisions of Section 113C of Income Tax Ordinance.

#### *Deferred*

Deferred tax is provided Proportionate to local sales using the liability method on all temporary differences at the balance sheet date, between the tax bases of assets and liabilities and their carrying amount for financial statements reporting purposes. Deferred tax liabilities are generally recognized for all temporary taxable differences or items recognised directly in equity or in OCI.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the assets is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

### 7.2 Property, Plant and Equipment

#### Initial recognition

All items of property, plant and equipment are initially recorded at cost.

#### Subsequent measurement

Property, Plant and Equipment are stated at cost or revalued/adjusted amounts less accumulated depreciation and impairment losses, if any; except for capital works in progress which are stated at cost accumulated up to the balance sheet date.

Land, buildings, plant and Machinery and leasehold improvements are measured at the revalued amount less accumulated depreciation and impairment loss (if any).

Land (free hold and lease hold), Building and Plant and Machinery are recognized at revalued amounts based on valuation by external independent valuer. Long term leases of land in which the Company obtains control of the land are accounted for as property, plant and equipment and presented as 'leasehold land' and building . Revaluation surplus on property, plant and equipment is credited to shareholders' equity and presented as a separate line item in statement of financial position. Increases in the carrying amounts arising on revaluation of land are recognized, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in profit or loss, the increase is first recognized in profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss.



### **Revaluation**

Any revaluation increase arising on the revaluation of land, buildings and Plant and Machinery and leasehold 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 leasehold 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 buildings and leasehold improvements to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit.

### **Depreciation**

Full Years Depreciation is charged on acquisition or transfer of assets from capital work in progress, while no depreciation is charged on assets disposed off during the year. Depreciation is charged to income using reducing balance method, at the rates specified in the annexed schedule in note no. 19 to the financial statements, whereby the cost/revalued amounts of asset is written off over its estimated useful life, reflecting the approximate value of the consumption of the respective assets economic benefits. The depreciation method and useful lives of the items of property, plant and equipment are reviewed periodically and altered if circumstances or expectations have changed significantly

The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

### **Disposal**

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised as other income in the statement of profit or loss. In case of the sale or retirement of a revalued items, the attributable revaluation surplus remaining in the surplus on revaluation of such item is transferred directly to the unappropriated profit.

### **Judgment and estimates**

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

#### **- Repairs, renewals and maintenance**

Major repairs and renewals are capitalized. Normal repairs and maintenance are charged as expense when incurred. Gains or losses on disposal or retirement of assets are determined as the difference between the sale proceeds and the carrying amounts of these assets, and are included in the income currently.

### **7.3 Impairment of non-financial assets other than inventories**

The assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognised in the statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The Company recognises the reversal immediately in the statement of profit or loss, unless the asset is carried at a revalued amount in accordance with the revaluation model. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

#### 7.4 Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date.

##### Right of use asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Right of use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment. In addition, right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Rates of depreciation are mentioned in note 19.

The Company presents right of use assets that do not meet the definition of investment property in 'property, plant and equipment' in the statement of financial position.

##### Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments.

##### Short term leases and low-value assets

The Company has elected not to recognize right of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and the leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### 7.5 Investment

Investment at fair value of investment through other comprehensive income are initially recognized at cost being the fair value of the consideration given including acquisition charges associated with. After initial recognition of investment are premeasured at fair value. Unrealized gains and losses on investment are recognized in other comprehensive income as required by IFRS 9 till the investment is sold or otherwise disposed off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income. Measurement made as per IFRS 9 and disclosed the fair value as Price Quoted in Pakistan stock exchange

##### 7.5.1 Investments in subsidiaries

Investments in subsidiaries are initially recognized at cost. At subsequent reporting dates, recoverable amounts are estimated to determine the extent of impairment loss, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense in profit or loss. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to their revised recoverable amounts but limited to the extent of initial cost of investments. Reversal of impairment loss is recognized in the profit or loss.

The profits and losses of subsidiaries are carried forward in their financial statements and not dealt within these unconsolidated financial statements except to the extent of dividend declared by the subsidiaries. Gain and losses on disposal of investments is included in other income. When the disposal of investment in subsidiary resulted in loss of control such that it becomes an associate the retained investment is carried at fair value.

### 7.6 Stores, Spares and Loose Tools

These are stated at the lower of weighted average cost and net realizable value (NRV). The cost of inventory is based on the FIFO basis. Items in transit are stated at cost accumulated up to the date of the balance sheet.

Stores, spare parts and loose tools are valued at weighted average cost and net realizable value except for items in transit which are stated at cost incurred up to the unconsolidated statement of financial position date less impairment, if any. Cost comprises of cost of purchase and other costs incurred in bringing the items to their present location and condition. For items which are slow moving and / or identified as surplus to the Company's requirements, adequate provision is made for any excess book value over estimated net realizable value. The Company reviews the carrying amounts of stores, spare parts and loose tools on a regular basis and provision is made for obsolescence, if there is any change in usage pattern or physical form of related stores, spare parts and loose tools.

### 7.7 Stock-in-Trade

These are valued as follows:

Raw Material	:	At lower of weighted average cost or net realizable value. Cost of raw material and components represents invoice value plus other charges paid thereon.
Finished Goods	:	Net realizable value under the retail method
Work-in-Process	:	At weighted average cost. This comprises the direct cost of raw materials, wages, and appropriate manufacturing overheads.
Stock-in-Transit	:	At cost accumulated upto the balance sheet date.
Packing Material	:	At lower of weighted average cost or net realizable value.

These are valued at lower of cost and net realizable value. Cost comprises of cost of purchase and other costs incurred in bringing the items to their present location and condition. Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessarily to be incurred in order to make a sale. The Company reviews the carrying amount of stock in trade on a regular basis and provision is made for obsolescence, if there is any change in usage pattern or physical form of related stock in trade. Net Realizable Value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred in order to make the sale.

### 7.8 Trade Debts and other Receivables

Trade debts and other receivables are stated at original invoice amount less provision for doubtful debts, if any. Provision for doubtful debts / other receivables is based on the management's assessment of customers' outstanding balances and creditworthiness. Bad debts are written-off when identified. Allowance for expected credit losses is based on lifetime ECLs that result from all possible default events over the expected life of the trade debts and other receivables. Bad debts, if any, are written off when considered irrecoverable.

### 7.9 Foreign Currency Translation

Transactions in foreign currencies are translated in PKR (functional and presentation currency) at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into PKR at the rates of exchange approximating those prevalent at the date of unconsolidated statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations of monetary assets and liabilities denominated in foreign currencies are recognized in the unconsolidated profit or loss.

#### **7.10 Revenue Recognition**

- Revenue from sales is recognized on dispatch of goods to customers. Revenue is recognised when the control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods according to the terms. Performance obligation is satisfied at the point of time when control of goods has been transferred to the customers.
- Dividend income is recognized on the basis of declaration by the investee company.
- Other Income/Scrap Sales is recognized on accrual Basis.
- Unrealized gains/(losses) arising on revaluation of securities classified as “financial assets at fair value through other comprehensive income in the income statement in the period in which they arise.

#### **7.11 Provisions**

Provision is recognized in the balance sheet when the company has a legal or constructive obligation, and, 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 that a reliable estimate can be made for the amount of this obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

#### **7.12 Financial instruments**

##### **7.12.1 Financial assets**

and cash and bank balances.

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value through Profit or Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Based on the business model of the Company, the financial assets of the Company are measured and classified under IFRS 9 as follows;

Trade debts and other financial assets are measured at amortised cost using the effective interest rate method less an allowance for expected credit losses, if any.

Long -term investments in NIT are designated at FVOCI at initial recognition. These are carried in the statement of financial position at fair value with net changes in fair value recognised in the Other Comprehensive income.

##### **7.12.2 Financial liabilities**

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs. For the purpose of subsequent measurement financial liabilities are either classified at amortised cost or fair value through profit or loss. The Company does not have any financial liability at fair value through profit or loss.

##### **7.12.3 Impairment of financial assets - allowance for expected credit losses**

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset’s original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

At each date of statement of financial position, the Company assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the respective asset.

The Company uses the standard's simplified approach and calculates ECL based on life time ECL on its financial assets. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment.

#### **7.12.4 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **7.12.5 Impairment of non-financial assets**

The carrying amounts of non-financial assets other than inventories and deferred tax assets are assessed at date of statement of financial position to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets.

#### **7.13 Related Party Transaction**

All transactions with related parties are carried out by the company at mark to market basis with the exception of loan taken from related parties which are interest/mark up free. Prices for these transactions are determined on the basis of admissible valuation methods.

#### **7.14 Loan, Advances and other Receivables**

Loans, advances and other receivables are recognized initially at cost, and subsequently at their amortized/ residual cost.

#### **7.15 Short Term and Long Term Loans**

Loans, advances and other receivables are recognized initially at cost, and subsequently at their amortized/residual cost.

#### **7.16 Contingent Liability**

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

#### **7.17 Contingent Assets**

A contingent asset is disclosed where inflow of economic benefits is probable.

#### **7.18 Trade and Other Payables**

Trade and other payables are initially carried at the fair value of the consideration to be paid in future for goods and services received. Subsequent to initial recognition, these are carried at amortized cost.

#### **7.19 Post Employment Benefits**

##### **Defined Benefit Plan**

The Company operates an unfunded gratuity scheme for its staff. Provisions are made during the year, , during the year the company obtained actuarial valuation and restated the gratuity figure.

The Company operates an unfunded Gratuity Scheme (the Plan) for eligible employees of the Company. The Company's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income.

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognized in statement of profit or loss. The latest actuarial valuation was conducted by a qualified professional firm of actuaries as of June 30, 2022 using the "Projected Unit Credit Method".

#### **7.20 Borrowing Cost**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **7.21 Cash and cash equivalents**

For the purpose of statement of cash flow, cash and cash equivalents comprise of cash in hand, bank balances and short term investments with a maturity of three months or less from the date of acquisition. The cash and cash equivalents are readily convertible to known amount of cash and are therefore subject to insignificant risk of changes in value.

#### **7.22 Share Capital and Dividend**

Ordinary shares are classified as equity and recognized at their face value. Dividend distribution to the shareholders is recognized as liability in the period in which it is declared.

#### **7.23 Earnings per share**

The Company presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

#### **7.24 Segment reporting**

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Group's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief operating decision makers include items directly attributable to a segment as well as those that can be allocated on actual Basis as the Polyester Filment yarn section operations is closed.

**8 Issued, Subscribed and Paid-up Capital***No. of Ordinary Shares of Rs. 10/- each*

2023	2022		2023	2022
			Rupees	
95,619,629	95,619,629	Fully Paid in cash	956,196,290	956,196,290
36,020,171	3,918,973	Issued as fully paid bonus shares	360,201,710	39,189,730
<u>131,639,800</u>	<u>99,538,602</u>		<u>1,316,398,000</u>	<u>995,386,020</u>

**8.1 Reconciliation of number of shares outstanding**

	2023	2022
	Numbers	Numbers
Ordinary shares		
Number of shares outstanding at the beginning of the year	99,538,602	56,879,201
Right Shares Issued against cash including Rs. 5/- per share as Premium	-	42,659,401
Bonus Shares issued during the year	32,101,198	-
Number of shares outstanding at the end of the year	<u>131,639,800</u>	<u>99,538,602</u>

**8.1.1** All ordinary shares rank equally with regard to the Parent Company's residual assets. Holders of the shares are entitled to dividends from time to time and are entitled to one vote per share at the general meetings of the Parent Company.

**8.1.2.** As of the reporting date 223,794 (2022: 169,223) and 41,438,343 (2022: 31,246,223) ordinary shares of Rs. 10 each were held by associated companies and directors of the Parent Company respectively.

**8.2 Capital Management**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for share holders and benefits for other stake holders, and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to share holders and/or issue new shares. There were no changes to Company's approach to capital management during the year.

**9 Surplus on Revaluation of Property, Plant and Equipment**

		2023	2022
		Rupees	
Opening Balance	9.1	345,505,366	356,301,574
Surplus arising due to Revaluation - net of tax		411,086,530	--
Transfer to Profit and Loss account of incremental depreciation (net of tax)			
Related Deferred Tax Liability		(9,716,587)	(10,796,208)
		<u>746,875,309</u>	<u>345,505,366</u>

- 9.1 The following fixed assets of the Company were revalued on June 30, 2023. The revaluation was carried out by independent valuer M/s. Sadruddin Associates (Private) Limited (Fire, Marine, Motor & Machinery Errection & Breakdown, Surveyor, Loss Adjustors, Plant and Machinery Valuers, Industrial Property & Real Estate Appraisers). Basis of revaluation are as follows:

**Land**

Valuation of land is determined by obtaining key market data from property brokers, dealers and estate agents to ascertain the Present market value considering its location and market potential.

**Building**

Revalued amount of building has been determined is simple. After taking into account the re-statement value have been computed after applying present market rate of construction.

**Plant and Machinery**

Revalued amount of plant and machinery has been determined by Physically inspected the Plant and Machinery. The age, make, origin condition etc. has been taken into account, to arrive at the present market value. At the time of our survey/ inspection, we observed that plant/machinery were in operational Condition. the Present value has been computed after application of suitable appreciation/depreciation factors, Rate of inflation and devaluation has been considered for optimum and closest approximate result of the valuation of entire machinery for obtaining the nearest value have taken 5% to 10% installation charges and add other levies to start and Complete the machinery.

The revaluation has resulted in increase in surplus and corresponding carrying amounts of Land, Building and Plant & Machinery to Rs. 440.122 million.

	WDV as June 30, 2023	Revalued Amounts as per revaluation Report	Revaluation Surplus
	Rupees		
Lease hold land	260,000,000	600,000,000	340,000,000
Factory building on lease hold land	121,165,286	202,671,260	81,505,974
Plant & machinery	406,149,746	424,765,645	18,615,899
Surplus on Revaluation	787,315,032	1,227,436,905	440,121,873

year	Revaluers name	Surplus Arise (Net)
2013	M/s. Sadruddin Associates (Pvt) Ltd.,	190,020,694
2018	M/s. Sadruddin Associates (Pvt) Ltd.,	231,341,754
2023	M/s. Sadruddin Associates (Pvt) Ltd.,	440,121,873

The revaluation surplus on property, plant and equipment is a capital reserve, and is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

	2023	2022
	Rupees	
<b>10 Long term Loan from associated and related parties</b>		
Loan from Associated Under takings - unsecured	24,500,000	55,500,000
Director Loan - Unsecured	95,025,000	66,420,000
Loan from Sponsors - unsecured , Interest free	10.1 -	-
	<u>119,525,000</u>	<u>121,920,000</u>

- 10.1 As per the agreement dated June 30, 2022 the above loans are unsecured and interest bearing @ 10% (2022: 14%) per annum. The above loans has been acquired from related parties to meet the working capital requirements of the Company.

- 10.2 The is not to be repaid till next twelve month upto June 30, 2024.

- 10.3 The borrower shall have the right to repay either entier amount of outstanding loan or any intallment or part thereof or convert the loan into equity on mutual consent agreed by both the parties.



**11 Diminishing Musharka Finance Facility**

<b>Opening Balance Facility I</b>	11.1	14,625,000	69,000,000
DM Facility II	11.2	59,636,000	42,750,000
DM Facility III	11.2	55,315,000	-
<b>Paid during the year</b>		<u>(14,625,000)</u>	<u>(97,125,000)</u>
		114,951,000	14,625,000
<b>Maturity During the year</b>			
<b>Less: Current Portion</b>		<u>5,488,261</u>	<u>14,625,000</u>
		<u>109,462,739</u>	<u>-</u>

**11.1** In August, 2020 the Company has availed SBP Refinance Scheme for wages and salaries through an Islamic Commercial Bank. This facility carries mark-up @ 3% per annum and is payable after a grace period of 6 months in 48 equal monthly instalments and is secured against 1st equitable charge over all present and future assets of the company including Land, Building, Plant and Machinery. The entire facility has been settled and the charge has been vacated by the bank.

**11.2** The Diminishing Musharika has been obtained from a Non-Bank Financial Institution. It is repayable in 60 equal monthly instalments including 1 year grace period and carries profit @ 6 month KIBOR+3.50% p.a and is secured against specific charge on DM assets in favour of NBFI.

**12 Diminishing Musharaka Facility against Vehicle**

Opening Balance - DM I	1,373,175	1,565,243
Opening Balance - DM II	1,373,175	1,565,243
Opening Balance - DM III	873,986	1,008,450
Opening Balance - DM IV	5,659,062	6,287,850
Opening Balance - DM V	<u>4,048,875</u>	<u>4,117,500</u>
	13,328,273	14,544,286
<b>Paid during the year</b>	<u>(2,929,972)</u>	<u>(1,316,527)</u>
	10,398,301	13,227,759
<b>Maturity during the year</b>		
<b>Less: Current Portion</b>	<u>2,928,972</u>	<u>2,928,972</u>
	<u>7,469,329</u>	<u>10,298,787</u>

The Diminishing Musharaka Facility has been obtained from a Modaraba (Non-Banking Financial Institution) repayable in 60 instalments. The repayment of first installment started from October 2022 and last installment will be paid on December 2026 in equal monthly instalments and carries profit @ 6 month KIBOR+3% per annum and secured against vehicles registered in the name of NBFI.

