SUNRAYS TEXTILE MILLS LIMITED

ANNUAL REPORT
2023

CONTENTS

COMPANY PROFILE

BOARD OF DIRECTORS

1.	Mian Imran Ahmed	Chairman
2.	Mr. Kashif Riaz	Chief Executive
3.	Mr. Naveed Ahmed	
4.	Mian Shahzad Ahmed	
5.	Mrs. Fadia Kashif	
6.	Mr. Irfan Ahmed	
7.	Mr. Shahwaiz Ahmed	
8.	Mr. Shafqat Masood	
9.	Mr. Faisal Hanif	
10.	Ms. Azra Yaqub Vawda	
11.	Mr. Farooq Hassan	

AUDIT COMMITTEE

1.	Mr. Faisal Hanif	(Chairman)
2.	Mr. Shahwaiz Ahmed	(Member)
3.	Mrs. Fadia Kashif	(Member)

HUMAN RESOURCES AND REMUNERATION COMMITEE

1.	Mr. Faisal Hanif	(Chairman)
2.	Mr. Irfan Ahmed	(Member)
3.	Mrs. Fadia Kashif	(Member)

CHIEF FINANCIAL OFFICER

Mr. Shabbir Kausar

CHIEF INTERNAL AUDITOR

Mr. Imran Iftikhar

COMPANY SECRETARY

Mr. Ahmed Faheem Niazi

LEGAL ADVISOR

Mr. Yousuf Naseem
Advocates & Solicitors

REGISTERED OFFICE

5th floor, Office # 508, Beaumont Plaza,
Beaumont Road, Civil Lines Quarters, Karachi

SYMBOL OF THE COMPANY

SUTM

WEBSITE

http://www.Indus-group.com

REGISTRAR & SHARE TRANSFER OFFICE

JWAFFS REGISTRAR SERVICES (PVT) LTD
407 -408, Al – Ameera Center,
Shahrah -e-Iraq, Saddar Karachi.

Tel. 35662023 – 24
Fax. 35221192

FACTORY LOCATION

Khanpur Shomali Bagga Sher M.M. Road Muzaffar Garh

BANKERS

MCB Bank Limited
Allied Bank Limited
United Bank Limited
Meezan Bank Limited
Habib Bank Limited
Bank Al Falah Limited

AUDITORS

Yousuf Adil
Chartered Accountants

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 32nd Annual General Meeting of **Sunrays Textile Mills Limited** will be held at Indus Dyeing & Manufacturing Company Limited, Plot No. 3 & 7, Sector No. 25, Korangi Industrial Area, Karachi on Friday, October 27, 2023 at 04:30 P.M. to transact the following business:

ORDINARY BUSINESS:

1. To confirm minutes of the Annual General Meeting held on October 27, 2022.

2. To receive, consider, approve and adopt the audited consolidated and un consolidated financial statements of the Company for the financial year ended June 30, 2023, together with the Directors' and Auditors' Reports thereon and Chairman's Review Report;

3. To appoint the Statutory Auditors for the year ending June 30, 2023 and to fix their remuneration. The Board of Directors on the recommendation of Audit Committee has recommended the appointment of retiring auditors, Messers Yousuf Adil, Chartered Accountants who being eligible have offered themselves for re-appointment;

4. To approve interim cash dividend of Rs. 2/- per share i.e 20% already paid by the company (declared on June 02, 2023) as a final dividend for the year ended June 30, 2023.

SPECIAL BUSINESS:

5. To ratify the transactions carried out by the Company with related parties disclosed in the Financial Statements for the year ended June 30, 2023 by passing the following resolution with or without modification:

   Resolved That all related parties transactions carried out by the Company as disclosed in Note No **38** of the Financial Statements of the Company for the year ended June 30, 2023 be and are hereby noted, ratified and approved.

6. To approve potential transactions with related parties intended to be carried out in the financial year 2023-2024 and to authorize the Board of Directors of the Company to carry out such related party transactions at its discretion from time to time, irrespective of the composition of the Board of Directors affected due to majority of Board members are interested in any agenda item.

   The resolutions to be passed in this respect (with or without modification) as special resolutions are as under:

   Resolved Further That in accordance with the policy approved by the Board and subject to such conditions as may be specified from time to time, the Company be and is hereby authorized to carry out transactions with the related parties for the fiscal year 2023-24.

   Resolved Further That the Board of directors of the Company may, at its discretion, approves specific related party/parties transaction(s) from time to time, irrespective of the composition of the Board, affected due to majority of Board members are interested in any agenda item till the next Annual General Meeting. However, in order to ensure transperency in these transactions.