**13 Deferred taxation****Liability / (asset) balances arising in respect of:**

<b>Accelerated tax depreciation and others</b>	22,429,877	9,963,622
<b>Provisions and others</b>	<u>(2,157,268)</u>	<u>(2,412,357)</u>
	20,272,610	7,551,265
<b>Deferred tax liability in respect of:</b>		
- Revaluation net of related depreciation	<u>64,754,066</u>	<u>39,687,469</u>
	<u>85,026,675</u>	<u>47,238,734</u>

	2023	2022
	Rupees	
<b>14 Provision for Gratuity</b>		
Balance at the beginning of the year	8,462,290	5,051,581
Provision made during the year as per actuarial Valuation	14.1 5,931,776	3,697,375
	14,394,066	8,748,956
Payment/ Adjusted during the year	1,311,331	286,666
	14.1.5 13,082,735	8,462,290

**14.1 Staff gratuity payable**

The Company operates unfunded gratuity scheme for its permanent eligible employees. Gratuity benefit is payable under the scheme to employees on cessation of employment due to death, retirement and resignation. Further during the year the acturies has made Calculation on Projected Unit Credit (PUC) Actuarial Cost method as mandated under IAS 19.

The gratuity is payable based on the last drawn gross pay and the number of years of services.

<b>14.1.1</b> Number of employees under the scheme	54	43
--	----	----

**14.1.2 Principal actuarial assumptions**

The latest actuarial valuations of the above gratuity scheme were carried out as at 30 June 2023 under the Project Unit Credit Method. Principal actuarial assumptions used in the valuation of the scheme is as follows:

	2023	2022
<b>Significant Actuarial Assumptions</b>		
Discount rate used for interest cost in P&L charge	13.25%	10.00%
Discount rate used for year end obligation	16.25%	13.25%
Salary increase used for year end obligation	16.25%	13.25%
Next salary increased at	July 01, 2023	July 01, 2022
Mortality Rates	SLIC 2001 - 2005 Setback 1 Year	SLIC 2001 - 2005 Setback 1 Year
Withdrawal Rates	Age based	Age based
Retirement Assumption Age	60 Years	60 Years

Mortality rate is based on adjusted SL1C 2001-2005 with one year age set back mortality table as per recomondation of Pakistan Society of Acturies (PSOA)

<b>14.1.3</b> Staff Gratuity Payable		
Present value of defined benefit obligations	13,082,735	8,462,290
Plus Payables	--	--
	13,082,735	8,462,290
<b>14.1.4</b> Reconciliation of present value of defined benefit obligation		
Present value of defined benefit obligation - opening	8,462,290	5,051,581
Service cost	4,126,832	2,927,070
Past Service Cost (Credit)	423,581	499,049
Interest on defined benefit liability	1,034,378	490,825
Benefits paid	(1,311,331)	(286,666)
Liability transferred to other account	--	--
Actuarial gain	253,345	39,195
Experience Adjustment	93,640	(258,764)
	13,082,735	8,462,290
<b>14.1.5</b> Movement in present value of defined benefit obligations		
Net defined benefit liability - Opening	8,462,290	5,051,581
Expense chargeable to profit and loss account	14.1.6 5,584,791	3,916,944
Remeasurement gain transferred to OCI	346,985	(219,569)
Payments during the year	(1,311,331)	(286,666)
	13,082,735	8,462,290

<b>14.1.6 Expense chargeable to profit and loss account</b>		
Service cost	4,126,832	2,927,070
Past service Cost (Credit)	423,581	499,049
Net interest on net defined benefit liability	1,034,378	490,825
<b>14.1.8 Allocation of Charge for the year</b>	<b>5,584,791</b>	<b>3,916,944</b>

**14.1.9 Sensitivity analysis**

Sensitivity analysis has been performed by varying on assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the gratuity scheme. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

**Present value of defined benefit obligation**

Discount rate + 1%	12,392,413	7,898,211
Discount rate - 1%	13,892,779	9,149,292
Salary increase + 1%	13,915,280	9,155,372
Salary increase - 1%	12,359,264	7,882,345

		2023	2022
		Rupees	
<b>15 Trade and Other Payables</b>			
<b>Trade Creditors</b>	15.1	446,835,771	265,202,447
<b>Accrued Expenses</b>	15.2	114,395,898	109,935,505
<b>Zakat Payable</b>		2,661,256	2,661,256
<b>Others</b>	15.3	28,791,306	19,610,931
		<u>592,684,231</u>	<u>397,410,139</u>

15.1 Its includes payment against DA import bills amounting to Rs. 10.461 million.

15.2 It includes payable to related parties First Tri-Star Modaraba amounting to Rs. 6,000,000 (2022; Rs. 6,000,000) and Tri-Star Power Ltd., amounting to Rs. 46,687,390 (2022; Rs. 38,732,390)

**15.3 Others**

<b>With holding tax payable</b>		14,316,526	11,427,771
<b>Workers Profit Participation Fund</b>	15.3.1	13,327,526	7,259,513
<b>Others</b>		1,147,254	923,647
		<u>28,791,306</u>	<u>19,610,931</u>

**15.3.1 Workers Profit Participation fund**

<b>Opening Balance</b>		7,259,513	8,180,870
<b>Provided during the year</b>		<u>13,327,526</u>	<u>7,259,513</u>
		20,587,039	15,440,383
<b>Distributed during the year</b>		<u>(7,259,513)</u>	<u>(8,180,870)</u>
		<u>13,327,526</u>	<u>7,259,513</u>

**16 Unclaimed dividend**

As per the provision of Section 242 of the Companies Act, 2017 and directives of the Securities and Exchange Commission of Pakistan vide circular no. 18 dated 01 August, 2017, cash dividend will only paid through electronic mode directly in the bank accounts of shareholders, accordingly this unpaid dividend pertains to those shareholders who did not provided their valid bank accounts details.

**17 Provision for Taxation**

<b>Balance at the beginning</b>		8,759,124	31,579,313
<b>Less: Adjustments</b>	17.1	<u>(8,759,124)</u>	<u>(31,579,313)</u>
		-	--
<b>Add: Provisions for Taxation</b>			
Current year		<u>36,845,502</u>	<u>8,759,124</u>
		<u>36,845,502</u>	<u>8,759,124</u>

- 17.1** The income tax returns of the company has been filed up to tax year 2022 to income tax department and the assessments of the company have been finalized up to and including the tax year 2020. However, the commissioner of income tax may at any time during a period of five years from the date of filing of return may select the deemed assessment for audit. Current Provision has been made under relevant section of Income tax Ordinance after adjusting the tax credit under Section 65F of the Income tax ordinance 2001.

## 18 Contingencies and Commitments

### Guarantees issued by banks

### Letters of Credit in respect of committed capital expenditures

### Letters of Credit for other than capital expenditures

nil million	nil million
nil million	nil million
nil million	nil million

- 18.1** The Sales Tax Department has issued Show Cause Notice No. 71 dated November 15, 2018 for non payment of Sales Tax and Further Tax amounting to Rs. 99,451,956. The Company has filed a Constitutional Petition bearing CP No. 8269/2018 before the Hon'ble Sindh High Court wherein the Company has challenged the legality of the Show Cause Notice. The Hon'ble Sindh High Court has restrained the department from passing any adverse order against the Company pursuant to the Show Cause Notice under consideration. The Petition is pending adjudication.
- 18.2** The Sales Tax Department has issued Show Cause Notices for the year June 30, 2017, 2018, 2019 and July 2021 to November 2021 amounting to Rs. 4.032 million, Rs. 61.842 million, Rs. 11.706 million and Rs. 0.592 million along with penalty and default surcharge. The Company feels that the case is strong and will be decided in favour of the Company. Further in most of the cases the time limit for issuance of Order against SCN under Section 11(5) of the Sales Tax Act 1990 has lapsed as confirmed by the Tax Advisor of the Company except in the case of year 2022.
- 18.3** The Income Tax Department has issued Show Cause Notices No. 231, 248, 61 and 225/2022 dated June 24, 2023, November 25, 2022, February 8, 2022 and November 02, 2022 respectively for tax years 2016-2017, 2017-2018, 2018-2019 and 2019-2020 respectively amounting to Rs. 23,932,324. The Company has contested strongly and submitted details against the notices. The Company has filed Constitutional Petition No. 2214 and 2215 of 2023 against above Show Cause Notices issued by Deputy Commissioner (Audit II) Inland Revenue on April 19, 2023. The Hon'ble High Court of Sindh was pleased to restrain the Deputy Commissioner from passing the final Order. The Petitions are pending adjudication.

## 19 Tangible Fixed Assets

### Property, Plant and Equipment

	2023	2023
	Rupees	
	959,467,247	826,941,914
	<u>959,467,247</u>	<u>826,941,914</u>

### Property, Plant and Equipment - At cost less accumulated depreciation

Particulars	Cost/Revaluation				Rate %	Depreciation			Written Down Value As At June 30, 2023	
	As at July 01, 2022	Additions / Transfers / (Deletion)	Revaluation	As at June 30, 2023		As at July 01, 2022	For the year	As at June 30, 2023		
Owned										
<b>Assets Polyester Filament Yarn</b>										
Lease hold land	260,000,000	--	340,000,000	600,000,000	--	--	--	--	--	600,000,000
Factory Building on lease hold land	291,926,410	--	81,505,974	373,432,384	10	157,298,314	13,462,810	170,761,124		202,671,260
Plant and Machinery	769,835,825	121,867,483	18,615,899	910,319,207	10	440,425,812	45,127,750	485,553,562		424,765,645
Polyester Filament Yarn Unit including value added Embroidered Fabric Machinery 18.1										
Electrical Installations	15,463,137	4,450,800	--	19,913,937	10	7,706,057	1,220,788	8,926,845		10,987,091
Furniture and Fixture	33,395,254	3,099,601	--	36,494,855	10	8,965,190	2,752,966	11,718,157		24,776,698
Office Equipments	1,770,182	--	--	1,770,182	10	958,758	81,142	1,039,900		730,282
Air Conditioner and Refrig.	19,288,922	150,500	--	19,439,422	10	7,008,254	1,243,117	8,251,371		11,188,051
Vehicles	28,544,674	6,789,185	--	35,333,859	20	9,383,570	5,190,058	14,573,628		20,760,231
Fork Lifter	630,735	--	--	630,735	20	629,857	176	630,032		703
Computers	11,087,203	1,525,900	--	12,613,103	10	2,206,728	1,040,638	3,247,365		9,365,738
Studio Equipments	852,670	462,302	--	1,314,972	10	357,053	95,792	452,845		862,127
Generators	14,066,900	200,000	--	14,266,900	10	4,442,026	982,487	5,424,514		8,842,386
Elevator	23,615,329	4,436,609	--	28,051,938	10	5,006,915	2,304,502	7,311,417		20,740,521
Fire Fighting Equipments	861,872	145,000	--	1,006,872	10	248,950	75,792	324,742		682,130
Gas Installations	883,125	--	--	883,125	10	642,839	24,029	666,868		216,257
Solar Penal	--	70,000,000	--	70,000,000	10	--	7,000,000	7,000,000		63,000,000
June 2023	1,472,222,237	213,127,380	440,121,873	2,125,471,490		645,280,323	80,602,046	725,882,370		1,399,589,120
June 2022	1,245,713,919	226,508,318	--	1,472,222,237		579,625,391	65,654,932	645,280,323		826,941,914

19.1. Its includes Total assets (Plant and Machinery and other assets) at cost of Value added Embroidered Fabric of Rs. 886.258 (2022: Rs.466.818) million and WDV Rs. 513.331 (2022: Rs. 360.124) million.

Value added Embroidered Fabric		Polyester Filament Yarn	
June	June	June	June
2023	2022	2023	2022
Rupees		Rupees	
49,595,861	35,365,872	20,602,296	20,287,649
10,324,119	9,913,632	79,769	87,780
59,919,980	45,279,503	20,682,065	20,375,429

#### 19.2 Allocation of Depreciation

Depreciation for the period has been allocated as follows:  
Cost of Sales  
Administrative and General Expense

19.2 Particulars of immovable properties (i.e. freehold land and building on freehold land) in the name of Company are as follows:

Location	Use of Immovable Location Property	Total Area
F-538, SITE , Karachi, Sindh	Manufacturing Facility	2 acres

19.3 Register of fixed assets of the company was illegally removed by the officials of the Income tax department at the time of conducting raid at the company's premises which has not yet been returned. Consequently the same remain not to be updated and could also not made available to the auditors.

19.4 Lease hold Land, Factory Building on lease hold land and Plant and Machinery were revalued on 30-6-2023 by M/s. Sadruddin Associates (Pvt) Ltd., a PBA approved valuer. The surplus on revaluation works out to Land , Building and Plant and Machinery by Rs. 440.122 million.

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

Lease hold land	11,660,507	11,660,507
Factory Building on lease hold land	8,246,005	9,162,228
Plant and Machinery and Electrical Installation	406,888,110	310,265,458
	<u>426,794,621</u>	<u>331,088,193</u>

19.6 The forced sale value of revalued assets is Rs. 1,431,678,510 as on 30th June 2023.

#### OPERATING FIXED ASSETS - At Cost Less Accumulated Depreciation

Particulars	2022									
	Cost/Revaluation				Rate %	Depreciation				Written Down Value As At June 30, 2022
	As at July 01, 2021	Additions / Transfers/ (Deletion)	Revaluation June 30, 2021	As at June 30, 2021		As at July 01, 2022	Transfer/ (Deletion)	For the year	As at June 30, 2022	
Rupees					Rupees					
Owned										
Lease hold land	260,000,000	--	--	260,000,000	--	--	--	--	--	260,000,000
Factory Building on lease hold land	286,635,517	5,290,893	--	291,926,410	10	142,339,637	--	14,958,677	157,298,314	134,628,096
Plant and Machinery										
Polyester Filament Yarn Unit including value added Embroidered Fabric Machinery 15.1	604,039,846	165,795,979	--	769,835,824	10	403,824,700	--	36,601,112	440,425,812	329,410,012
Electrical Installations	10,171,757	5,291,380	--	15,463,137	10	6,844,160	--	861,898	7,706,057	7,757,079
Furniture and Fixture	30,284,676	3,110,578	--	33,395,254	10	6,250,739	--	2,714,452	8,965,190	24,430,064
Office Equipments	1,770,182	--	--	1,770,182	10	868,600	--	90,158	958,758	811,425
Air Conditioner and Refrig.	17,082,922	2,206,000	--	19,288,922	10	5,643,735	--	1,364,519	7,008,254	12,280,668
Vehicles	6,882,255	21,662,419	--	28,544,674	20	4,593,294	--	4,790,276	9,383,570	19,161,104
Fork Lifter	630,735	--	--	630,735	20	629,637	--	220	629,857	879
Computers	4,980,463	6,106,740	--	11,087,203	10	1,220,008	--	986,719	2,206,728	8,880,475
Studio Equipments	852,670	--	--	852,670	10	301,985	--	55,069	357,053	495,617
Generators	12,090,900	1,976,000	--	14,066,900	10	3,372,596	--	1,069,430	4,442,026	9,624,874
Elevator	8,547,000	15,068,329	--	23,615,329	10	2,939,313	--	2,067,602	5,006,915	18,608,414
Fire Fighting Equipments	861,872	--	--	861,872	10	180,847	--	68,102	248,950	612,922
Gas Installations	883,125	--	--	883,125	10	616,141	--	26,698	642,839	240,285
June -22	1,245,713,920	226,508,318	--	1,472,222,237		579,625,391	--	65,654,932	645,280,323	826,941,914
June -21	1,125,063,705	120,650,215	--	1,245,713,920		534,186,380	--	45,439,011	579,625,391	666,088,528

Its includes Total assets (Plant and Machinery and other assets) at cost of Value added Embroided Fabric of Rs. 466.818 (2021: Rs.484.508) million and WDV Rs. 513.331 (2021: Rs. 181.581) million.

Value added Embroidered Fabric		Polyester Filament Yarn	
June	June	June	June
2022	2021	2022	2021
Rupees		Rupees	
35,365,872	28,745,653	20,287,649	11,600,193
9,913,632	1,346,414	87,780	3,746,751
45,279,504	30,092,067	20,375,429	15,346,944

#### Allocation of Depreciation

Depreciation for the period has been allocated as follows:  
Cost of Sales  
Administrative and General Expense

	2023	2022
	Rupees	
<b>20 Long Term Deposits</b>		
K-Electric	403,810	403,810
Telephone	3,200	3,200
Pakistan Oxygen Limited	14,000	14,000
Sui Southern Gas Company	1,752,610	1,595,760
Al-Feroze (Pvt) Limited	1,755,000	1,755,000
Dolmen Real Estate Management (Private) Limited	1,677,000	1,677,000
Packages Real Estate (Private) Limited	2,732,400	2,732,400
Nishat Hotel & Properties Limited	6,828,301	6,828,301
Pak Gulf Construction (Private) Limited	2,488,500	--
CDC Trustee DHA Dolmen Lahore REIT	2,574,650	--
Nayatel	10,200	10,200
Rental Deposits for shops	4,000,000	4,000,000
Others	1,000	1,000
	24,240,671	19,020,671

	Country of incorporation	Amount in Percent	Foreign of holding Jurisdiction	2023	2022
				Rupees	
<b>21 Long Term Investment</b>					
Fair value through other comprehensive income					
2,455,000 (2022: 2,455,000) N.I.T units (Average cost price Rs. 14.0573)				21.1	34,510,675
Market value as at June 30, are as under					
June 30 (2022: June 30) @ Rs. 54.97 . (Rs.53.87) per unit				150,056,225	150,056,225
Provision made during the year				(184,566,900)	(184,566,900)
				-	-
<b><u>Investments in related parties</u></b>					
<b><u>Subsidiary companies - at cost - unquoted</u></b>					
Image Tech Ltd.					
1,998,500 ordinary shares @ Rs. 10/-	Pakistan	99.99%	Pak Rupee	19,985,000	19,985,000
Image International Ltd.					
4,997 ordinary shares @ £. 1/- per share	UK	99.94%	£ 4,997	21.3	1,201,779
Tri-Star Image (USA) Inc.					
4,500 ordinary shares @ \$. 1/- per share	USA	100%	\$ 4,500	21.4	921,810
				22,108,589	22,108,589

**21.1** In, September 1996, the Income Tax Authorities raided the Company's premises and took away, by force, all the records, documents, and valuable securities, including FEBC's/Bearer NIT units of all the Group companies, which included the bearer NIT units of the company; without lawful authority and without making any inventory. This raid caused a serious disruption in the company's business. The company has filed a suit against the Income Tax Authorities in the Hon'ble High Court of Sindh, challenging the said act as being illegal. The Hon'ble High Court of Sindh, vide its Order dated July 31, 1998, held that the presence of irregularities and malafides in the act of the Income Tax Department cannot be ruled out. Further, the remaining two ingredients namely balance of convenience and causing irreparable loss and injury, also exists in favor of the company. Further, the Income Tax Department was directed to submit their report keeping in view the provisions of Section 146(c) of The Income Tax Ordinance, 1979, declaring how much more time they would need to return the impounded documents and records. The matter is now in evidence stage.

**21.2** The above investment of the company was illegally removed by the officials of the Income tax department at the time of conducting raid at the company's premises which has not yet been returned. Consequently the same remain to be updated and could also not be made available to the auditors for physical verification.

**21.3 Image International Ltd.**

The Company holds 4,997 (2022: 4,997) ordinary shares of £. 1/- per share in Image International Limited - UK which represents 100 interest in IIL - UK, a jointly controlled entity of the Company and Directors of the Company, a related party. The company not Started its operations yet. This is an equity investment therefore period of investment is not specific, the company has not received any return from this investment, and during the term of investment no default/breach is made.

Beneficial owner of Tri-Star Image (USA) Inc. are

**Name % of Holding**

Image Pakistan Limited  
Asad Ahmad  
Uzma Ahmad  
Mariam Ahmad

**Address**

F/538, S.I.T.E, Karachi.  
21 DMCHS, Block 7/8, Tipu Sultan Road, Karachi. Pakistan  
21 DMCHS, Block 7/8, Tipu Sultan Road, Karachi. Pakistan  
21 DMCHS, Block 7/8, Tipu Sultan Road, Karachi. Pakistan

**22 Stores, Spares & Loose Tools**

<b>Stores and Spares</b>	69,759	204,759
<b>Cops</b>	1,207,948	1,207,948
	<u>1,277,707</u>	<u>1,412,707</u>

**23 Stock-in-Trade**

Raw Materials including Packing Material	510,226,803	408,284,636
Packing Material	7,740,202	2,826,190
Work in Process	186,740,732	151,301,732
Finished Goods	908,253,542	745,860,718
	<u>1,612,961,279</u>	<u>1,308,273,276</u>

**24 Trade Debts - Considered Good**

Local Receivables - Considered Good (A Associated Party)	266,128,455	245,802,826
Considered Doubtful	--	--
	<u>266,128,455</u>	<u>245,802,826</u>
<b>Impairments allowance for Doubtful debts</b>	<u>--</u>	<u>--</u>
	<u>266,128,455</u>	<u>245,802,826</u>

**24.1** The aging of debtors (related party) at the reporting date was:

Up to one month	80,899,913	25,573,284
More than one year	185,228,542	220,239,542
	<u>266,128,455</u>	<u>245,812,826</u>

**24.2** Maximum amount due at any month during the year with related party amounting to Rs. 266.128 Million (2022: Rs. 245.803 Million)**25 Trade Deposits, Prepayments and Statutory Balances - considered good**

Advance to suppliers (Related Parties)	25.1	101,183,928	--
Advance imports and others		29,702	29,702
Advance to Employees		60,000	25,000
Deposits		919,689	3,171,592
Sales Tax Refundable		--	9,629,322
Interest on term Deposits		22,784	12,332
Others		--	566,015
		<u>102,216,103</u>	<u>13,433,963</u>

		2023	2022
		Rupees	
<b>26</b>	<b>Cash and Bank Balances</b>		
	<b>Cash in Hand</b>	102,034	31,617,002
	<b>Cash at Banks - Current Accounts</b>	26.1	12,619,616
	PLS Account		1,901,526
	Foregin Currency Account.	2,549,182	546,275
	<b>Term Deposit Certificates</b>	26.2	1,100,000
		<u>16,370,832</u>	<u>35,164,803</u>

**26.1** The Company has conventional banking relationships with all the banks except one which is on Islamic bank.

**26.2** Term Deposit Receipts Carries Mark @ 12% per annum.

## 27 Sales

	Value added Embroidered Fabric		Polyester Filament Yarn		Total	
	June 2023	June 2022	June 2023	June 2022	June 2023	June 2022
	(Rupees)					
<b>Gross Sales</b>						
Local	2,296,404,615	1,462,669,697	-	-	2,296,404,615	1,462,669,697
Export	33,031,739	72,144,732	-	-	33,031,739	72,144,732
	<u>2,329,436,354</u>	<u>1,534,814,429</u>	<u>-</u>	<u>-</u>	<u>2,329,436,354</u>	<u>1,534,814,429</u>
Sales Tax	264,953,848	160,417,637	-	-	264,953,848	160,417,637
Sales Return	-	-	-	-	-	-
<b>Net Sales</b>	<u>2,064,482,506</u>	<u>1,374,396,792</u>	<u>-</u>	<u>-</u>	<u>2,064,482,506</u>	<u>1,374,396,792</u>

## 28 Cost of Sales

	Note	Value added Embroidered Fabric		Polyester Filament Yarn		Total	
		June 2023	June 2022	June 2023	June 2022	June 2023	June 2022
		(Rupees)					
Raw material - opening stock		411,110,826	246,152,014	-	-	411,110,826	246,152,014
Purchases		1,099,529,067	852,749,566	-	-	1,099,529,067	852,749,566
Raw material		1,510,639,893	1,098,901,580	-	-	1,510,639,893	1,098,901,580
Raw material - closing stock		(517,967,005)	(411,110,826)	-	-	(517,967,005)	(411,110,826)
		<u>992,672,888</u>	<u>687,790,754</u>	<u>-</u>	<u>-</u>	<u>992,672,888</u>	<u>687,790,754</u>
Fuel and Power, Oil and Lubricant		43,842,200	37,861,761	--	--	43,842,200	37,861,761
Water		482,300	982,100	--	--	482,300	982,100
Salaries, Wages and Other Benefits	28.1	254,500,517	164,138,114	--	--	254,500,517	164,138,114
EOBI Contribution		9,318,951	4,251,202	--	--	9,318,951	4,251,202
SESSI Contribution		8,126,534	4,149,895	--	--	8,126,534	4,149,895
Store consumed		2,111,796	3,758,909	--	--	2,111,796	3,758,909
Building Repairs and Maintenance		13,555,017	2,344,061	--	--	13,555,017	2,344,061
Conveyance Expenses		786,275	132,617	--	--	786,275	132,617
Freight Inward		182,400	811,900	--	--	182,400	811,900
Oil and Grease		8,400	2,200	--	--	8,400	2,200
Security Expenses		961,208	1,598,306	--	--	961,208	1,598,306
Entertainment		1,045,966	122,218	--	--	1,045,966	122,218
Vehicle up-keep		2,277,076	2,101,852	--	--	2,277,076	2,101,852
Communication charges		287,870	954,593	--	--	287,870	954,593
Stationery and printing		1,891,215	3,270,504	--	--	1,891,215	3,270,504
Insurance		3,859,402	1,001,863	--	--	3,859,402	1,001,863
Repairs and Maintenance		8,074,578	6,716,079	--	--	8,074,578	6,716,079
Depreciation	18.2	49,595,861	35,365,872	20,602,296	20,287,649	70,198,157	55,653,520
		<u>1,393,580,454</u>	<u>957,354,800</u>	<u>20,602,296</u>	<u>20,287,649</u>	<u>1,414,182,750</u>	<u>977,642,448</u>
Work-in-Process - Opening		151,301,732	141,348,047	--	--	151,301,732	141,348,047
Work-in-Process - Closing		(186,740,732)	(151,301,732)	--	--	(186,740,732)	(151,301,732)
Cost of Goods Manufactured		<u>1,358,141,454</u>	<u>947,401,115</u>	<u>20,602,296</u>	<u>20,287,649</u>	<u>1,378,743,750</u>	<u>967,688,763</u>
Finished Goods - Opening		745,860,718	448,628,322	--	--	745,860,718	448,628,322
Finished Goods - Closing		(908,253,542)	(745,860,718)	--	--	(908,253,542)	(745,860,718)
		<u>1,195,748,630</u>	<u>650,168,719</u>	<u>20,602,296</u>	<u>20,287,649</u>	<u>1,216,350,926</u>	<u>670,456,367</u>





30.1 None of the directors had any interest in the donee's fund.

	2023	2022
	Rupees	
<b>30.2 Auditors Remuneration</b>		
Annual Audit Fee	600,000	500,000
Audit fee of Half Yearly financial statements	200,000	100,000
Audit fee for Consolidated financial statements	200,000	200,000
	<u>1,000,000</u>	<u>800,000</u>
<b>31 Other Income</b>		
Exchange Fluctuation	1,407,797	74,359
Interest on Term Deposit	142,552	72,600
Provision against NIT units (note no.21.1)	--	(34,510,675)
Insurance Claim	85,410	--
Other Income	617,265	--
Loss Booked on Prior Years adjustments	(609,637)	--
	<u>1,643,387</u>	<u>(34,363,716)</u>
<b>32 Finance Cost</b>		
Bank Charges and Commission	15,770,409	14,722,864
Interest on Loan from Associated and Directors	12,871,774	13,302,629
Markup on SBP Refinance	152,753	861,135
Interest on Diminishing Musharka Finance Facility - Vehicle Finance	2,434,758	859,220
Interest on Diminishing Musharka Finance Facility	6,917,623	1,795,492
Other Financial Charges	13,545	--
	<u>38,160,862</u>	<u>31,541,340</u>

		2023	2022
		Rupees	
<b>33 Taxation</b>			
Current	17	36,845,502	8,759,124
Prior		(277,147)	(14,534,687)
Deferred	13	8,853,224	(30,338,686)
		<u>45,421,579</u>	<u>(36,114,249)</u>
<b>34 Earnings Per Share - Basic and diluted</b>			
Profit after Taxation		<u>207,801,423</u>	<u>174,044,997</u>
Weighted Average Number of Ordinary Shares at year end		<u>109,018,631</u>	<u>84,344,843</u>
Earnings Per Share - Basic and diluted	Rupees	<u>1.91</u>	<u>2.06</u>

Particulars	2023			2022		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees)			(Rupees)		
Managerial Remuneration	16,875,000	6,088,542	33,406,573	12,250,000	14,808,204	18,290,711
House rent allowance	6,750,000	2,435,417	13,362,629	4,500,000	5,923,282	7,316,285
Utilities allowance	1,687,500	608,854	3,340,657	1,125,000	1,480,820	1,829,071
Medical allowance	1,687,500	608,854	3,340,657	1,125,000	1,480,820	1,829,071
<b>Total</b>	<u>27,000,000</u>	<u>9,741,667</u>	<u>53,450,517</u>	<u>19,000,000</u>	<u>23,693,127</u>	<u>29,265,138</u>
<b>Number of persons</b>	<u>1</u>	<u>1</u>	<u>22</u>	<u>1</u>	<u>4</u>	<u>13</u>

35.1 The Chief Executive Officer, Director and Executives of the company are provided with free use of company maintained cars.

**36 Related Party Transactions**

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

<b>Name of the related party</b>	<b>Relationship and percentage shareholding</b>	<b>Transactions during the year and year end balances</b>	<b>2023 (Rupees)</b>	<b>2022 (Rupees)</b>
Tri-Star Power Ltd	Associated company by virtue of common directorship Shareholding : NIL	Markup accrued Loan repaid Lease Rental Loan Payable at the year end	1,994,521 - 6,870,000 20,000,000	2,000,000 - 13,740,000 20,000,000
Mr. Asad Ahmad	Chief Executive	Loan repaid Loan received Markup accrued Loan Payable at the year end	2,600,000 7,580,000 364,400 6,980,000	8,544,070 10,544,070 372,766 2,000,000
Ms. Uzma Ahmad	Director	Loan repaid Loan received Markup accrued Loan Payable at the year end	- 4,500,000 381,194 4,500,000	- - - -
Ms. Farnaz Ahmad	Director	Loan repaid Loan received Markup accrued Loan Payable at the year end	6,150,000 19,675,000 6,526,404 74,725,000	97,500,000 56,200,000 6,761,041 61,200,000
Ms. Marium Ahmad	Director	Loan repaid Loan received Markup accrued Loan Payable at the year end	480,000 6,080,000 775,667 8,820,000	- 250,000 297,068 3,220,000
Indus Battery Industries (Pvt) Ltd.	Associated company by virtue of common directorship	Loan received Loan repaid Markup accrued Loan Payable at the year end	500,000 31,500,000 2,802,055 4,500,000	500,000 11,700,000 3,803,425 35,500,000
UMF (Pvt) Limited	Associated company by virtue of common directorship	Loan repaid Markup accrued	- -	900,000 21,205
Image Embroidered Fabric	Associated undertaking by virtue of sales arrangement	Purchase	-	110,296,253
Habib Jamal & Co.	Partnership Firm by virtue of common sponsors	Purchase of Goods and Assets	106,355,772	--
First Tri-Star Modaraba	Associated company by virtue of common directorship	Rent accrued Rent paid Purchase of Assets	6,000,000 6,000,000 70,000,000	6,000,000 - -
Image Tech Ltd.	Associated company by virtue of common directorship	Investment Sale of goods Amount recoverd / adjusted against sales Balance at the year end	19,985,000 357,038,219 396,283,748 89,708,071	19,985,000 279,505,454 253,932,170 25,573,284
Image International Ltd.	Associated company by virtue of common directorship	Investment Sale of goods Amount recoverd / adjusted against sales Balance at the year end	1,201,779 22,891,770 22,891,770 -	1,201,779 - - -
Tri-Star Image (USA) Inc.	Associated company by virtue of common directorship	Investment	921,810	921,810

The outstanding balance with related parties as at the year-end have been disclosed in the respective notes to the unconsolidated financial statements.

All transactions were carried out on commercial terms and conditions and were valued at arm's length price. Reimbursement of expenses were on actual basis. Remuneration and benefits to key management personnel under the terms of their employment are given in Note 35 above.

	<b>2023</b>	<b>2022</b>
	<b>Rupees</b>	
<b>37 Cash and Cash Equivalents</b>		
<b>Cash and Bank Balances</b>	<u>16,370,832</u>	<u>35,164,803</u>

		2023	Rupees	2022
		M.Tons		M.Tons
<b>38 Plant Capacity and Production</b>				
<b>38.1 Polyester filament Yarn</b>				
Attainable Production Capacity	38.1.1	4,000		4,000
Actual production on Annual Basis		nil		nil

**38.1.1 Reason for Filament yarn Unit not in Production**

No production activity was done in Polyester Filament Yarn unit during the year due to high production cost / less market demand.

**38.2 Value Added Fabrics**

The company made production to value added fabric (as textile unit) with the Brand name Image for stitched and unstitched suits the capacity of the Company cannot be determined as this depends upon designing and styling of the garment and Fabric of the customer/market demand.

**39 OPERATING SEGMENT**

These unconsolidated financial statements have been prepared on the basis of two reportable segment one Segment of Polyester Filament yarn unit which Idle Since long and Remain closed during the year the Other Segment is Value added Embroidered Fabric/ garments Unit which is in Operations.

		Value added Embroidered Fabric		Polyester Filament Yarn		Total	
		June	June	June	June	June	June
		2023	2022	2023	2022	2023	2022
Net Sales	26	2,064,482,506	1,374,396,792	-	-	2,064,482,506	1,374,396,792
Cost of Sales	27	1,195,748,630	650,168,719	20,602,296	20,287,649	1,216,350,926	670,456,367
Gross Profit/(Loss)		868,733,876	724,228,073	(20,602,296)	(20,287,649)	848,131,580	703,940,425
Selling & Distribution costs	28	375,957,247	327,125,041	-	-	375,957,247	327,125,041
Administrative Expenses	29	169,026,555	165,632,287	79,769	87,780	169,106,324	165,720,067
		544,983,802	492,757,328	79,769	87,781	545,063,571	492,845,108
Segment Results		323,750,074	231,470,746	(20,682,065)	(20,375,430)	303,068,010	211,095,318
Segments Assets		2,422,923,777	1,836,952,250	591,737,930	641,890,111	2,422,923,777	2,478,842,361
Segments Liabilities		3,453,575,632	2,477,634,413	-	-	3,453,575,632	2,477,634,413
Capital Expenditure - Excluding revaluation at cost		213,127,380	226,508,318	-	-	213,127,380	226,508,318
Depreciation		59,919,980	45,279,503	20,682,065	20,375,429	80,602,045	65,654,932

All non current assets of the Company as at June 30, 2023 are located in Pakistan except two subsidiaries companies as disclosed in note 21 to the unconsolidated Financial Statements.

98.43% (2022: 95.30%) local sales are of embroidered fabric/garment and 1.57% (2022: 4.70% ) are sales of embroidered fabric/garment are export sales in different parts of the world.

**40 Financial Instruments**

The Company has exposures to the following risks from its use of financial instruments:

**Credit Risk**

**Liquidity Risk**

**Market Risk**

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

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

#### 40.1 Credit Risk

Credit risk is the risk that one party to the financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Company believes that it is not exposed to major concentration of credit risk. However, to reduce exposure to credit risk, if any, the management monitors the credit exposure towards the customers and makes provisions against those balances considered doubtful of recovery.

The maximum exposure to credit risk at the reporting date is:

	June 30, 2023	June 30, 2022
	Rupees	
Long Term Investment	22,108,589	22,108,589
Long Term Deposits	24,240,671	19,020,671
Trade Debtors - unsecured	266,128,455	245,802,826
Trade Deposits and Prepayments	102,216,103	13,433,963
Cash with Banks in Current Accounts	16,370,832	35,164,803
	<u>431,064,650</u>	<u>335,530,852</u>

#### 40.2 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liability when due.

The company is exposed to liquidity risk in respect of non current interest bearing liabilities, short term borrowings, trade and other payable and mark up accrued.