   All such transactions shall be placed before the shareholders in the next Annual General Meeting for their noting/ratification/approval.

7. **To consider and, if thought fit, approve the circulation of Company's annual audited financial statements through QR enabled code and weblink as part of notice of Annual General Meeting by passing, with or without modifications, additions or deletions, the following resolutions as special resolutions:**

   Resolved That the consent and approval of the members of Sunrays Textile Mills Limited be and is hereby accorded and the Company be and is hereby authorized to circulate its annual audited financial statements to its members through QR enabled code and weblink as part of the notice of Annual General Meeting.

   Further Resolved That the Chief Executive Officer, Chief Financial Officer and Company Secretary, singly or jointly, be and are hereby authorized to do all acts, deeds and things, take or cause to be taken any action as may be necessary, incidental or consequential to give effect to this resolution.

8. **To Alter Provisions of Articles of Association Relating to Capitalization of Reserves:**

   To consider and if deemed fit, to pass the following resolution as a special resolution, to alter the provisions of Articles of Association of the Company relating to the capitalization of reserves, with or without modification(s), addition(s) or deletion(s), as recommended by the Board of Directors, subject to the requisite approvals, if any:

   Resolved That approval of members of the Company, be and is hereby accorded that the Board of Directors of the Company may resolve at its discretion to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportions on condition that the same be not paid in cash but be applied in or towards paying up in full unissued shares as bonus shares or debentures of the Company to be allotted and distributed as fully paid up to and amongst such members in the proportion aforesaid and the directors shall give effect to such resolution.

Further Resolved That whenever such a resolution aforesaid shall have been passed by the Board of Directors of the Company, the Directors are authorized to make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and all allotments and issue of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effects thereto.

Further Resolved That in consequence of aforesaid authorizations to the Board of Directors of the Company, the existing Article 100 of the Articles of Association of the Company, be and is hereby substituted as 100, to read as follows:

Article 100 of Articles of Association:

"The Board of Directors of the Company may resolve at its discretion to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportions on condition that the same be not paid in cash but be applied in or towards paying up in full unissued shares as bonus shares or debentures of the Company to be allotted and distributed as fully paid up to and amongst such members in the proportion aforesaid and the directors shall give effect to such resolution.

Whenever such a resolution aforesaid shall have been passed by the Board of Directors of the Company, the Directors are authorized to make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and all allotments and issue of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effects thereto."

Further Resolved That Mr. Kashif Riaz, Chief Executive Officer and Mr. Ahmed Faheem Niazi, Company Secretary, jointly or severally, (the Authorised officer(s,) be and are hereby authorized to do all acts, deeds and things, take any or all necessary actions to complete all legal and corporate formalities, make amendments, modification addition or deletion and file all requisite documents with the SECP to effectuate and implement this special resolution.

Further Resolved That the aforesaid alteration in the Articles of Association of the Company shall be subject to any amendment, modification, addition or deletion as may be deemed appropriate by the authorized person or as may be suggested, directed and advised by the SECP which suggestion, direction and advise shall be deemed to be have been approved as part of the passed Special Resolution without the need of the members to pass a fresh Special Resolution."

9. To transact any other business with the permission of the chair.

By Order of the Board
Ahmed Faheem Niazi
Company Secretary

Karachi
Date: October 4, 2023

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 21, 2023 to October 27, 2023 (both days inclusive). Transfers received in order at the Office of Company's Share Registrar **M/s. Jwaffs Registrar Services (Pvt) Ltd, 407-408 Al-Ameera Center, Shahra-e-Iraq, Saddar, Karachi.** ('Registrar') at the close of business on October 20, 2023 will be considered in time to attend and vote at the Meeting

2. Financial Statements for the year ended June 30, 2023 will be available at the website of the Company www.indus-group.com twenty one days before the date of meeting

   Further, as per approval obtained from members in Annual General Meeting of the Company held on October 31, 2016 to circulate Annual Audited Accounts through CD/DVD/USB in accordance with SRO 470(I)/2016 dated May 31, 2016 of Securities and Exchange Commission of Pakistan (SECP); Annual Audited Accounts of the Company for the year ended June 30, 2023 are being dispatched to the Members through CD/DVD. The Members may request a hard copy of Annual Audited Accounts free of cost. Standard request form is available at the website of the Company www.indus-group.com

3. Pursuant to Section 223 of the Companies Act, 2017, the Company is allowed to send audited financial statements and reports to its members electronically. Members are therefore requested to provide their valid email IDs. For convenience, a Standard Request Form has also been made available on the Company's website www.indus-group.com

4. Members (Non-CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/s Jwaffs Registrar Services (Pvt) Ltd, 407-408 Al-Ameera Center, Shahra-e-Iraq, Saddar, Karachi.