Particulars	2023				
	Carrying Amount	Contractual Cash Flows	Six months or Less	Six to twelve months	One to two year
Rupees					
<b>Financial Liabilities</b>					
Long term Loan from Associated and related Parties. Interest free	119,525,000	149,406,250		-	149,406,250
Diminishing Musharika Finance	117,879,972	138,243,737	20,586,421		-
Trade and other payables	412,392,351	412,392,351	412,392,351		-
Accrued interest on Loans	29,497,017	29,497,017	29,497,017		-
Unclaimed Dividend	12,060,558	12,060,558	12,060,558		-
	<u>691,354,898</u>	<u>741,599,913</u>	<u>474,536,347</u>	<u>-</u>	<u>149,406,250</u>
2022					
Particulars	Carrying Amount	Contractual Cash Flows	Six months or Less	Six to twelve months	One to two year
Rupees					
<b>Financial Liabilities</b>					
Long term Loan from Associated and related Parties. Interest free	121,920,000	135,222,629	-	-	135,222,629
Diminishing Musharika Finance	17,553,972	113,545,230	23,862,500	89,682,730	-
Trade and other payables	397,410,139	397,410,139	397,410,139		-
Accrued Interest on Loans	13,302,629	13,302,629	13,302,629		-
Unclaimed Dividend	26,510,502	26,510,502	26,510,502		-
	<u>576,697,242</u>	<u>685,991,129</u>	<u>461,085,770</u>	<u>89,682,730</u>	<u>135,222,629</u>

#### 40.3 Market Risk

Market risk is the risk that the value of a financial instrument will fluctuate resulting in as a result of changes in market prices or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of Product and liquidity in the market.

**40.4 Currency Risk**

Foreign currency risk arises mainly due to conversion of foreign currency assets and liabilities into local currency. The Company is not materially exposed to foreign currency risk on foreign currency assets and liabilities.

**Foreign currency risk**

The PKR is the functional currency of the Company and, as a result, currency exposures arise from transactions and balances in currencies other than PKR. The Company's potential foreign currency exposure comprise:

**Transactional exposure in respect of non functional currency monetary items**

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically revalued to PKR equivalent, and the associated gain or loss is taken to the profit or loss. The foreign currency risk related to monetary items is managed as part of the risk management strategy

**40.5 Interest Rate Risk**

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates, majority of the interest rate exposure arises from short and long term borrowings from bank and term deposits and deposits in profit and loss sharing accounts with banks.

**40.6 Risk Management Policies**

Risk management is carried out by the management under policies approved by board of directors. The board provides principles for overall risk management, as well as policies covering specific areas like foreign exchange risk, interest rate risk and investing excessive liquidity.

**40.7 Capital Risk Management**

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensuration to the circumstances.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholder. Debt is calculated as total borrowings ('long term loan' and 'short term borrowings' as shown in the balance sheet). Total capital comprises share holders' equity as shown in the balance sheet under 'share capital and reserves'.

	June 30, 2023	June 30, 2022
	Rupees	
Total Borrowings	237,404,972	139,473,972
Less: Cash and Bank Balances	16,370,832	35,164,803
Net Debt	<u>221,034,140</u>	<u>104,309,169</u>
Total Equity	2,444,819,829	1,826,178,236
Total Capital	<u><u>2,665,853,969</u></u>	<u><u>1,930,487,404</u></u>
Gearing Ratio	<u><u>0.08</u></u>	<u><u>0.05</u></u>

**40.8 Fair Value of Financial Instruments**

As at the reporting date the fair value of all financial assets and liabilities are estimated to approximate their carrying values.

**41 Non -Adjusting Event After the Reporting Period**

(i) The Board of Directors in its meeting held on September 28, 2023 has proposed cash dividend of Rs. 1.50 per share for the year ended June 30, 2023 amounting to Rs. 197,459,700 million for approval of the members at the Annual General Meeting to be held on October 27, 2023.

**42 Number of Employees**

Number of persons employed contractual and Permanent as at year end were 878 (2022: 550) and the average number of persons employed during the year were 834 (2022:610 ).

**43 General**

a. Figures have been rounded off to the nearest rupee.

**b. Functional and Presentation Currency**

Items included in the unconsolidated financial statements are measured using the currency of the primary economic environment in which the company operates. The unconsolidated financial Statements are presented in Pakistani rupees, which is the Company's functional and Presentational currency.

**c. Corresponding figures**

Corresponding figures have been re-arranged and reclassified, whenever necessary, for the purposes of comparison. During the year there were no major reclassifications to report .

Asad Ahmad  
Chief Executive

Uzma Ahmad  
Director

Mohammad Zameer  
Chief Financial Officer

## **Directors' Report to the Shareholders To the members of Image Pakistan Limited Report on the Audit of the Consolidated Financial Statements**

On behalf of Board of Directors of Holding Company of Image Tech Limited, Image International Limited and Tri-Star Image (USA) Inc., it is our pleasure to present Directors' Report with Audited Consolidated Financial Statements for the year ended June 30, 2023.

**1. Image Tech Limited**

This subsidiary was incorporated as Public Limited Company on 12<sup>th</sup> July, 2021 to avail the incentives announced by the Government of Pakistan for technology companies including digital electronics and internet related services such as e-commerce. The Company is actively involved in doing e-commerce both locally and internationally.

**2. Image International Limited**

This overseas subsidiary was incorporated on 17<sup>th</sup> November, 2021 in the UK. The Company has made arrangements of fulfilment in the UK and the business has scaled manifolds.

**3. Tri-Star Image (USA) Inc.**

This overseas subsidiary was incorporated on 4<sup>th</sup> January, 2022 in USA. The Company has made arrangements for making delivered duty paid i.e. DDP which has resulted in scaling e-commerce volumes.

On behalf of the Board

**Asad Ahmad**  
Chief Executive

**Uzma Ahmad**  
Director

Place: Karachi, September 28, 2023



## **Independent Auditors' Report to the Members of Image Pakistan Limited**

### **Report on the Audit of the Consolidated Financial Statements**

#### **Opinion**

We have audited the annexed consolidated financial statements of Image Pakistan Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 June 2023 and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key matters to be communicated in our audit report.

Following are the key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1	<p><u>Capital Expenditure</u> (Refer Note 19 to the annexed Financial Statements)</p> <p>The company's financial statements for the year ended June 30, 2023 disclosed a significant capital expenditure of Rs. 213.127 million incurred during the year which primarily attributed to the establishment of garment and embroidery processes, procurement of efficient Solar Panels &amp; technological advanced machines.</p> <p>The capital expenditure incurred during the year represents significant transactions and requires appropriate application as per applicable financial reporting framework. In view of the above, we have identified this matter as a key audit matter.</p>	<p>Our key audit procedures in this area amongst others included the following:</p> <p>We evaluated the authorization and approval procedures for capital expenditure, ensuring compliance with company policies along with their budgeting.</p> <p>We tested samples of capital expenditure transactions to check the accuracy and valuation of the amounts recorded in the financial statements.</p> <p>We assessed management's criteria for capitalizing expenditure, as per the Capitalization policy and ensured consistency with the relevant accounting standards.</p> <p>Physical verification on sample basis to check the existence of assets.</p>

		<p>We examined the documentation supporting management's decisions regarding the capitalization of expenditure, such as contracts, and invoices.</p> <p>We assessed the adequacy of disclosures in accordance with the applicable financial reporting framework</p>
2.	<p><u>Revenue recognition</u></p> <p>The Company recognized net revenue of Rupees 2,696.312 million for the year ended 30 June 2023.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, Revenue recognition note 7.10 to the financial statements.</li> <li>- Revenue note 27 to the financial statements.</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue;</li> <li>• We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents;</li> <li>• We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period;</li> <li>• We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'; and</li> <li>• We also considered the appropriateness of disclosures in the financial statement</li> </ul>

#### Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the unconsolidated financial statements and our auditors' report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern

basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

#### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Mohammad Tariq.

Date: September 28, 2023  
Place: Karachi  
UDIN: AR202310129I96HxoKCd

sd/-  
Feroze Sharif Tariq & Co.  
Chartered Accountants



# CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the Year Ended 30th June, 2023

## Balance Sheet as at

	Notes	June 30, 2023 (Rupees)	June 30, 2022
<b><u>EQUITY AND LIABILITIES</u></b>			
<b><u>CAPITAL &amp; RESERVES</u></b>			
<b><u>Authorized Capital</u></b>			
300,000,000 (2022: 100,000,000) Ordinary Shares of Rs. 10/- each		3,000,000,000	1,000,000,000
Issued, Subscribed and Paid-up Capital	8	1,316,398,000	995,386,020
<b>Capital Reserve</b>			
Capital Reserve - (a Share Premium account of Parent Company)		252,683,670	252,683,670
Surplus on revaluation Property, plant and Equipments	9	746,875,309	345,505,366
<b>Revenue Reserve</b>			
Unappropriated Profit		246,532,057	266,735,315
Equity attributable to owners		2,562,489,036	1,860,310,371
Non controlling interest		101,164	40,338
Shareholders' Equity		2,562,590,200	1,860,350,709
<b><u>NON-CURRENT LIABILITIES</u></b>			
Long term Loan from Associated and related Parties	10	119,525,000	121,920,000
Diminishing Musharka Finance Facility	11	109,462,739	-
Lease Liability against Diminishing Muharaka - Vehicle	12	7,469,329	10,298,787
Deferred taxation	13	85,026,675	47,238,735
Provision for Gratuity	14	13,082,735	8,462,290
<b><u>CURRENT LIABILITIES</u></b>			
Trade and Other Payables	15	640,217,241	402,242,151
Accrued Interest on Loan from Associates		20,627,359	13,302,629
Accrued Interest on Financial Institution		-	-
Non current Liabilities of Long term Liabilities	11	8,417,233	17,553,972
Unclaimed Dividend	16	15,614,994	26,510,502
Provision for taxation	17	36,845,503	8,759,124
		721,722,330	468,368,378
Contingencies and Commitments	18		
		3,618,879,008	2,516,638,899

## June 30, 2023

		June 30, 2023	June 30, 2022
		(Rupees)	
<b><u>ASSETS</u></b>			
<b><u>NON-CURRENT ASSETS</u></b>			
Tangible Fixed Assets			
Property, Plant and Equipments	19	1,399,589,120	826,941,914
Long Term Deposits	20	24,240,671	19,020,671
Long Term Investments	21	-	-
<b><u>CURRENT ASSETS</u></b>			
Stores, Spares and Loose Tools	22	1,277,707	1,412,707
Stock-in-Trade	23	1,619,916,301	1,308,273,276
Trade Debtors - unsecured	24	251,582,186	284,740,816
Trade Deposits and Prepayments - Considered good	25	263,200,947	29,049,481
Income Tax Refunds and Advances		9,928,326	5,475,665
Cash and Bank Balances	26	49,143,749	41,724,370
		2,195,049,216	1,670,676,315

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 3,618,879,008

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 2,516,638,899

The annexed notes form an integral part of these accounts.

Asad Ahmad  
Chief Executive

Uzma Ahmad  
Director

Mohammad Zameer  
Chief Financial Officer

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2023

	Notes	2023	2022
		(Rupees)	
SALES - Net	27	2,696,311,753	1,718,240,569
COST OF SALES	28	<u>1,654,108,999</u>	<u>973,389,785</u>
GROSS PROFIT		1,042,202,753	744,850,785
<b><u>Operating Expenses</u></b>			
Distribution and Selling Cost	29	<u>465,922,174</u>	<u>332,736,249</u>
Administrative and General Expenses	30	<u>191,560,963</u>	<u>166,833,860</u>
		<u>657,483,137</u>	<u>499,570,109</u>
OPERATING PROFIT		384,719,616	245,280,676
Other (Income)/Loss	31	<u>1,643,387</u>	<u>34,363,716</u>
		386,363,003	210,916,960
Finance Cost	32	<u>38,976,790</u>	<u>31,609,843</u>
		347,386,213	179,307,117
Other Charges		<u>13,327,527</u>	<u>7,259,513</u>
PROFIT BEFORE TAXATION		334,058,686	172,047,604
Taxation	33	(45,421,580)	(36,114,249)
PROFIT AFTER TAXATION		<u><u>288,637,106</u></u>	<u><u>208,161,853</u></u>
<b>Profit attributable to</b>			
Owners of the Parent company		288,576,279	208,137,237
Non - Controlling Interest		<u>60,826</u>	<u>24,616</u>
		<u><u>288,637,106</u></u>	<u><u>208,161,853</u></u>

*The annexed notes form an integral part of these accounts.*

Asad Ahmad  
Chief Executive

Uzma Ahmad  
Director

Mohammad Zameer  
Chief Financial Officer



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2023

	June 30, 2023	June 30, 2022
	(Rupees)	
<b>Profit for the Year</b>	288,637,106	208,161,853
<b>Items that will not be subsequently reclassify to Profit or loss</b>		
<b>Other comprehensive Income:</b>		
Reversal of Unrealized gain / (loss) due to change in fair value of investment through other Comprehensive Income due to provision for impairment of full investment made by the board.	-	(150,056,225)
Surplus on revaluation of property, plant and equipment	440,121,873	-
Related deferred tax	(29,035,343)	-
	411,086,530	-
Remearurement of defined benefit liability	(346,985)	219,569
Related deferred tax	100,626	63,675
	(246,359)	155,894
<b>Items that may be subsequently reclassify to Profit or loss</b>		
Exchange Gain on translation of Long term investment in equity accounted investees	2,762,214	39,895
<b>Total comprehensive Income for the period</b>	702,239,491	58,301,417
<b>Total comprehensive Income for the year attribute to</b>		
Owners of the Parent company	702,178,664	58,276,801
Non controlling Interests	60,826	24,616
	702,239,491	58,301,417

The annexed notes form an integral part of this financial information.

Asad Ahmad  
Chief Executive

Uzma Ahmad  
Director

Mohammad Zameer  
Chief Financial Officer

## CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Taxation	334,058,686	172,047,604
Adjustment for Non-Cash and Other Items:		
Depreciation	80,602,045	65,654,932
Equity Exchange Gain	2,762,214	
Provision for Gratuity - net of Payments	4,273,460	3,630,278
Provision for impairment in investment	--	34,510,675
Financial Expenses	38,976,790	31,609,843
	126,614,509	135,405,728
	460,673,195	307,453,332
Working Capital Changes <i>(Increase) / Decrease in Current Assets</i>		
Stock in Trade	(311,643,025)	(470,737,989)
Stores and Spares	135,000	(1,201,749)
Trade debtors	33,158,630	75,580,382
Trade deposits, Prepayments & Statutory balances	(234,151,466)	(28,595,355)
<i>Increase / (Decrease) in Current Liabilities</i>		
Trade and Other Payables	237,975,089	(6,994,824)
	(274,525,772)	(417,500,100)
Taxes Paid	(12,934,638)	(19,331,381)
Dividend Paid	(10,895,508)	(42,429,766)
Financial charges Paid/Write back	(31,652,060)	(47,726,392)
	(55,482,206)	(123,936,974)
<i>Net Cash Inflow/ (Outflow) from Operating Activities</i>	130,665,217	(233,983,742)
CASH FLOW FROM INVESTING ACTIVITIES		
Investment made in Subsidiary Companies	--	--
Acquisition of Fixed Assets	(213,127,380)	(226,508,318)
Sales Proceeds from Fixed Assets	--	--
<i>Net Cash Inflow/ (Outflow) from Investing Activities</i>	(213,127,380)	(226,508,318)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term Deposits	(5,220,000)	(12,114,266)
Finance Lease	(2,829,458)	13,227,759
Share Capital Issued against Cash	--	426,594,010
Share Premium Received	--	213,297,005
(Payments)/Loan Obtained of Diminishing Musharka Finance Facility - net	100,326,000	(97,125,000)
Long term Loan from Associated and Related Parties	(2,395,000)	(53,150,000)
<i>Net Cash Inflow/ (Outflow) from Financing Activities</i>	89,881,542	490,729,508
Net Increase in Cash and Cash Equivalents	7,419,379	30,237,448
Cash and Cash Equivalents at the Beginning	41,724,370	11,486,922
Cash and Cash Equivalents at the End	49,143,749	41,724,370

*The annexed notes form an integral part of these accounts.*

*The even dated auditors report hitherto is annexed.*

Asad Ahmad  
Chief Executive

Uzma Ahmad  
Director

Mohammad Zameer  
Chief Financial Officer

## CONSOLIDATED STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED JUNE 30, 2023

	Capital Reserve		Revenue Reserves				Non-Controlling Interest	Total
	Share Capital	A Share Premium Account	Surplus on Revaluation of Property, Plant and Equipment	Unrealized gain / (loss) due to change in fair value of investment through other Comprehensive Income	Foreign Exchange Translation Resave	Unappropriated Profit/Accumulated (Loss)		
Balance as on June 30, 2021	568,792,010	39,386,665	356,301,574	150,056,225	--	104,485,282	-	1,219,021,756
Non-Controlling Interest on business combination							15,722	15,722
Net Profit for the year ended June 2022	--	--	--	(150,056,225)	39,895	208,137,237	24,616	208,161,853
Other Comprehensive income	--	--	--	(150,056,225)	39,895	155,894		(149,860,436)
Total Comprehensive income	--	--	--	(150,056,225)	39,895	208,293,131	24,616	58,301,417
Non-Controlling Interest on business combination								--
Final Dividend for the year ended June 30, 2021 @ Rs. 1/Share						(56,879,201)		(56,879,201)
Issuance of Right Shares @ 75%	426,594,010							426,594,010
Share Premium on Issuance of 75% Right Shares @ Rs. 5/ Share		213,297,005						213,297,005
Transfer to Profit and Loss account of incremental depreciation (net of tax)			(10,796,208)			10,796,208		-
Balance as on June 30, 2022	995,386,020	252,683,670	345,505,366	-	39,895	266,695,420	40,338	1,860,350,709
Non-Controlling Interest on business combination							--	-
Net Profit for the year ended June 2023	--	--	411,086,530	--	2,762,214	288,576,279	60,826	288,637,106
Other Comprehensive income	--	--	411,086,530	--	2,762,214	(246,359)		413,602,385
Total Comprehensive income	--	--	411,086,530	--	2,762,214	288,329,920	60,826	702,239,491
Final Dividend for the year ended June 30, 2022 @ 15%	149,307,900					(149,307,900)		--
Interim dividend issued as Bonus Shares " 15%	171,704,080					(171,704,080)		--
Transfer to Profit and Loss account of incremental depreciation (net of tax)			(9,716,587)			9,716,587		-
Balance as on June 30, 2023	1,316,398,000	252,683,670	746,875,309	--	2,802,109	243,729,948	101,164	2,562,590,200

The annexed notes form an integral part of these accounts.  
The even dated auditors report hitherto is annexed.

Asad Ahmad  
Chief Executive

Uzma Ahmad  
Director

Mohammad Zameer  
Chief Financial Officer

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### 1 THE Group AND ITS OPERATIONS

Image Pakistan Limited (the Company) was incorporated in Pakistan, as a public limited Group on November 14, 1990, under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017) and its shares are listed in the Pakistan Stock Exchange in Pakistan. The principal activity of the Group is manufacturing and sale of Embroidered Fabric and Ready-To-Wear garments and Polyester Filament Yarn.

The Parent Group's Operations of the Polyester Filament yarn remain discontinued during the year.

The geographical location and address of the Group's business units, including mill/plant are as under:

The registered office of the Company and manufacturing facilities is located at F/538, S.I.T.E., Karachi - 75700, Pakistan.

The Group also operates owned and on rent, selling outlets in Karachi, Lahore, Islamabad, Rawalpindi and Peshawar.

As at the reporting date, the Parent Group has the following subsidiaries, which together with the Parent Group constitutes "the Group".

<u>Subsidiary companies</u>	<u>Nature of business</u>	<u>Holding</u>	<u>Financial Year</u>
<b>Image Tech Ltd. The registered office of the Group is located at A/33, Central Commercial Area, Block 7/8. KCHSU, Main shahrah -e-Faisal, Kararchi, Pakistan.</b>	business of online shopping of consumer and other goods and provide e-commerce services and e-commerce solutions.	1,998,500 ordinary shares @ Rs 10/-	The financial year is from 01 July - 30 June
<b>Image International Ltd. Incorporated in the UK</b>	business of online shopping of consumer and other goods and provide e-commerce services and e-commerce solutions.	4,997 ordinary shares @ £ 1/- per share	The financial year is from 01 July - 30 June
<b>Tri-Star Image (USA) Inc. incorporated in USA</b>	business of online shopping of consumer and other goods and provide e-commerce services and e-commerce solutions.	4,500 ordinary shares @ \$ 1/- per share	The financial year is from 01 July - 30 June

#### 1.1 Summary of significant events and transactions in the current reporting period

The Group's financial position and performance was particularly affected by the following events and transactions during the reporting period:

The Group main unit to produce polyester filament yarn remain not in operation and the Group during the year manufactured value added embroidered fabric and ready-to-wear garment as disclosed in Note 1.

The Group obtained interest bearing loan from related parties and Financial Institutions during the year to meet the working capital requirements of the Group as disclosed in Note 11 and 12.

Further, for a detailed discussion about the Group's performance, refer to the Directors' Report and respected note to the accounts.

### 2 STATEMENT OF COMPLIANCE

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

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

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

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

#### **Basis of consolidation**

These consolidated financial statements include the financial statements of the Parent Group and the subsidiary companies together constituting "the Group".

The subsidiary UK based company Image International Ltd., qualifies for an audit exemption as its annual turnover is not more than GBP 10.2 million and assets worth less than GBP 5.1 million. The subsidiary USA based company Tri-Star Image (USA) Inc., is not publicly held therefore, not required by law to get the annual financials audited. The consolidation of accounts have been compiled on the basis of Management accounts signed by the Chartered Certified Accountants & Registered Auditors in case of Image International Ltd., and in case of Tri-Star Image (USA) Inc., on the basis of Management accounts for the year ended June 30, 2023.

**Business combinations**

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in consolidated statement of profit or loss immediately. Transaction costs are expensed as incurred. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in consolidated statement of profit or loss. Any contingent gain is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in consolidated statement of profit or loss.

**Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The consolidated financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

These consolidated financial statements include Image Pakistan Limited (IPL) and all companies in which the image Pakistan Limited directly controls, beneficially owns or holds more than 99.99 and 100% of the voting securities.

**Non-controlling interests (NCI)**

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary, except those part of the initial acquisition transaction, that do not result in a loss of control are accounted for as equity transactions.

**Loss of control**

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in consolidated statement of profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

**Interests in equity-accounted investees**

The Group's interests in equity-accounted investees comprise of interests in associates and a jointly controlled entity. Associates are those entities in which the Group has significant influence, but not control over the financial and operating policies. A jointly controlled entity is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the jointly controlled entity are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investee, until the date on which significant influence or joint control ceases.

**Transactions elimination in consolidation**

Intra-Group balances and transactions, and any unrealized income and expenses arising from intra- group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

**Foreign operations**

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Pak Rupee at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Pak Rupee at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in the consolidated statement of comprehensive income, and accumulated in the foreign currency translation reserve.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the consolidated profit or loss account as part of the gain or loss on disposal. When the Group disposes of only a part of an associate or jointly controlled entity while retaining significant influence or control, the relevant proportion of the cumulative amount is reclassified to consolidated statement of profit or loss.

**3 BASIS OF PREPARATION/MEASUREMENT**

These unConsolidated financial statements have been prepared under historical cost convention except for the following items, which are measured on an alternative basis on each reporting date.

Item	Measurement basis
Land	Revaluation model
Building	Revaluation model
Plant and Machinery	Revaluation model
Employee benefits- Net defined benefit liability	Present value of the defined benefit liability, determined through actuarial valuation

The method used to measure fair values are disclosed in respective policy notes.

**4 Approval of consolidated financial statements**

These consolidated financial statements were approved by the Board of Directors and authorized for issue on September 28, 2023.

## 5 STANDARDS, AMENDMENTS, INTERPRETATION AND IMPROVEMENTS APPLICABLE TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5.1 Adoption of amendments to approved accounting standards effective during the year

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after July 1, 2022 but are considered not to be relevant or do not have any significant effect on the Group's operations and therefore not detailed in these unconsolidated financial statements.

#### Amendments to approved accounting standards

IFRS 3 Reference to the Conceptual Framework (Amendments)

IAS 16 Reference to the Conceptual Framework (Amendments)

IAS 37 Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

#### Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9 Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities

IAS 41 Agriculture – Taxation in fair value measurements

IFRS 16 Leases – Lease incentives

The adoption of the above amendments to the approved accounting standards did not have any material effect on the Group's unconsolidated financial statements.

### 5.2 Standards and amendments to IFRSs that are not yet effective

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective amendment or improvements:

Amendment or improvement	Effective date (annual periods beginning on or after)	Effective date (annual periods beginning on or after)
IFRS 17	Insurance Contracts (Amendments)	January 01, 2023
Statement 2	Disclosure of Accounting Policies (Amendments)	January 01, 2023
IAS 8	Definition of Accounting Estimates (Amendments)	January 01, 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)	January 01, 2023
IAS 12	International Tax Reform – Pillar Two Model Rules (Amendments)	January 01, 2023
IAS 1	Classification of Liabilities as Current or Non-current	January 01, 2024
IFRS 16	Lease Liability in a Sale and Leaseback (Amendments)	January 01, 2024
IAS 7 / IFRS 7	Disclosures: Supplier Finance Arrangements (Amendments)	January 01, 2024
IFRS 10 / IAS 28	or Joint Venture (Amendments)	Not yet finalised

The above standards and amendments are not expected to have any material impact on the Group's unconsolidated financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan for the purpose of applicability in Pakistan and are not expected to have any material impact on the Group's unconsolidated financial statements in the period of initial application.

#### Standard or interpretation

IFRS 1	First-time Adoption of International Financial	January 01, 2004
IFRS 17	Insurance Contracts	January 01, 2023

## 6 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of Consolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. In the process of applying the Group's accounting policies, management has made the following estimates and judgments which are significant to the Consolidated financial statements:

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the Consolidated financial statements:

### 6.1 Property, plant and equipment

Estimates with respect to residual values and depreciable lives and pattern of flow of economic benefits are based on the recommendation of technical team of the Group. Further, the Group reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of tangible fixed assets with a corresponding affect on the depreciation charge and impairment.

### 6.2 Taxation

In making the estimates for income taxes payable by the Group, the management considers applicable tax laws and the decisions of appellate authorities on certain cases issued in past. Deferred tax assets are recognized for all unused tax losses and credits to the extent that it is probable that taxable profit will be available against which such losses and credits can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

### 6.3 Stock-in-trade

The Group reviews the Net Realizable Value (NRV) of stock-in-trade to assess any diminution in the respective carrying values.

### 6.4 Provision for doubtful receivables

A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. These estimates and underlying assumptions are reviewed on an ongoing basis.

### 6.5 Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the out come of the future events cannot be predicted with certainty. The Group, based on the availability of the latest information, estimates at the value of contingent assets and liabilities which may differ on the occurrence/non occurrence of the uncertain future events.

## 7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these Consolidated financial statements are consistently applied except application of new amendments and interpretations in the International Accounting Standards as described in note 5.

### 7.1 Taxation

#### *Current Year*

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or minimum tax on turnover or Alternate Corporate Tax whichever is higher and tax paid on final tax regime basis. Alternate Corporate Tax is calculated in accordance with the provisions of Section 113C of Income Tax Ordinance.

#### *Deferred*

Deferred tax is provided Proportionate to local sales using the liability method on all temporary differences at the balance sheet date, between the tax bases of assets and liabilities and their carrying amount for consolidated financial statements reporting purposes. Deferred tax liabilities are generally recognized for all temporary taxable differences or items recognised directly in equity or in OCI.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the assets is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

## 7.2 Property, Plant and Equipment

### Initial recognition

All items of property, plant and equipment are initially recorded at cost.

### Subsequent measurement

Property, Plant and Equipment are stated at cost or revalued/adjusted amounts less accumulated depreciation and impairment losses, if any; except for capital works in progress which are stated at cost accumulated up to the balance sheet date.

Land, building, plant and machinery and leasehold improvements are measured at the revalued amount less accumulated depreciation and impairment loss (if any).

Land (free hold and lease hold), Building and Plant and Machinery are recognized at revalued amounts based on valuation by external independent valuer. Long term leases of land in which the Group obtains control of the land are accounted for as property, plant and equipment and presented as 'leasehold land'. Revaluation surplus on property, plant and equipment is credited to shareholders' equity and presented as a separate line item in statement of financial position. Increases in the carrying amounts arising on revaluation of land are recognized, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in profit or loss, the increase is first recognized in profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss.

### Revaluation

Any revaluation increase arising on the revaluation of land, buildings and leasehold 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 leasehold 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 Group's shareholders. The surplus on revaluation buildings and leasehold improvements to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit.

### Depreciation

Full Years Depreciation is charged on acquisition or transfer of assets from capital work in progress, while no depreciation is charged on assets disposed off during the year. Depreciation is charged to income using reducing balance method, at the rates specified in the annexed schedule in note no. 18 to the consolidated consolidated financial statements, whereby the cost/revalued amounts of asset is written off over its estimated useful life, reflecting the approximate value of the consumption of the respective assets economic benefits. The depreciation method and useful lives of the items of property, plant and equipment are reviewed periodically and altered if circumstances or expectations have changed significantly

The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

### Disposal

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised as other income in the statement of profit or loss. In case of the sale or retirement of a revalued items, the attributable revaluation surplus remaining in the surplus on revaluation of such item is transferred directly to the unappropriated profit.

### Judgment and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

### Repairs, renewals and maintenance

Major repairs and renewals are capitalized. Normal repairs and maintenance are charged as expense when incurred. Gains or losses on disposal or retirement of assets are determined as the difference between the sale proceeds and the carrying amounts of these assets, and are included in the income currently.



### 7.3 **Impairment of non-financial assets other than inventories**

The assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognised in the statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The Group recognises the reversal immediately in the statement of profit or loss, unless the asset is carried at a revalued amount in accordance with the revaluation model. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

### 7.4 **Leases**

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date.

#### **Right of use asset**

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Right of use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment. In addition, right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Rates of depreciation are mentioned in note 18.

The Group presents right of use assets that do not meet the definition of investment property in 'property, plant and equipment' in the statement of financial position.

#### **Lease liabilities**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments.

#### **Short term leases and low-value assets**

The Group has elected not to recognize right of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and the leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### 7.5 **Investment**

Investment at fair value of investment through other comprehensive income are initially recognized at cost being the fair value of the consideration given including acquisition charges associated with. After initial recognition of investment are premeasured at fair value. Unrealized gains and losses on investment are recognized in other comprehensive income as required by IFRS 9 till the investment is sold or otherwise disposed off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income. Measurement made as per IFRS 9 and disclosed the fair value as Price Quoted in Pakistan stock exchange.

## 7.6 Stores, Spares and Loose Tools

These are stated at the lower of weighted average cost and net realizable value (NRV). The cost of inventory is based on the FIFO basis. Items in transit are stated at cost accumulated up to the date of the balance sheet.

Stores, spare parts and loose tools are valued at weighted average cost and net realizable value except for items in transit which are stated at cost incurred up to the consolidated statement of financial position date less impairment, if any. Cost comprises of cost of purchase and other costs incurred in bringing the items to their present location and condition. For items which are slow moving and / or identified as surplus to the Group's requirements, adequate provision is made for any excess book value over estimated net realizable value. The Group reviews the carrying amounts of stores, spare parts and loose tools on a regular basis and provision is made for obsolescence, if there is any change in usage pattern or physical form of related stores, spare parts and loose tools.

## 7.7 Stock-in-Trade

These are valued as follows:

Raw Material	:	At lower of weighted average cost or net realizable value. Cost of raw material and components represents invoice value plus other charges paid thereon.
Finished Goods	:	Net realizable value under retail method.
Work-in-Process	:	At weighted average cost. This comprises the direct cost of raw materials, wages, and appropriate manufacturing overheads.
Stock-in-Transit	:	At cost accumulated upto the balance sheet date.
Packing Material	:	At lower of weighted average cost or net realizable value.

These are valued at lower of cost and net realizable value. Cost comprises of cost of purchase and other costs incurred in bringing the items to their present location and condition. Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessarily to be incurred in order to make a sale. The Group reviews the carrying amount of stock in trade on a regular basis and provision is made for obsolescence, if there is any change in usage pattern or physical form of related stock in trade. Net Realizable Value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred in order to make the sale.

## 7.8 Trade Debts and other Receivables

Trade debts and other receivables are stated at original invoice amount less provision for doubtful debts, if any. Provision for doubtful debts / other receivables is based on the management's assessment of customers' outstanding balances and creditworthiness. Bad debts are written-off when identified. Allowance for expected credit losses is based on lifetime ECLs that result from all possible default events over the expected life of the trade debts and other receivables. Bad debts, if any, are written off when considered irrecoverable.

## 7.9 Foreign Currency Translation

Transactions in foreign currencies are translated in PKR (functional and presentation currency) at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into PKR at the rates of exchange approximating those prevalent at the date of unconsolidated statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations of monetary assets and liabilities denominated in foreign currencies are recognized in the unconsolidated profit or loss.

## 7.10 Revenue Recognition

- Revenue from sales is recognized on dispatch of goods to customers. Revenue is recognised when the control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods according to the terms. Performance obligation is satisfied at the point of time when control of goods has been transferred to the customers.

- Dividend income is recognized on the basis of declaration by the investee Group.
- Other Income/Scrap Sales is recognized on accrual Basis.
- Unrealized gains/(losses) arising on revaluation of securities classified as “financial assets at fair value through other comprehensive income in the income statement in the period in which they arise.

#### 7.11 Provisions

Provision is recognized in the balance sheet when the Group has a legal or constructive obligation, and, 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 that a reliable estimate can be made for the amount of this obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

#### 7.12 Financial instruments

##### 7.12.1 Financial assets

The financial assets of the Group mainly include trade debts, loans, deposits, short term investments, other receivables and cash and bank balances.

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value through Profit or Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Based on the business model of the Group, the financial assets of the Group are measured and classified under IFRS 9 as follows;

Trade debts and other financial assets are measured at amortised cost using the effective interest rate method less an allowance for expected credit losses, if any.

Long -term investments in NIT are designated at FVOCI at initial recognition. These are carried in the statement of financial position at fair value with net changes in fair value recognised in the Other Comprehensive income.

##### 7.12.2 Financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs. For the purpose of subsequent measurement financial liabilities are either classified at amortised cost or fair value through profit or loss. The Group does not have any financial liability at fair value through profit or loss.

##### 7.12.3 Impairment of financial assets - allowance for expected credit losses

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset’s original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

At each date of statement of financial position, the Group assesses whether financial assets are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the respective asset.

The Group uses the standard’s simplified approach and calculates ECL based on life time ECL on its financial assets. The Group has established a provision matrix that is based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment.

##### 7.12.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

##### 7.12.5 Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets are assessed at date of statement of financial position to ascertain whether there is any indication of impairment. If such an indication exists, the asset’s recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in the statement of profit or loss. The recoverable amount is the higher of an asset’s fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets.