5. A member of the Company entitled to attend and vote at this meeting, may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

6. CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan

A. **FOR ATTENDING THE MEETING:**

i. In case of individuals, the accounts holders and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his original CNIC or Passport at the time of attending the Meeting

ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. **FOR APPOINTING PROXIES:**

i. In case of individuals, the account holders and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirements.

ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form

iii. Attested copies of CNIC or the passport of the beneficial owner and the proxy shall be furnished with the proxy form.

iv. The proxy shall produce his/her original CNIC or original Passport at the time of meeting.

v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company

7. Members are requested to notify Change in their addresses, if any; in case of book entry securities in CDS to their respective participants/ investor account services and in case of physical shares to the Registrar of the Company by quoting their folio numbers and name of the Company at the above mentioned address, if not earlier notified/submitted.

8. **Deduction of Income Tax from Dividend under Section 150 of the Income Tax Ordinance, 2001**

Pursuant to the provisions of the Finance Act 2019 effective July 1, 2019, the rates of deduction of income tax from dividend payments under the income Tax Ordinance, have been revised as follows:

(a)	Rate of tax deduction for filer of income tax returns	15%
(b)	Rate of deduction for non-filer of income tax returns	30%

The income tax is deducted from the payment of dividend according to Active Tax-Payers List (ATL) provided on the website of FBR. All those shareholders who are filers of income tax returns are therefore advised to ensure that their names are entered into ATL to enable the Company to withhold income tax from payment of cash dividend @ 15% instead of 30%.

Further, according to clarification received from FBR, withholding tax will be determined separately on 'Filer/Non Filer' status of Principal Shareholder as well as Joint-holder(s) based on their shareholding proportions in case of joint accounts held by the shareholders

In this regard, all shareholders who hold shares jointly are requested to provide the shareholding proportions of Principal Shareholder and Joint-holders in respect of shares held by them to our Shares Registrar, in writing. The joint accounts information must reach to our Shares Registrar within 10 days of this notice. In case of non-receipt of the information, it will be assumed that the shares are equally held by Principal Shareholder and the Joint-holder(s).

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence as the case may be.

9. **Dividend Mandate and Payment of Cash Dividend through Electronic Mode**

The provisions of Section 242 of the Companies Act, 2017 require that the dividend payable in cash shall only be paid through electronic mode directly into the bank accounts designated by the entitled shareholders. Therefore, for making compliance to the provisions of the law, all those physical shareholders who have not yet submitted their IBAN bank account details to the Company are requested to provide the same on the Dividend Mandate Form available on Company website at www.indus-group.com

Non CDC shareholders are requested to send valid and legible copy of CNIC/Passport (in case of individual) and NTN Certificate (in case of corporate entity) to the Registrar of the Company. Please note that CNIC number is mandatory for issuance of dividend warrants and in the absence of this information payment of dividend shall be withheld.

CDC shareholders who have also not provided their IBAN bank account details are also requested to provide the same to their Participants in CDC and ensure that their IBAN bank account details are updated. In case of unavailability of IBAN, the Company would be constrained to withhold dividend in accordance with the Companies (Distribution of Dividends) Regulations, 2017.

10. **Video-Link Arrangement for online Participation in the 32nd Annual General Meeting of the Company**

Shareholders interested in attending the Annual General Meeting (AGM) through video link facility are requested to get themselves registered with the Company Secretary office at least two working days before the holding of the time of AGM at corporate.affairs@indus-group.com by providing the following details: -

Name of Shareholder	CNIC No	Folio CDC No	Cell No	Email address

- The Login facility will remain open from 04:15 P.M. till the end of the meeting.
- Shareholders will be encouraged to participate in the AGM to consolidate their attendance and participation through proxies.
- Shareholders will be able to login and participate in AGM proceedings through their smart phone or computer devices from their home after completing all the facilities required for the identification and verification of the Shareholders.