#### 7.13 Related Party Transaction

All transactions with related parties are carried out by the Group at mark to market basis with the exception of loan taken from related parties which are interest/mark up free. Prices for these transactions are determined on the basis of admissible valuation methods.

**7.14 Loan, Advances and other Receivables**

Loans, advances and other receivables are recognized initially at cost, and subsequently at their amortized/ residual cost.

**7.15 Short Term and Long Term Loans**

Loans, advances and other receivables are recognized initially at cost, and subsequently at their amortized/residual cost.

**7.16 Contingent Liability**

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or the Group has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

**7.17 Contingent Assets**

A contingent asset is disclosed where an inflow of economic benefits is probable.

**7.18 Trade and Other Payables**

Trade and other payables are initially carried at the fair value of the consideration to be paid in future for goods and services received. Subsequent to initial recognition, these are carried at amortized cost.

**7.19 Post Employment Benefits**

**Defined Benefit Plan**

The Group operates an unfunded gratuity scheme for its staff. Provisions are made during the year, during the year the Group obtained actuarial valuation and restated the gratuity figure.

The Group operates an unfunded Gratuity Scheme (the Plan) for eligible employees of the Group. The Group's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income.

The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognized in statement of profit or loss. The latest actuarial valuation was conducted by a qualified professional firm of actuaries as of September 22, 2022 using the "Projected Unit Credit Method".

**7.20 Borrowing Cost**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**7.21 Cash and cash equivalents**

For the purpose of statement of cash flow, cash and cash equivalents comprise of cash in hand, bank balances and short term investments with a maturity of three months or less from the date of acquisition. The cash and cash equivalents are readily convertible to known amount of cash and are therefore subject to insignificant risk of changes in value.

**7.22 Share Capital and Dividend**

Ordinary shares are classified as equity and recognized at their face value. Dividend distribution to the shareholders is recognized as liability in the period in which it is declared.

**7.23 Earnings per share**

The Group presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

**8 Issued, Subscribed and Paid-up Capital***No. of Ordinary Shares of Rs. 10/- each*

	2023	2022		2023	2022
				Rupees	
	95,619,629	52,960,228	Fully Paid in cash	956,196,290	956,196,290
	36,020,171	3,918,973	Issued as fully paid bonus shares	360,201,710	39,189,730
	<u>131,639,800</u>	<u>56,879,201</u>		<u>1,316,398,000</u>	<u>995,386,020</u>

**8.1 Reconciliation of number of shares outstanding**

Ordinary shares

Number of shares outstanding at the beginning of the year

Right Shares Issued for cash

Bonus Share issued during the year

Number of shares outstanding at the end of the year

	2023	2022
	Rupees	
	Numbers	Numbers
Number of shares outstanding at the beginning of the year	99,538,602	56,879,201
Right Shares Issued for cash	-	42,659,401
Bonus Share issued during the year	32,101,198	-
Number of shares outstanding at the end of the year	<u>131,639,800</u>	<u>99,538,602</u>

**8.1.1** All ordinary shares rank equally with regard to the Parent Group's residual assets. Holders of the shares are entitled to dividends from time to time and are entitled to one vote per share at the general meetings of the Parent Group.

**8.1.2** As of the reporting date 223,794 (2022: 169,223) and 41,483,343 (2022: 31,246, 022) ordinary shares of Rs. 10 each were held by associated companies and directors of the parent Group respectively.

**8.2 Capital management**

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for share holders and benefits for other stake holders, and to maintain a strong capital base to support the sustained development of its businesses.

The Group's manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to share holders and/or issue new shares. There were no changes to Group's approach to capital management during the year.

**9 Surplus on Revaluation of Property, Plant and Equipment**

Opening Balance

Surplus arising due to Revaluation - net of tax

Transfer to Profit and Loss account of incremental depreciation (net of tax)

Related Deferred tax Liability

- Rate difference adjustments and Other

	2023	2022
	Rupees	
Opening Balance	9.1 345,505,366	356,301,574
Surplus arising due to Revaluation - net of tax	411,086,530	--
Transfer to Profit and Loss account of incremental depreciation (net of tax)		
Related Deferred tax Liability	(9,716,587)	(10,796,208)
- Rate difference adjustments and Other	--	--
	<u>746,875,309</u>	<u>345,505,366</u>

**9.1** The following fixed assets of the Group were revalued on June 30, 2023. The revaluation was carried out by independent valuer M/s. Sadruddin Associates (Private) Limited (Fire, Marine, Motor & Machinery Errection & Breakdown, Surveyor, Loss Adjustors, Plant and Machinery Valuers, Industrial Property & Real Estate Appraisers). Basis of revaluation are as follows:

**Land**

Valuation of land is determined by obtaining key market data from property brokers, dealers and estate agents to ascertain the Present market value considering its location and market potential.

**Building**

Revalued amount of building has been determined is simple. After taking into account the re-statement value have been computed after applying present market rate of construction.

**Plant and Machinery**

Revalued amount of plant and machinery has been determined by Physically inspected the Plant and Machinery. The age, make, origin condition etc. has been taken into account, to arrive at the present market value. At the time of our survey/ inspection, we observed that plant/machinery were in operational Condition. the Present value has been computed after application of suitable appreciation/depreciation factors, Rate of inflation and devaluation has been considered for optimum and closest approximate result of the valuation of entire machinery for obtaining the nearest value have taken 5% to 10% installation charges and add other levies to start and Complete the machinery.

The revaluation has resulted in increase in surplus and corresponding carrying amounts of Land, Building and Plant & Machinery Rs. 440.122 million.

	WDV as June 30, 2023	Revalued Amounts as per revaluation Report	Revaluation Surplus
	Rupees		
Lease hold land	260,000,000	600,000,000	340,000,000
Factory building on lease hold land	121,165,286	202,671,260	81,505,974
Plant & machinery	406,149,746	424,765,645	18,615,899
<b>Surplus on Revaluation</b>	<b>787,315,032</b>	<b>1,227,436,905</b>	<b>440,121,873</b>

year	Revaluers name	Surplus Aries (Net)
2013	M/s. Sadruddin Associates (Pvt) Ltd.,	440,121,873
2018	M/s. Sadruddin Associates (Pvt) Ltd.,	231,341,754
2023	M/s. Sadruddin Associates (Pvt) Ltd.,	440,121,873

The revaluation surplus on property, plant and equipment is a capital reserve, and is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

	2023	2022
	Rupees	
<b>10 Long term Loan from Associated and related Parties.</b>		
Loan from Associated Under takings - unsecured	24,500,000	55,500,000
Director Loan - Unsecured	95,025,000	66,420,000
Loan from Sponsors - unsecured , Interest free	10.1 -	-
	<u>119,525,000</u>	<u>121,920,000</u>

**10.1** As per the agreement the above loans are unsecured and interest bearing @ 10% (2022: 10%) per annum. The above loans has been acquired from Related Parties to meet the working Capital requirements of the Group.

**10.2** The is not to be repaid till next tevlve month upto July 2024..

**10.3** The Borrower shall have the right to repay either entier amount of outstanding loan or any intallment or part therof or convert the loan into equity on mutual concent agreed by both the parties.

#### 11 Diminishing Musharka Finance Facility

Opening Balance DM Facility I	11.1	14,625,000	69,000,000
DM Facility II	11.2	59,636,000	42,750,000
DM Facility III	11.2	55,315,000	-
Paid during the year		<u>(14,625,000)</u>	<u>(97,125,000)</u>
		114,951,000	14,625,000
Maturity during the year			
Less: Current Portion		5,488,261	14,625,000
Over due Portion			
		<u>109,462,739</u>	<u>-</u>

**11.1** In August, 2020 the Group has availed SBP Refinance Scheme for wages and salaries through an Islamic Commercial Bank. This facility carries mark-up @ 3% per annum and is payable after a grace period of 6 months in 48 equal monthly instalments and is secured against 1st equitable charge over all present and future assets of the Group including Land, Building, Plant and Machinery. The entire facility has been settled and the charge has been vacated by the bank.

**11.2** The Diminishing Musharika has been obtained from a Non-Bank Financial Institution. It is repayable in 60 equal monthly instalments including 1 year grace period and carries profit @ 6 month KIBOR+3.50% p.a and is secured against specific charge on DM assets in favour of NBFI.

#### 12 Diminishing Musharaka Facility against Vehicle

Opening Balance - DM I	1,373,175	1,565,243
Opening Balance - DM II	1,373,175	1,565,243
Opening Balance - DM III	873,986	1,008,450
Opening Balance - DM IV	5,659,062	6,287,850
Opening Balance - DM V	4,048,875	4,117,500
	<u>13,328,273</u>	<u>14,544,286</u>
Paid during the year	<u>(2,929,972)</u>	<u>(1,316,527)</u>
	10,398,301	13,227,759
Maturity during the year		
Less: Current Portion	<u>2,928,972</u>	<u>2,928,972</u>
	<u>7,469,329</u>	<u>10,298,787</u>

The Diminishing Musharaka Facility has been obtained from a Modaraba (Non-Banking Financial Institution) repayable in 60 installments. The repayment of first installment started from October 2022 and last installment will be paid on December 2026 in equal monthly instalments and carries profit @ 6 month KIBOR+3% per annum and secured against vehicles registered in the name of NBFI.

### 13 Deferred taxation

Liability / (asset) balances arising in respect of:		
Accelerated tax depreciation and others	22,429,877	9,963,622
Provisions and others	(2,157,268)	(2,412,357)
	<u>20,272,609</u>	<u>7,551,265</u>
Deferred tax liability in respect of:		
- Revaluation net of related depreciation	64,754,066	39,687,469
	<u>85,026,675</u>	<u>47,238,735</u>

### 14 Provision for Gratuity

Balance at the beginning of the year	8,462,290	5,051,581
Provision made during the year as per actuarial Valuation	<u>5,931,776</u>	<u>3,697,375</u>
	14,394,066	8,748,956
Payment/ Adjusted during the year	<u>1,311,331</u>	<u>286,666</u>
	<u>13,082,735</u>	<u>8,462,290</u>

#### 14.1 Staff gratuity payable

The Group operates unfunded gratuity scheme for its permanent eligible employees. Gratuity benefit is payable under the scheme to employees on cessation of employment due to death, retirement and resignation. Further during the year the acturaries has made Calculation on Projected Unit Credit (PUC) Actuarial Cost method as mandated under IAS 19.

The gratuity is payable based on the last drawn gross pay and the number of years of services.

<b>14.1.1</b> Number of employees under the scheme	<u>54</u>	<u>43</u>
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#### 14.1.2 Principal actuarial assumptions

The latest actuarial valuations of the above gratuity scheme were carried out as at 30 June 2022 under the Project Unit Credit Method. Principal actuarial assumptions used in the valuation of the scheme is as follows:

	2023	2022
<b>Financial assumptions</b>		
<b>Significant Actuarial Assumptions</b>		
Discount rate used for interest cost in P&L charge	13.25%	10.00%
Discount rate used for year end obligation	16.25%	13.25%
Salary increase used for year end obligation	16.25%	13.25%
Next salary increased at	July 01, 2023	July 01, 2022
Mortality Rates	SLIC 2001 - 2005	SLIC 2001 - 2005
	Setback 1 Year	Setback 1 Year
Withdrawal Rates	Age based	Age based
Retirement Assumption Age	60 Years	60 Years

Mortality rate is based on adjusted SLIC 2001-2005 with one year age set back mortality table as per recommendation of Pakistan Society of Acturaries (PSOA)

#### 14.1.3 Staff Gratuity Payable

Present value of defined benefit obligations	13,082,735	8,462,290
Plus Payables	--	--
	<u>13,082,735</u>	<u>8,462,290</u>

#### 14.1.4 Reconciliation of present value of defined benefit obligation

Present value of defined benefit obligation - opening	8,462,290	5,051,581
Service cost	4,126,832	2,927,070
Past Service Cost (Credit)	423,581	499,049
Interest on defined benefit liability	1,034,378	490,825
Benefits paid	(1,311,331)	(286,666)
Liability transferred to other account	--	--
Actuarial gain	253,345	39,195
Experience Adjustment	93,640	(258,764)
	<u>13,082,735</u>	<u>8,462,290</u>







**19.2** Particulars of immovable properties (i.e. freehold land and building on freehold land) in the name of Group are as follows:

Location	Use of Immovable Location Property	Total Area
F-538, SITE., Karachi, Sindh	Manufacturing Facility	2 acres

**19.3** Register of fixed assets of the Parent Group was illegally removed by the officials of the Income tax department at the time of conducting raid at the Group's premises which has not yet been returned. Consequently the same remain not to be updated and could also not made available to the auditors.**19.4** Lease hold Land, Factory Building on lease hold land and Plant and Machinery were revalued on 30-6-2023 by M/s. Sadruddin Associates (Pvt) Ltd., a PBA approved valuer. The surplus on revaluation works out to Land, Building and Plant and Machinery by Rs. 440.122 million.**19.5** Had there been no revaluation the related figures of land, building and plant & machinery at June 30, 2023 would have been as follows:

Lease hold Land	11,660,507	11,660,507
Factory Building on lease hold land	8,246,005	9,162,228
Plant and Machinery and Electrical Installation	406,888,110	310,265,458
	<b>426,794,621</b>	<b>331,088,193</b>

**19.6** The forced sale value of revalued assets is Rs.1,431,678,510 as on June 2023.

## OPERATING FIXED ASSETS - At Cost Less Accumulated Depreciation

Particulars	Cost/Revaluation			Rate %	Depreciation			Written Down Value As At June 30, 2022
	As at July 01, 2021	Additions / Transfers/ (Deletion)	As at June 30, 2022		As at July 01, 2021	For the year	As at June 30, 2022	
	Rupees				Rupees			
Owned								
<b>Assets Polyester Filament Yarn</b>								
Lease hold land	260,000,000	--	260,000,000	--	--	--	--	260,000,000
Factory Building on lease hold land	286,635,517	5,290,893	291,926,410	10	142,339,637	--	14,958,677	157,298,314
Plant and Machinery	604,039,846	165,795,979	769,835,825	10	403,824,700	--	36,601,112	440,425,812
Polyester Filament Yarn Unit including value added Embroidered Fabric Machinery 18.1								
Electrical Installations	10,171,757	5,291,380	--	10	6,844,160	--	861,898	7,706,057
Furniture and Fixture	30,284,676	3,110,578	--	10	6,250,739	--	2,714,452	8,965,190
Office Equipments	1,770,182	--	1,770,182	10	868,600	--	90,158	958,758
Air Conditioner and Refrig.	17,082,922	2,206,000	--	10	5,643,735	--	1,364,519	7,008,254
Vehicles	6,882,255	21,662,419	--	20	4,593,294	--	4,790,276	9,383,570
Fork Lifter	630,735	--	630,735	20	629,637	--	220	629,857
Computers	4,980,463	6,106,740	--	10	1,220,008	--	986,719	2,206,728
Studio Equipments	852,670	--	852,670	10	301,985	--	55,069	357,053
Generators	12,090,900	1,976,000	--	10	3,372,596	--	1,069,430	4,442,026
Elevator	8,547,000	15,068,329	--	10	2,939,313	--	2,067,602	5,006,915
Fire Fighting Equipments	861,872	--	861,872	10	180,847	--	68,102	248,950
Gas Installations	883,125	--	883,125	10	616,141	--	26,698	642,839
June 2022	1,245,713,919	226,508,318	--	1,472,222,237	579,625,391	--	65,654,932	645,280,323
June 2021	1,125,063,704	120,650,215	--	1,245,713,919	534,186,380	--	45,439,011	579,625,391

Its includes Total assets (Plant and Machinery and other assets) at cost of Value added Embroidered Fabric of Rs. 466.818 (2021: Rs.484.508) million and WDV Rs. 513.331 (2021: Rs. 181.581) million.

Polyester Filament Yarn		Value added Embroidered Fabric	
June 2022	June 2021	June 2022	June 2021
Rupees		Rupees	
35,365,872	28,745,653	20,287,649	11,600,193
9,913,632	1,346,414	87,780	3,746,751
<b>45,279,503</b>	<b>30,092,067</b>	<b>20,375,429</b>	<b>15,346,944</b>

**18.2** Allocation of Depreciation

Depreciation for the period has been allocated as follows:

Cost of Sales	35,365,872	28,745,653	20,287,649	11,600,193
Administrative and General Expense	9,913,632	1,346,414	87,780	3,746,751

	2023	2022
	Rupees	
<b>20 Long term Deposits</b>		
K-Electric	403,810	403,810
Telephone	3,200	3,200
Pakistan Oxygen Limited	14,000	14,000
Sui Southern Gas Group	1,752,610	1,595,760
Al-Feroze (PVT) Ltd	1,755,000	1,755,000
Dolmen Real Estate Management (PVT) Ltd	1,677,000	1,677,000
Packages Real Estate (Pvt) Ltd.	2,732,400	2,732,400
Nishat Hotels & Properties Limited	6,828,301	6,828,301
Pak Gulf Construction (Private) Limited	2,488,500	--
CDC Trustee DHA Dolmen Lahore REIT	2,574,650	--
Nayatel	10,200	10,200
Rental Deposits for shops	4,000,000	4,000,000
Others	1,000	1,000
	<u>24,240,671</u>	<u>19,020,671</u>

	2023	2022
	Rupees	
<b>21 Long Term Investment</b>		
Fair value through other comprehensive income		
2,455,000 (2021: 2,455,000) N.I.T units	21.1 34,510,675	34,510,675
(Average cost price Rs. 14.0573)		
Market value as at June 30, are as under		
June 30 (2021: June 30) @ Rs. 54.97 . (Rs.53.87) per unit	<u>150,056,225</u>	<u>150,056,225</u>
	<u>184,566,900</u>	<u>184,566,900</u>
Provision made during th year	<u>(184,566,900)</u>	<u>(184,566,900)</u>
	<u>--</u>	<u>--</u>
	<u>--</u>	<u>--</u>

**21.1** In, September 1996, the Income Tax Authorities raided the Group's premises and took away, by force, all the records, documents, and valuable securities, including FEBC's/Bearer NIT units of all the Companies, which included the bearer NIT units of the Group; without lawful authority and without making any inventory. This raid caused a serious disruption in the Group's business. The Group has filed a suit against the Income Tax Authorities in the Hon'ble High Court of Sindh, challenging the said act as being illegal. The Hon'ble High Court of Sindh, vide its Order dated July 31, 1998, held that the presence of irregularities and malafides in the act of the Income Tax Department cannot be ruled out. Further, the remaining two ingredients namely balance of convenience and causing irreparable loss and injury, also exists in favor of the Group. Further, the Income Tax Department was directed to submit their report keeping in view the provisions of Section 146(c) of The Income Tax Ordinance, 1979, declaring how much more time they would need to return the impounded documents and records. The matter is now in evidence stage.