The Company will follow the best practices and comply with the instructions of the Government and SECP to ensure protective measure are in place for the well-being of its members

11. **Video Conference Facility**

Members may avail video conference facility for this Annual General Meeting other than Karachi, provided the Company receives consent (standard format is given below) atleast 07 days prior to the date of the Meeting from members holding in aggregate 10% or more shareholding residing at respective city

The Company will intimate respective members regarding venue of the video-link facility before the date of Meeting along with complete information necessary to enable them to access the facility

I/we _____________ of _________ being member(s) of Sunrays Textile Mills Limited, holder of _________ Ordinary Share(s) as per Registered Folio No./CDC Account No. ________ hereby opt for video conference facility at __________ in respect of 32nd Annual General Meeting of the Company

____
Signature of Member

12. **Deposit of Physical Shares into Central Depository**

As per Section 72 of the Companies Act, 2017, every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Act i.e. May 30, 2017. Further SECP vide Letter dated March 26, 2021 has advised to comply Section 72 of the Act and encourage shareholders to convert their shares in book –entry form.

In light of above, shareholders holding physical share certificates are requested to deposit their shares in Central Depository by opening CDC sub-accounts with any of the brokers or Investor Accounts maintained directly with CDC to convert their physical shares into scrip less form. This will facilitate the shareholders to streamline their information in member's Register enabling the Company to effectively communicate with the shareholders and timely disburse any entitlements. Further, shares held shall remain secure and maintaining shares in scrip less form allows for swift sale / purchase.

13. **Unclaimed Dividends and Bonus Shares**

Shareholders, who for any reason, could not claim their dividend and/or bonus shares are advised to contact our Shares Registrar M/s. Jwaffs Registrar Services (Pvt) Limited to collect/enquire about their unclaimed dividends and/or bonus shares if any.

14. **Postal Ballot**

Pursuant to companies (Postal Ballot) Regulations, 2018 for the agenda item subject to the requirements of Section 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right of vote through e-voting, in accordance with the requirements and procedure contained in the aforesaid regulations

<u>Statement of Material facts concerning special business pursuant to section 134 (3) of the Companies Act, 2017</u>

This statement sets out the material facts concerning the Special Business given in agenda item(s) No.5 to 8 of this Notice of AGM, which will be considered to be transacted in the AGM of the Company. The purpose of this statement is to set forth the material facts concerning such Special Businesses:

Agenda Item No. 5 & 6 of the Notice –

The related parties transactions carried out in normal course of business with associated companies and related parties were being approved by the Board of Directors as recommended by the Audit Committee on quarterly basis pursuant to Section 208 of the Companies Act, 2017 and Regulation 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019. However, the majority of Company Directors were interested in these transactions due to their common directorship and holding of shares in the group companies, the quorum of directors could not be formed for approval of these transactions pursuant to Section 207 of the Companies Act, 2017 and therefore, these transactions have to be approved by the shareholders in General Meeting as a special resolution in terms of section 208 of the said Act.

The transactions with related parties carried out during the fiscal year 2022-2023 to be ratified as disclosed in Note No **38** of the Financial Statements of the Company for the year ended June 30, 2023

Likewise, since related party transactions are an ongoing process and a restriction to carry out business with related parties merely due to absence of valid quorum would adversely affect the business of the Company. Therefore, shareholders are being approached to grant the broad approval for such transactions to be entered into by the Company, from time to time, at the discretion of the Board (and irrespective of its composition affected due to majority of Board members are interested in any agenda item). The Company shall comply with its policy pertaining to transactions with related parties as stated above to ensure that the same continue to be carried out in a fair and transparent manner and on an arm's length basis. This would also ensure compliance with the Section 208(1) of the Companies Act, 2017 of which requires that shareholders' approval shall be required where the majority directors are interested in any related party transactions and regulation 4 of the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 which sets out the conditions for transactions with related parties to be characterized as "arm's length transactions" and states that the parties to the transaction must be unrelated in any way

Further; it is not possible for the Company or the directors to accurately predict the nature of the related party transaction(s) or the specific related party(ies) with which the transaction(s) shall be carried out. In view of the same and in order to ensure smooth supply during the year, the Company seeks the broad approval of the shareholders that the Board may cause the Company to enter into transactions with related party / parties from time to time in its wisdom and in accordance with the policy of the Company for the fiscal year 2023-24.

All such transactions will be clearly stipulated at the end of the next financial year in the company's Annual Report. In however addition to this all such transactions shall also be placed before the shareholders in the next General Meeting for their noting approval/ ratification

The Directors are interested in these resolutions only to be extent of their common directorship and shareholding in the associated companies

Agenda Item No. 7 of the Notice –

Circulation of Company's annual audited financial statements through QR enabled code and weblink as part of notice of Annual General Meeting

The SECP, vide its SRO. 389 (1)/2023 dated March 21, 2023, has allowed listed companies to circulate the Annual Audited Financial Statements to their members through QR enabled code and web-link (instead of DVDs), subject to approval of the shareholders in the general meeting.

Foregoing in view, the following resolutions will be placed before the Members at the AGM for approval as special resolutions with or without modifications, additions or deletions:

Resolved That, the consent and approval of the Members of Sunrays Textile Mills Limited (the "Company") be and is hereby accorded and the Company be and is hereby authorized to circulate annual audited financial statements to its Members through QR enabled code and weblink as part of the notice of Annual General Meeting

Further Resolved That the Chief Executive Officer, Chief Financial Officer and Company Secretary, singly or jointly, be and are hereby authorized to do all acts, deeds and things, take or cause to be taken any action as may be necessary, incidental or consequential to give effect to this resolution.

Agenda Item No. 8 of the Notice –

To substitute the Article 100 with Articles 100, of the Article of Association of the Company relating to Capitalization of Reserve:

The current provision of Article 100 stipulates that capitalization of reserves must be approved by members at a general meeting. The Board of Directors of the Company has recommended changing the current Article 100 by replacing it with Articles 100, in order to simplify the legal requirements and for better governance, including cost and time savings.

The comparison of existing Article 100 of Articles of Association of the Company with the proposed Articles 100, is as under:

Existing Article	Proposed Article
Capitalization of Reserves	**Capitalization of Reserves**
"100. Any General Meeting may resolve that moneys, investments or other assets forming part of the Company standing to the credit of the Reserve Fund or in the hands of the Company and available for dividend or representing premiums received on the issue of shares and standing to the credit of the shares premium accounts be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised funds be applied on behalf of such shareholder in paying up in full any unissued shares of the Company which shall be distributed accordingly and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum."	"100. The Board of Directors of the Company may resolve at its discretion to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportions on condition that the same be not paid in cash but be applied in or towards paying up in full unissued shares as bonus shares or debentures of the Company to be allotted and distributed as fully paid up to and amongst such members in the proportion aforesaid and the directors shall give effect to such resolution. Whenever such a resolution aforesaid shall have been passed by the Board of Directors of the Company, the Directors are authorized to make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and all allotments and issue of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effects thereto."

Statement of the Board of Directors:

We, the members of the Board of Directors hereby confirm that the proposed amendments / alterations in the Memorandum and Articles of Association of the Company are in line with the applicable laws and regulatory framework.

Directors Interest:

The Directors do not have any interest in the Special Business, whether directly or indirectly, except to the extent of their shareholding in the Company.

VISION

To be a most successful company in terms of quality products, services & financial

MISSION

To provide quality products & services to our customers and handsome return to the shareholders.

CHAIRMAN'S REVIEW

FOR THE YEAR ENDED JUNE 30, 2023

It is my privilege and pleasure in presenting to the members of Sunrays Textile Mills Limited (STML), review on the performance of the Company for the financial year ended June 30, 2023. I would take this opportunity to invite you for the 32nd Annual General Meeting of the company.

Review of the Boards Performance

The Board, being responsible for the management of the Company's affair and determining the Company's level of risk tolerance, formulates polices and strategies. The board is governed by relevant laws & regulations and its obligation, rights, responsibilities and duties as are specified and prescribed therein.

Board members are equipped with suitable knowledge, variety of expertise and experience which is required to successfully govern the business. Every board member is committed to perform for the growth of the Company and all his tasks are devoted and focused towards the Company's values and mission.

The board strictly monitored the performance of its sub-committees. Comprehensive and effective meetings of the board resulted in conducive decisions for the Company. In addition to it, the board also ensures compliance with all applicable rules and best practices of the Company.

To keep updated the board members and enabling them to remain harmonized for continuous progression of the Company, the board assessed its sub-committees along with the evaluation of its own performance, facilitating the board to play an effective and efficient role in accomplishing set targets of the Company

Review of Company's Performance

The business operated smoothly and maintain its sales of Rs. 9.6 billion over the last year sales Rs. 9.7 billion and whereas the gross profit margins decreased from 26.6 % to 8.5%. The net profit after tax has been decreased from 1.9 billion to 0.287 billion.

On behalf of the Board, I would like to say a big thank to all our customers for their continued confidence on the Company. I would like to express my appreciation for the contribution of the Board, excellent efforts put in by our management and employees and finally I would like to thank all the financial institutions who have stuck with us and supported us through very difficult times. I hope and pray that the Company may maintain the momentum of growth in the future years.

October 4, 2023

Mian Imran Ahmed
Chairman

DIRECTORS REPORT TO SHAREHOLDERS

For the year Ended June 30th 2023

The Directors of Sunrays Textile Mills Limited are pleased to present the Annual Report together with the audited Financial Statements for the year ended June 30th, 2023 before the 32nd Annual General Meeting of the Company.