**21.2** The above investment of the Group was illegally removed by the officials of the Income tax department at the time of conducting raid at the Group's premises which has not yet been returned. Consequently the same remain to be updated and could also not be made available to the auditors for physical

<b>22 Stores, Spares &amp; Loose Tools</b>		
Stores and Spares	69,759	204,759
Cops	1,207,948	1,207,948
	<u>1,277,707</u>	<u>1,412,707</u>
<b>23 Stock-in-Trade</b>		
Raw Materials	510,226,803	408,284,636
Packing Material	7,740,202	2,826,190
Work in Process	186,740,732	151,301,732
Finished Goods	915,208,564	745,860,718
	<u>1,619,916,301</u>	<u>1,308,273,276</u>
<b>24 Trade Debts - Considered Good</b>		
Local Receivables - Considered Good	251,582,186	280,921,011
Considered Doubtful	--	3,819,805
	<u>251,582,186</u>	<u>284,740,816</u>
Provision for Doubtful debts	--	--
	<u>251,582,186</u>	<u>284,740,816</u>

24.1 The aging of debtors (Related Party) at the reporting date was:

Up to one month	80,899,913	64,521,184
1 to 6 months	--	--
More than 6 months	--	--
More than one year	185,228,542	220,219,632
	<u>266,128,455</u>	<u>284,740,816</u>

24.2 Maximum amount due at any month during the year with Related Party amounting to Rs. 251.582 Million (2022: Rs.266.129 Million)

**25 Trade Deposits, Prepayments and Statutory Balances - Considered good**

Advance to suppliers (Related Parties)	25.1	235,454,061	--
Advance imports and others		29,702	29,702
Advance to Employees		60,000	25,000
Deposits		974,689	3,171,592
Sales Tax Refundable		26,659,711	25,244,840
Interest on term Deposits		22,784	12,332
Others		--	566,015
		<u>263,200,947</u>	<u>29,049,481</u>

**25.1 Advance to suppliers (Related Parties)**

Habib Jamal & co (sole Proprietor)		234,183,928	--
		<u>234,183,928</u>	<u>--</u>

**26 Cash and Bank Balances**

Cash in Hand		3,746,730	33,319,975
Cash at Banks - Current Accounts	26.1	41,706,801	6,758,120
-PLS Account		41,037	--
- Foreign currency Account		2,549,182	546,275
Term Deposit Certificates	26.2	1,100,000	1,100,000
		<u>49,143,749</u>	<u>41,724,370</u>

26.1 The Group has conventional banking relationships with all the banks except one which is on Islamic bank.

26.2 Term Deposit Receipts Carries Mark @ 12% per annum.

**27 Sales**

	Value added Embroidered Fabric		Polyester Filament Yarn		Total	
	June 2023	June 2022	June 2023	June 2022	June 2023	June 2022
	(Rupees)					
Gross Sales						
Local	2,841,990,951	1,844,330,638	-	-	2,841,990,951	1,844,330,638
Export	184,999,035	72,144,732	-	-	184,999,035	72,144,732
	<u>3,026,989,986</u>	<u>1,916,475,370</u>	<u>-</u>	<u>-</u>	<u>3,026,989,986</u>	<u>1,916,475,370</u>
Sales Tax	330,678,233	198,234,801	-	-	330,678,233	198,234,801
Sales Return	-	-	-	-	-	-
Net Sales	<u>2,696,311,753</u>	<u>1,718,240,569</u>	<u>-</u>	<u>-</u>	<u>2,696,311,753</u>	<u>1,718,240,569</u>

**28 Cost of Sales**

	Value added Embroidered Fabric		Polyester Filament Yarn		Total	
	June 2023	June 2022	June 2023	June 2022	June 2023	June 2022
	(Rupees)					
Raw material - opening stock	419,121,847	246,152,014	-	-	419,121,847	246,152,014
Purchases	1,536,231,142	1,155,682,983	-	-	1,536,231,142	1,155,682,983
Raw material	1,955,352,989	1,401,834,997	-	-	1,955,352,989	1,401,834,997
Raw material - closing stock	(524,922,027)	(411,110,826)	-	-	(524,922,027)	(411,110,826)
	<u>1,430,430,961</u>	<u>990,724,171</u>	<u>-</u>	<u>-</u>	<u>1,430,430,961</u>	<u>990,724,171</u>
Fuel and Power, Oil and Lubricant	43,842,200	37,861,761	--	--	43,842,200	37,861,761
Water	482,300	982,100	--	--	482,300	982,100
Salaries, Wages and Other Benefits	254,500,517	164,138,114	--	--	254,500,517	164,138,114
EOBI Contribution	9,318,951	4,251,202	--	--	9,318,951	4,251,202
SESSI Contribution	8,126,534	4,149,895	--	--	8,126,534	4,149,895
Store consumed	2,111,796	3,758,909	--	--	2,111,796	3,758,909
Building Repairs and Maintenance	13,555,017	2,344,061	--	--	13,555,017	2,344,061
Conveyance Expenses	786,275	132,617	--	--	786,275	132,617
Freight Inward	182,400	811,900	--	--	182,400	811,900
Oil and Grease	8,400	2,200	--	--	8,400	2,200
Security Expenses	961,208	1,598,306	--	--	961,208	1,598,306
Entertainment	1,045,966	122,218	--	--	1,045,966	122,218
Vehicle up-keep	2,277,076	2,101,852	--	--	2,277,076	2,101,852
Communication charges	287,870	954,593	--	--	287,870	954,593
Stationery and printing	1,891,215	3,270,504	--	--	1,891,215	3,270,504
Insurance	3,859,402	1,001,863	--	--	3,859,402	1,001,863
Repairs and Maintenance	8,074,578	6,716,079	--	--	8,074,578	6,716,079
Depreciation	49,595,861	35,365,872	20,602,296	20,287,649	70,198,157	55,653,520
	<u>1,831,338,527</u>	<u>1,260,288,217</u>	<u>20,602,296</u>	<u>20,287,649</u>	<u>1,851,940,823</u>	<u>1,280,575,866</u>
Work-in-Process - Opening	151,301,732	141,348,047	--	--	151,301,732	141,348,047
Work-in-Process - Closing	(186,740,732)	(151,301,732)	--	--	(186,740,732)	(151,301,732)
Cost of Goods Manufactured	1,795,899,527	1,250,334,532	20,602,296	20,287,649	1,816,501,823	1,270,622,181
Finished Goods - Opening	745,860,718	448,628,322	--	--	745,860,718	448,628,322
Finished Goods - Closing	(908,253,542)	(745,860,718)	--	--	(908,253,542)	(745,860,718)
	<u>1,633,506,703</u>	<u>953,102,136</u>	<u>20,602,296</u>	<u>20,287,649</u>	<u>1,654,108,999</u>	<u>973,389,785</u>

Note

18.2

## 28.1 Salaries, wages and other benefits include nil relating to staff retirement benefits.

## 29 Selling and Distribution Expenses

	Value added Embroidered Fabric		Polyester Filament Yarn		Total	
	June 2023	June 2022	June 2023	June 2022	June 2023	June 2022
	(Rupees)					
Advertisement Expenses	182,977,855	152,842,556	--	--	182,977,855	152,842,556
Despatching Expenses	30,567,086	21,939,646	--	--	30,567,086	21,939,646
Conveyance Expenses	144,355	54,808	--	--	144,355	54,808
Sales Promotion	203,814	2,892,088	--	--	203,814	2,892,088
Salaries	50,178,134	33,052,070	--	--	50,178,134	33,052,070
Rent Expenses	124,052,093	76,870,057	--	--	124,052,093	76,870,057
Entertainment	1,398,348	770,231	--	--	1,398,348	770,231
Stationery and printing	629,784	188,524	--	--	629,784	188,524
Vehicle up-keep	31,390	16,020	--	--	31,390	16,020
Electric Repair & Maintenance	1,579,902	729,218	--	--	1,579,902	729,218
Travelling Expenses	3,909,140	585,053	--	--	3,909,140	585,053
Building Repair & Maintenance	2,489,076	5,763,219	--	--	2,489,076	5,763,219
Electric Expenses	12,578,983	6,214,698	--	--	12,578,983	6,214,698
Telephone Expenses	235,650	89,859	--	--	235,650	89,859
Professional Fees	21,400	3,086,911	--	--	21,400	3,086,911
Maintenance / Utility Expenses	31,365,450	21,228,660	--	--	31,365,450	21,228,660
Communication Expenses	681,322	514,252	--	--	681,322	514,252
Annual White Wash	743,307	592,746	--	--	743,307	592,746
General Expense	516,940	639,952	--	--	516,940	639,952
Computer Expenses	93,364	133,158	--	--	93,364	133,158
Website Maintenance	21,004,783	2,859,036	--	--	21,004,783	2,859,036
Design Development	475,346	596,677	--	--	475,346	596,677
Insurance	44,652	1,076,810	--	--	44,652	1,076,810
	465,922,174	332,736,249	-	-	465,922,174	332,736,249

## 30 Administrative and General Expenses

Administrative and General Expenses

	Note	Value added Embroidered Fabric		Polyester Filament Yarn		Total	
		June 2023	June 2022	June 2023	June 2022	June 2023	June 2022
		(Rupees)					
Vehicle up Keep		638,888	532,351	--	--	638,888	532,351
Postage, Telephone and Telex		2,451,677	1,752,953	--	--	2,451,677	1,752,953
Printing and Stationery		615,433	367,069	--	--	615,433	367,069
Salaries and Benefits		113,879,023	77,542,221	--	--	113,879,023	77,542,221
Fees and Subscription		5,612,090	14,898,482	--	--	5,612,090	14,898,482
Depreciation	19.1	10,324,119	9,913,632	79,769	87,780	10,403,888	10,001,413
General Expenses		247,534	267,942	--	--	247,534	267,942
Computer Expenses		889,958	349,751	--	--	889,958	349,751
Entertainments Expenses		1,119,965	517,291	--	--	1,119,965	517,291
Travelling Expenses		10,920,212	7,246,743	--	--	10,920,212	7,246,743
Conveyance Expenses		695,777	135,857	--	--	695,777	135,857
Legal Fee & Expenses		1,250,000	3,502,077	--	--	1,250,000	3,502,077
Gratuity Expenses		5,584,791	3,916,944	--	--	5,584,791	3,916,944
Medical Expenses		592,444	1,005,363	--	--	592,444	1,005,363
Professional Fee		6,911,206	8,767,412	--	--	6,911,206	8,767,412
Registrar Services		646,151	614,135	--	--	646,151	614,135
Computer software		7,266,497	8,349,394	--	--	7,266,497	8,349,394
Security Expenses		485,743	2,530,014	--	--	485,743	2,530,014
Insurance		461,247	1,384,977	--	--	461,247	1,384,977
Trade Mark Maintenance		66,000	321,000	--	--	66,000	321,000
Rent Expenses		12,000,000	6,000,000	--	--	12,000,000	6,000,000
Donation	30.1	3,350,000	2,800,000	--	--	3,350,000	2,800,000
Site Maintenances		-	40,100	--	--	-	40,100
House Keeping		793,843	1,326,786	--	--	793,843	1,326,786
Building repair & Maintenance		71,537	880,832	--	--	71,537	880,832
Auditors Remuneration	30.2	1,150,000	950,000	--	--	1,150,000	950,000
Annual White Wash		1,997,195	2,528,383	--	--	1,997,195	2,528,383
Fire Fighting Expenses		201,860	213,757	--	--	201,860	213,757
Under writing Commission		-	6,774,735	--	--	-	6,774,735
Property Tax		1,152,724	1,315,879	--	--	1,152,724	1,315,879
Bad bedts write off		105,280	-	--	--	105,280	-
		191,481,194	166,746,080	79,769	87,780	191,560,963	166,833,860

30.1 None of the directors had any interest in the donee's fund.

	2023	2022
	Rupees	
<b>30.2 Auditors Remuneration</b>		
Audit Fee	600,000	500,000
Audit fee for Half yearly financial statements	200,000	100,000
Audit fee for Consolidated financial Statements	200,000	200,000
Audit fee for Subsidiary Companies	150,000	150,000
	<u>1,150,000</u>	<u>950,000</u>
<b>31 Other Income</b>		
Exchange Fluctuation	1,407,797	(74,359)
Interest on Term Deposit and PLs Account	142,552	(72,600)
Provision against NIT units (note no.20)	--	34,510,675
Insurance claim	85,410	
Other Income	617,265	
Loss Booked on Prior year Adjustment	(609,637)	
	<u>1,643,387</u>	<u>34,363,716</u>
<b>32 Finance Cost</b>		
Bank Charges and Commission	16,586,337	14,791,367
Interest on Loan from Associated and Directors	12,871,774	13,302,629
Markup on SBP Refinance	152,753	861,135
Interest on Diminishing Musharka Finance Facility - Vehicle Finance	2,434,758	859,220
Interest on Diminishing Musharka Finance Facility	6,917,623	1,795,492
Financial Charges	13,545	--
	<u>38,976,790</u>	<u>31,609,843</u>
<b>33 Taxation</b>		
Current	17 36,845,503	8,759,124
Prior	(277,147)	(14,534,687)
Deferred	13 8,853,224	(30,338,686)
	<u>45,421,580</u>	<u>(36,114,249)</u>
<b>34 Remuneration of Chief Executive, Director and Executives</b>		

Particulars	2023			2022		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees)			(Rupees)		
Managerial Remuneration	12,250,000	18,600,804	18,290,711	12,250,000	14,808,204	18,290,711
House rent allowance	4,500,000	7,629,952	7,316,285	4,500,000	5,923,282	7,316,285
Utilities allowance	1,250,000	1,860,080	1,829,071	1,250,000	1,480,820	1,829,071
Medical allowance	1,125,000	1,622,290	1,829,071	1,125,000	1,480,820	1,829,071
<b>Total</b>	<u>19,125,000</u>	<u>29,713,126</u>	<u>29,265,138</u>	<u>19,125,000</u>	<u>23,693,126</u>	<u>29,265,138</u>
<b>Number of persons</b>	<u>1</u>	<u>5</u>	<u>13</u>	<u>1</u>	<u>4</u>	<u>13</u>

34.1 The Chief Executive Officer, Director and Executives of the Group are provided with free use of Group maintained cars.

**35 Related Party Transactions**

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

<u>Name of the related party</u>	<u>Relationship and percentage shareholding</u>	<u>Transactions during the year and year end balances</u>	<u>2023 (Rupees)</u>	<u>2022 (Rupees)</u>
Tri-Star Power Ltd	Associated company by virtue of common directorship Shareholding : NIL	Markup accrued	1,994,521	2,000,000
		Loan repaid	-	-
		Electricity Purchased	6,870,000	13,740,000
		Loan Payable at the year end	20,000,000	20,000,000
Mr. Asad Ahmad	Chief Executive	Loan repaid	2,600,000	8,544,070
		Loan received	7,580,000	10,544,070
		Markup accrued	364,400	372,766
		Loan Payable at the year end	6,980,000	2,000,000
Ms. Uzma Ahmad	Director	Loan received	4,500,000	-
		Interest accrued	381,194	-
		Loan Payable at the year end	4,500,000	-
Ms. Farnaz Ahmad	Director	Loan repaid	6,150,000	97,500,000
		Loan received	19,675,000	56,200,000
		Markup accrued	6,526,404	6,761,041
		Loan Payable at the year end	74,725,000	61,200,000
Ms. Mariam Ahmad	Director	Loan repaid	480,000	-
		Loan received	6,080,000	250,000
		Markup accrued	775,667	297,068
		Loan Payable at the year end	8,820,000	3,220,000
Indus Battery Industries (Pvt) Ltd.	Associated company by virtue of common directorship	Loan received	500,000	500,000
		Loan repaid	31,500,000	11,700,000
		Markup accrued	2,802,055	3,803,425
		Loan Payable at the year end	4,500,000	35,500,000
UMF (Pvt) Limited	Associated company by virtue of common directorship	Loan repaid	-	900,000
		Markup accrued	-	21,205
Image Embroidered Fabric	Associated undertaking by virtue of sales arrangement	Sale of goods	-	-
		Amount recovered / adjusted against sales	-	-
		Purchase	-	110,296,253
Habib Jamal & Co.	Partnership Firm by virtue of common sponsors	Purchase of Goods and Assets	106,355,772	233,865,709
		Sale of goods	--	--
		Advance for purchases	234,183,928	--
First Tri-Star Modaraba	Associated company by virtue of common directorship	Rent accrued	12,000,000	6,000,000
		Rent paid	6,000,000	-
		Purchase of Assets	70,000,000	-

The outstanding balance with related parties as at the year-end have been disclosed in the respective notes to the consolidated consolidated financial statements.

All transactions were carried out on commercial terms and conditions and were valued at arm's length price. Reimbursement of expenses were on actual basis. Remuneration and benefits to key management personnel under the terms of their employment are given in Note 34 above.

**36 Cash and Cash Equivalents**

Cash and Bank Balances

**2023**      **2022**  
**Rupees**

49,143,749      41,724,370

**37 Plant Capacity and Production**

Actual production on Annual Basis  
Actual production

37.1

**2023**      **2022**  
**Rupees**

M.Tons      M.Tons  
4,000      4,000  
nil      nil

**37.1 Reason for Filament yarn Unit not in Production**

No production activity was done in Polyester Filament Yarn unit during the year due to high production cost / less market demand.

**37.2** The Group made production to value added fabric (as textile unit) with the Brand name Image for stitched and unstitched suits the capacity of the Group cannot be determined as this depends upon designing and styling of the garment and Fabric of the customer/market demand.

**38 OPERATING SEGMENT**

These consolidated financial statements have been prepared on the basis of two reportable segment one Segment of Polyester Filament yarn unit which Idle Since long and Remain closed during the year the Other Segment is Value added Embroidered Fabric/ garment Unit which is in Operations.

		Value added Embroidered Fabric		Polyester Filament Yarn		Total	
		June	June	June	June	June	June
		2023	2022	2023	2022	2023	2022
Net Sales	26	2,696,311,753	1,718,240,569	-	-	2,696,311,753	1,718,240,569
Cost of Sales	27	1,633,506,703	953,102,136	20,602,296	20,287,649	1,654,108,999	973,389,785
Gross Profit/(Loss)		1,062,805,049	765,138,433	(20,602,296)	(20,287,649)	1,042,202,753	744,850,785
Selling & Distribution costs	28	465,922,174	332,736,249	-	-	465,922,174	332,736,249
Administrative Expenses	29	191,481,194	166,746,080	79,769	87,780	191,560,963	166,833,860
		657,403,368	499,482,329	79,769	87,781	657,483,137	499,570,109
Segment Results		405,401,681	265,656,105	(20,682,065)	(20,375,430)	384,719,617	245,280,677
Segments Assets		2,048,629,765	2,029,629,765	703,807,474	703,807,474	2,048,629,765	2,733,437,239
Segments Liabilities		2,506,634,413	2,487,634,413	-	-	2,506,634,413	2,487,634,413
Capital Expenditure - Excluding revaluation at cost		226,508,318	226,508,318	-	-	226,508,318	226,508,318
Depreciation		45,279,503	45,279,503	20,375,429	20,375,429	65,654,932	65,654,932

All non current assets of the Group as at June 30, 2023 are located in Pakistan Except Two subsidiaries Companies as disclosed in note 21 to the consolidated consolidated financial statements.

93.88% (2022: 96.62%) of sales of embroied Fabrics/ garment local sales and 6.11 % (2022: 4.70% ) of sales of embroied Fabrics/ garment Export sales in different Parts of the World.

**39 Financial Instruments**

The Group has exposures to the following risks from its use of financial instruments:

Credit Risk

Liquidity Risk

Market Risk

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

**39.1 Credit Risk**

Credit risk is the risk that one party to the financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Group believes that it is not exposed to major concentration of credit risk. However, to reduce exposure to credit risk, if any, the management monitors the credit exposure towards the customers and makes provisions against those balances considered doubtful of recovery.



The maximum exposure to credit risk at the reporting date is:

	June 30, 2023	June 30, 2022
	Rupees	
Long Term Investment	--	--
Long Term Deposits	24,240,671	19,020,671
Trade Debtors - unsecured	251,582,186	284,740,816
Trade Deposits and Prepayments	263,200,947	29,049,481
Cash with Banks in Current Accounts	49,143,749	41,724,370
	<u>588,167,553</u>	<u>374,535,338</u>

### 39.2 Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liability when due.

The Group is exposed to liquidity risk in respect of non current interest bearing liabilities, short term borrowings, trade and other payable and mark up accrued.

Particulars	2023				
	Carrying Amount	Contractual Cash Flows	Six months or Less	Six to twelve months	One to two year
Rupees					
<b>Financial Liabilities</b>					
Long term Loan from Associated and related Parties. Interest free	119,525,000	149,406,250		-	149,406,250
Diminishing Musharika Finance	117,879,972	138,243,737	12,043,005	42,271,188	83,929,544
Trade and other payables	412,392,351	412,392,351	412,392,351	-	-
Accrued interest on Loans	29,497,017	29,497,017	29,497,017	-	-
Unclaimed Dividend	12,060,558	12,060,558	12,060,558	-	-
	<u>691,354,898</u>	<u>741,599,913</u>	<u>465,992,931</u>	<u>42,271,188</u>	<u>233,335,794</u>
Particulars	2022				
	Carrying Amount	Contractual Cash Flows	Six months or Less	Six to twelve months	One to two year
Rupees					
<b>Financial Liabilities</b>					
Long term Loan from Associated and related Parties. Interest free	121,920,000	204,544,795	-	-	204,544,795
Diminishing Musharika Finance	17,553,972	113,545,230	23,862,500	89,682,173	-
Trade and other payables	402,242,151	402,242,151	402,242,151	-	-
Accrued Interest on Loans	13,302,629	13,302,629	13,302,629	-	-
Unclaimed Dividend	26,510,502	26,510,502	26,510,502	-	-
	<u>581,529,254</u>	<u>760,145,307</u>	<u>465,917,782</u>	<u>89,682,173</u>	<u>204,544,795</u>

### 39.3 Market Risk

Market risk is the risk that the value of a financial instrument will fluctuate resulting in as a result of changes in market prices or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of Product and liquidity in the market.

### 39.4 Currency Risk

Foreign currency risk arises mainly due to conversion of foreign currency assets and liabilities into local currency. The Group is not materially exposed to foreign currency risk on foreign currency assets and liabilities.

#### Foreign currency risk

The PKR is the functional currency of the Group and, as a result, currency exposures arise from transactions and balances in currencies other than PKR. The Group's potential foreign currency exposure comprise:

#### Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Group are periodically revalued to PKR equivalent, and the associated gain or loss is taken to the profit or loss. The foreign currency risk related to monetary items is managed as part of the risk management strategy

**39.5 Interest Rate Risk**

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates, majority of the interest rate exposure arises from short and long term borrowings from bank and term deposits and deposits in profit and loss sharing accounts with banks.

**39.6 Risk Management Policies**

Risk management is carried out by the management under policies approved by board of directors. The board provides principles for overall risk management, as well as policies covering specific areas like foreign exchange risk, interest rate risk and investing excessive liquidity.

**39.7 Capital Risk Management**

The Group's objective when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure the Group may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensuration to the circumstances.

Consistent with others in the industry, the Group manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholder. Debt is calculated as total borrowings ('long term loan' and 'short term borrowings' as shown in the balance sheet). Total capital comprises share holders' equity as shown in the balance sheet under 'share capital and reserves'.

	June 30, 2022	June 30, 2021
	Rupees	
Total Borrowings	237,404,972	139,473,972
Less: Cash and Bank Balances	49,143,749	41,724,370
Net Debt	188,261,223	97,749,602
Total Equity	2,562,590,200	1,860,350,709
Total Capital	<u>2,750,851,423</u>	<u>1,958,100,311</u>
Gearing Ratio	<u>0.07</u>	<u>0.05</u>

**39.8 Fair Value of Financial Instruments**

As at the reporting date the fair value of all financial assets and liabilities are estimated to approximate their carrying values.

**40 Non -Adjusting Event After the Reporting Period**

(i) The Board of Directors in its meeting held on September 28, 2023 approved to issue 10% Cash dividend for approval of the members at the Annual General Meeting to be held on October 27, 2023.

**41 Number of Employees**

Number of persons employed contractual and Permanent as at year end were 878 (2022: 550) and the average number of persons employed during the year were 834 (2022:610).

**42 General**

a. Figures have been rounded off to the nearest rupee.

**b. Functional and Presentation Currency**

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. The consolidated financial statements are presented in Pakistani rupees, which is the Group's functional and presentational currency. The figures of subsidiary Group's have been converted in Pak Rupee at the June 30, 2023 conversion rate in Pakistan.

**c. Corresponding figures**

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison. During the year there were no major reclassifications to report.

Asad Ahmad  
Chief Executive

Uzma Ahmad  
Director

Mohammad Zameer  
Chief Financial Officer

**Pattern of Shareholding  
As At June 30, 2023**

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
480	1 -	100	18,478
988	101 -	500	239,354
1,289	501 -	1,000	905,780
2,458	1,001 -	5,000	4,983,979
504	5,001 -	10,000	3,461,070
284	10,001 -	15,000	3,538,885
100	15,001 -	20,000	1,751,047
61	20,001 -	25,000	1,378,340
65	25,001 -	30,000	1,770,724
44	30,001 -	35,000	1,438,238
35	35,001 -	40,000	1,350,694
19	40,001 -	45,000	803,187
22	45,001 -	50,000	1,049,038
15	50,001 -	55,000	790,028
20	55,001 -	60,000	1,151,991
7	60,001 -	65,000	442,150
26	65,001 -	70,000	1,744,445
7	70,001 -	75,000	510,034
6	75,001 -	80,000	462,502
8	80,001 -	85,000	655,748
6	85,001 -	90,000	519,683
11	90,001 -	95,000	1,021,803
6	95,001 -	100,000	591,261
5	100,001 -	105,000	513,977
3	105,001 -	110,000	317,492
10	110,001 -	115,000	1,145,806
1	115,001 -	120,000	115,718
1	125,001 -	130,000	125,350
7	130,001 -	135,000	924,275
2	135,001 -	140,000	278,012
2	140,001 -	145,000	285,775
1	145,001 -	150,000	145,475
1	160,001 -	165,000	161,000
3	165,001 -	170,000	498,976
3	170,001 -	175,000	515,602
1	175,001 -	180,000	178,250
2	195,001 -	200,000	397,900
2	200,001 -	205,000	406,721
1	220,001 -	225,000	222,812

1	225,001 -	230,000	226,250
1	230,001 -	235,000	231,437
2	235,001 -	240,000	472,132
1	245,001 -	250,000	248,298
2	255,001 -	260,000	514,337
1	260,001 -	265,000	264,500
1	265,001 -	270,000	267,887
1	275,001 -	280,000	278,386
1	285,001 -	290,000	287,500
1	290,001 -	295,000	294,917
1	305,001 -	310,000	305,827
2	340,001 -	345,000	690,000
1	355,001 -	360,000	350,750
1	370,001 -	375,000	370,300
2	375,001 -	380,000	754,981
1	380,001 -	385,000	381,225
1	400,001 -	405,000	403,532
1	415,001 -	420,000	419,175
1	420,001 -	425,000	423,512
1	430,001 -	435,000	431,250
1	440,001 -	445,000	443,900
1	455,001 -	460,000	460,000
2	460,001 -	465,000	923,766
1	500,001 -	505,000	502,550
1	525,001 -	530,000	529,000
1	530,001 -	535,000	533,025
2	570,001 -	575,000	1,150,000
1	590,001 -	595,000	593,400
2	600,001 -	605,000	1,203,474
1	605,001 -	610,000	609,500
1	615,001 -	620,000	617,110
1	625,001 -	630,000	628,021
1	630,001 -	635,000	632,500
1	650,001 -	655,000	654,925
1	655,001 -	660,000	655,500
1	740,001 -	745,000	740,830
1	765,001 -	770,000	767,050
1	830,001 -	835,000	835,820
1	860,001 -	865,000	864,800
1	925,001 -	930,000	929,104
1	1,060,001 -	1,065,000	1,060,300
1	1,075,001 -	1,080,000	1,076,975
1	1,315,001 -	1,320,000	1,318,033

1	1,320,001 -	1,325,000	1,322,500
1	1,435,001 -	1,440,000	1,435,628
2	1,440,001 -	1,445,000	2,885,105
1	1,450,001 -	1,455,000	1,450,749
1	1,460,001 -	1,465,000	1,564,500
1	1,775,001 -	1,780,000	1,779,050
1	2,125,001 -	2,130,000	2,125,918
1	2,135,001 -	2,140,000	2,135,340
1	2,545,001 -	2,550,000	2,545,812
1	3,635,001 -	3,640,000	3,636,875
1	5,345,001 -	5,350,000	5,346,867
1	6,570,001 -	6,575,000	6,571,953
1	7,520,001 -	7,525,000	7,521,000
1	8,560,001 -	8,565,000	8,563,187
1	20,595,001	20,600,000	20,597,937
<b>6,572</b>			<b>131,639,800</b>

**CATEGORIES OF SHAREHOLDERS  
AS AT JUNE 30, 2023**

Categories of Shareholders	No. of Shares Held	Percentage
Directors, Chief Executive Officer and their spouses and Minor Children	41,438,343	31.48
Associated Companies, Undertakings and Related Parties	223,794	0.17
NIT & ICP	38,487	0.03
Banks, NBFCs, DFIs, Takaful, Pension and Stock Funds	186,150	0.14
Modarabas & Mutual Funds	4,892,400	3.72
Insurance & Leasing Companies	444,506	0.34
Investment Companies	60,117	0.05
General Public (Local)	73,251,999	55.65
Other Companies	10,557,136	8.02
Joint Stock Companies	546,868	0.42
	<b>131,639,800</b>	<b>100.00</b>

**CATEGORIES OF SHAREHOLDERS  
AS AT JUNE 30, 2023**

SR #	CATEGORIES OF SHAREHOLDERS	SHARES HELD	PERCENTAGE
<b>1</b>	<b>Directors, CEO and their spouses and minor children</b>		
	Mr. Asad Ahmad (Director)	22,635,302	17.195
	Mr. Syed Hussam Ashraf Subzwari (Director)	2,313	0.002
	Mr. Mohammad Ziyad Akhtar Syed (Director)	1,150	0.001
	Mr. Jawed Ahmed Siddiqui (Director)	1,329	0.001
	Ms. Uzma Ahmad (Director)	2,370,959	1.801
	Ms. Marium Ahmad (Director)	7,788,887	5.917
	Mrs. Farnaz Ahmad (Director)	8,638,403	6.562
<b>2</b>	<b>Associated Companies, Undertaking and Related Parties</b>		
	First Tri-Star Modaraba	1,100	0.001
	Prestige Enterprises (Pvt.) Limited	80,870	0.061
	Tri-Star Investment Limited	141,824	0.108
<b>3</b>	<b>NIT &amp; ICP</b>		
	Investment Corporation of Pakistan	38,487	0.029
<b>4</b>	<b>Banks, NBFCs, DFIs, Takaful, Pension and Stock Funds</b>	186,150	0.141
<b>5</b>	<b>Insurance &amp; Leasing Companies</b>		
	<u>Insurance Companies</u>		
	State Life Insurance Corporation of Pakistan	403,532	0.307
	New Jubilee Insurance Company	15,928	0.012
	The Crescent Star Insurance Company Limited	1,737	0.001
	<u>Leasing Companies</u>		
	Dadabhoy Leasing Company Limited	22,829	0.017
	National Development Leasing Corporation Limited	480	0.000
<b>6</b>	<b>Investment Companies</b>		
	Pyramid Investments (Pvt.) Limited	59,468	0.045
	Shirazi Investments (Pvt.) Limited	71	0.000
	Paramount Investments Limited	578	0.000
<b>7</b>	<b>Modarabas &amp; Mutual Funds</b>	4,892,400	3.717
<b>8</b>	<b>General Public (Local)</b>	73,251,999	55.646
<b>9</b>	<b>Other Companies</b>	10,557,136	8.020
<b>10</b>	<b>Joint Stock Companies</b>	546,868	0.415
		<b>131,639,800</b>	<b>100.000</b>
<b>11</b>	<b>SHAREHOLDERS HOLDING 05% OR MORE</b>		
	Mr. Asad Ahmad	22,635,302	17.195
	Ms. Marium Asad	7,788,887	5.917
	Mrs. Farnaz Ahmed	8,638,403	6.562
<b>12</b>	<b>TRADING IN THE SHARES OF COMPANY DURING THE YEAR BY THE DIRECTOR, CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN</b>		
	Bonus Shares Mr. Asad Ahmad	5,519,760	4.19
	Bonus Shares Ms. Farnaz Ahmad	2,106,528	1.60
	Bonus Shares Ms. Uzma Ahmad	578,172	0.44
	Shares Purchased by Ms. Marium Ahmad	100,000	0.08
	Bonus Shares Ms. Marium Ahmad	1,886,325	1.43
	Bonus Shares Mr. Syed Hussam Ashraf Subzwari	563	0.00
	Bonus Shares Mr. Jawed Ahmed Siddiqui	323	0.00
	Bonus Shares Mr. Mohammad Ziyad Akhtar Syed	225	0.00

## Proxy Form

I, \_\_\_\_\_ of \_\_\_\_\_ being a member of Image Pakistan Ltd., Karachi and holder of \_\_\_\_\_ Shares as per R.F. No. \_\_\_\_\_ and / or CDC Participant I.D. No. \_\_\_\_\_ and Sub Account No. \_\_\_\_\_ hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ as my proxy to attend and vote for me and on my behalf at the Annual General Meeting of the Company to be held on October 27, 2023 at A/33, Central Commercial Area, Block 7/8, Main Shahrah-e-Faisal, Karachi and at any adjournment thereof.

As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

Signed by the said \_\_\_\_\_

Please affix  
Rs. 5/-  
Revenue  
Stamp

To be signed over Revenue Stamp

- IMPORTANT:**
- a) This form of proxy duly completed must be received at the office of the Company at F/538, S.I.T.E., Karachi, not later than 48 hours before the time of holding the meeting.
  - b) CDC Shareholders and their Proxies must each attach an attested photocopy of their National Identity Card or Passport with their proxy form.
  - c) A proxy should also be a shareholder of the Company.



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A/33, Central Commercial Area, Block 7/8,  
Main Shahrah-e-Faisal, Karachi-75350