COMPOSITION OF BOARD

The composition of the Board is in compliance with the requirements of the Code of Corporate Governance regulations, 2019 applicable on listed entities which is given below:

Total Number of Directors

Male	09
Female	02

Composition

Executive Director	03
Independent Director	03
Non-Executive Director	05

Category	Names
Independent Directors	Mr. Faisal Hanif Ms. Azra Yaqub Vawda Mr. Farooq Hassan
Executive Directors	Mr. Kashif Riaz (CEO) Sheikh Shafqat Masood Mr.Naveed Ahmed
Non-Executive Directors	Mian Shahzad Ahmed Mian Imran Ahmed Mrs. Fadia Kashif Mr. Irfan Ahmed Mr. Shahwaiz Ahmed
Female Director	Ms.Azra Yaqub Vawda Mrs.Fadia Kashif

Financial and operational result

The Company earned pretax profit of Rs. 416 Million for the year ended June 30, 2023.

	Rs.000	
Highlights:	2023	2022
Pretax profit for the year	415,845	2,069,925
Taxation	(128,788,)	(152,947)
Profit after taxation	287,057	1,916,978
Deferred tax and others	7	(7,849)
Un-appropriated profit brought forward	5,155,596	3,315,924
1st interim dividend for the period ended December 31, 2021		(103,500)
1st interim dividend for the period ended March 31, 2023	(41,400)	
Profit available for appropriations	5,401,260	5,121,553
Transfer from surplus on revaluation of fixed assets	127,815	15,567
Transfer of revaluation surplus due to disposal of revalued assets	21,425	18,476
Un-appropriated profit carried forward	5,550,500	5,155,596

The earnings per share is Rs. 13.87 (Par value Rs. 10/= per share) (2022: Rs.92.61)

DIVIDEND

The Board of Directors in their meeting held on June 02, 2023, have declared interim cash dividend @20% i.e Rs. 2/- per share already paid as final cash dividend for the year ended 30th June 2023

BUSINESS OVERVIEW

Yours Company earned profit after tax Rs.287.057 million as compared to Rs.1,916.978 million over the last corresponding period. Gross profit decreased by 68% and profit after tax decreased by 85% as compared to the last corresponding period. The main reason of decrease in profit as compared to the last corresponding period is due to increase in cotton prices and disproportionate decrease in corresponding yarn prices. During the period Rs3,180.628 (M) was invested in the fixed assets including building for BMR and addition of new plant comprises of ten sets of Rotor machines along with necessary back process. Retained earnings and long term financing were used to finance these investments.

FUTURE OUTLOOK

Pakistan's Textile industry is going through toughest times. On one side, there is economic slowdown being observed in the international markets due to recession and on the other hand there is political and economic crisis being witnessed in the country. At a time when foreign exchange reserves of Pakistan are at their lowest ebb, additional import of cotton bales will be major challenge for government in the coming month. The government has abolished various subsidies & rebates resultantly subsidized tariff of electricity & gas for textile industry has been withdrawn by the government. Textile units had no other option to halt their operations as the cost of production increased because of higher rate of raw material, higher rates of fuel & power as well as higher interest rate, double- digit inflation and depreciation of Pakistani rupee hindered the textile sector from competing in international market. Pakistan's textile industry is quickly slipping into a disastrous situation as it is losing credibility and market share among international buyers. In spite of all these obstacles, we hope by the grace of ALLAH and hard work of the management by focusing on specialized and value-added high-quality textile products, your company will be able to achieve better results.

CORPORATE SOCIAL RESPONSIBILITY

The Company always committed to prioritize its social responsibilities in the best interest of all stakeholders and overall business environment. This being a continuous process, the conservation of natural resources, reduction in wastages, enhancement of recycling, improvement of energy efficiency and enhancement of environmental performance by reducing spills and releases were the top priorities while observing the “Corporate Social Responsibility”. Like prior years targets were set for reduction in the natural gas consumption and use of water based on the achievements made in prior years.

The continued initiatives included;

- Waste water treatment
- Conservation of natural resources
- Reduction in wastages
- Enhancement of recycling, improvement of energy efficiency, and
- Enhancement of environmental performance by reducing spills and releases

POST BALANCE SHEET EVENTS

No material changes and commitments affecting the financial position of the company have occurred between the end of the financial year to which this balance sheet relates and the date of the Director's report.

RELATED PARTY TRANSACTION

In accordance with the requirement of Code of Corporate Governance, the company presented all related party transactions before the audit committee and the board for the review and approval. The details of all related Party transactions have been provided in Note 38 of the annexed financial statements for the year ended June 30, 2023

CORPORATE GOVERNANCE, FINANCIAL REPORTING AND INTERNAL CONTROL SYSTEM

The Director confirms compliance with corporate and financial reporting framework as per the Listing Regulations of the Stock Exchange as follows:

- The financial statements, prepared by the management of the company present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and any departure there from has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There has been no deviation from the best practice of corporate governance, as mentioned in the listing regulations.
- Key operating and financial data for the last six year is annexed.
- There are no statuary payments on account of taxes, duties, levies and charge which are outstanding as on
- June 30th 2019 except for those disclosed in financial statements.
- There has been no trading of shares by Chief Executive, Director, Financial Officer, Company Secretary, their spouses and minor children, during the year.

Board & Sub Committee Meetings

During the year meetings of the Board were held Attendance by each director is as follows.

Name of Directors	Board of Directors 7 - Meetings	Audit Committee 5 – Meetings	HR & R 1 - Meeting
	Attended	Attended	Attended
Mr. Naveed Ahmed	7/7		
Mr. Shahzad Ahmed	7/7		
Mr. Irfan Ahmed	7/7		1/1
Mian Imran Ahmed	7/7		
Mr. Kashif Riaz	7/7		
Mr. Sheikh Shafqat Masood	7/7		
Mrs. Fadia Kashif	7/7	5/5	1/1
Mr. Shahwaiz Ahmed	7/7	5/5	
Mr. Farooq Hassan	7/7		
Mr. Faisal Hanif	7/7	5/5	1/1
Ms. Azra Yaqub Vawda	7/7		

Board of Directors

During the period under the review the transfer in shares through gift of the company by the CEO, Directors, spouses and Minors as follows:

S.No	Name	Shares Transfer
1	Mr. Kashif Riaz	(2,178,000)
2	Mr. Imran Ahmed	(580,741)

DIRECTORS REMUNERATION

The directors have a formal remuneration policy for its directors (Executive/Non-Executive) duly approved by the Board of Directors. The policy has been designed as a component of HR strategy and both are required to support business strategy. The Board believes that the policy is appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the company as well as to create congruence between Directors, executives and shareholders.

APPOINTMENT OF AUDITORS

Messer's Yousaf Adil, Chartered Accountants, (Yousuf Adil) independent correspondent firm of Deloitte Touché Tohmatsu Limited, a reputable Chartered Accountants Firm completed its tenure of appointment with the company and being eligible has offered its services for another term. The Board of Directors of Company, based on the recommendation of the audit committee of the board, has proposed Yousuf Adil for reappointment as auditors of the company for the ensuring year.

AUDIT COMMITTEE

The Board of Directors constituted a fully functional Audit Committee comprising three members, one is Independent Director and two are non-executive Director. The terms of reference of the committee, interalia, consists of ensuring transparent internal audits, accounting and control systems, adequate reporting structure as well as determining appropriate measure to safeguard the Company's assets.

PATTERN OF SHAREHOLDING

The pattern of share holding as at June 30^{th}, 2023 as required under the Companies Act 2017, and the code of Corporate Governance, is annexed to this report.

INTERNAL AUDIT FUNCTION

The board have setup efficient and energetic internal control system with operational, financial and compliance controls to carry on the business of the company. Internal audit findings are reviewed by the Audit Committee, and where necessary, action is taken in the basis of recommendations contained in the internal audit reports.

WEB PRESENCE

Annual and periodic financial statements of the company are also available on the website of the company http://indus-group.com for information of the shareholders and others.

ACKNOWLEDGEMENT

The directors are pleased to place on record their appreciation for the contribution made by employees of the company and look forward for same cordial relationship in coming years. In addition, management also acknowledges the role of all the financial institutions, customers, suppliers and other stakeholders for their continued support.

On Behalf of the Board of Directors

Chief Executive Officer
Karachi
Dated: October 04, 2023

SIX YEAR KEY OPERATING AND FINANCIAL DATA

FROM 2018 TO 2023
(Rupees in 000)

	2023	2022	2021	2020	2019	2018
OPERATING DATA						
Sales	9,654,366	9,757,682	8,640,883	6,476,172	6,085,258	4,952,171
Cost of Goods Sold	8,829,381	7,156,924	7,059,086	5,565,454	5,130,703	4,315,188
Gross Profit	824,985	2,600,758	1,581,797	910,718	954,555	636,983
Profit Before Taxation	415,891	2,062,363	1,239,043	646,430	474,979	278,908
Profit After Taxation	287,817	1,909,806	1,150,164	560,164	471,778	281,885
FINANCIAL DATA						
Paid Up Capital	207,000	207,000	207,000	69,000	69,000	69,000
Fixed Assets	7,338,745	4,226,358	1,663,452	1,813,371	1,849,895	1,508,584
Current Assets	4,864,831	5,496,620	4,296,801	3,091,115	4,185,540	4,184,174
Current Liabilites	1,279,970	858,078	547,933	416,746	1,948,356	2,398,481
KEY RATIOS						
Gross Margin	8.55%	26.65%	18.31%	14.06%	15.86%	12.86%
Net Profit	2.98%	19.57%	13.31%	8.65%	7.75%	5.69%
Current Ratio	3.80	6.41	7.84	7.41	2.15	1.74
Earning Per Share(Rupees)	13.90	92.26	55.56	81.18	68.37	40.85
STATISTICS						
Number Of Spindle	33882	34802	34792	33127	33468	32994
Production in to 20/S Count(in 000 Kgs)	9980	11430	11882	10531	10368	9853

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

For the 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 11 as per follows;

   a) Male 9

   b) Female 2

2. The composition of Board is as followed;

Category	Name
Independent Directors	Ms. Azra Yaqub Vawda Mr. Farooq Hassan Mr. Faisal Hanif
Executive Directors	Mr. Kashif Riaz (CEO) Sheikh Shafqat Masood Mr. Naveed Ahmed
Non-Executive Directors	Mian Shahzad Ahmed Mr. Shahwaiz Ahmed Mrs. Fadia kashif Mian Imran Ahmed Mr. Irfan Ahmed
Female Director	Ms. Azra Yaqub Vawda Mrs. Fadia kashif

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 the board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the board were presided over by the chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board;
8. The Board of directors have a formal policy and transparent procedures for the remuneration of the directors in accordance with the Act and these Regulations;
9. Majority of the directors of the company are exempt from the requirement of the directors training program or has obtained the exemption certificate.
10. No new appointment of Head of Internal Audit, Company Secretary and Chief Financial Officer (CFO) has been made during the year except their remuneration and terms and conditions of employment which was approved by the Board and the Board complied with relevant requirements of the Regulations;
11. The Financial Statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board;

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

a) Audit Committee

Chairman	Mr. Faisal Hanif
Members	Mrs. Fadia Kashif Mr. Shahwaiz Ahmed

b) HR and Remuneration Committee

Chairman	Mr. Faisal Hanif
Member	Mrs. Fadia Kashif Mr. Irfan Ahmed

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

14. The frequency of the meeting of the committee were as per following:
    a) Audit Committee (Quarterly)
    b) HR and Remuneration Committee (yearly)

15. The board has set up an effective internal audit function;

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 (Spouses, parents, dependents and non-dependents children) of the Chief Executive officer, Chief Financial Officer, head of Internal Audit, Company Secretary or Directors 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 regards;

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

- As per regulation 6, it is mandatory that each listed company shall have at least two or one third members of the Board, whichever is higher, as Independent Directors and currently, there are three Independent Directors in a Board of Eleven Directors. With regard to compliance with Regulation 6 pertaining to fraction contained in one-third number and not rounded up as one, Management believes that three Independent Directors are sufficient to represent minority shareholders which are only 12.69% of total shareholders.

On behalf of the Board of Directors

Mian Imran Ahmed
Chairman

Karachi:October 04, 2023

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

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

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

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

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

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

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

Yousuf Adil

Chartered Accountants

Place : MULTAN
Date **October 05, 2023**
UDIN: CR202310180mSOHhM7iK

INDEPENDENT AUDITOR'S REPORT

To the Members of Sunrays Textile Mills Limited
Report on the Audit of the Unconsolidated Financial Statement

Opinion

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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 matters.

Following is the key audit matter:

Key audit matter	How the matter was addressed in our audit
. Revenue Recognition	
The Company's revenue from contracts comprise of revenue from local and export sale of yarn which has been disclosed in note 26 to the unconsolidated financial statements. Revenue from the sale is recognized, when control goods is transferred to the customer and the performance obligation is satisfied i.e. on dispatch of goods (note 4.14). We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not have been recognized based on transfer of control to the customers in line with the accounting policy adopted and may not have been recognized in the appropriate period.	Our audit procedures to address the Key Audit Matter included the following: • Obtained an understanding of and assessing the design and implementation and operating effectiveness of controls around recognition of revenue; • Assessed the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards; • Checked on a sample basis whether the recorded sales transactions are based on transfer of goods to the customer, satisfying the performance obligation and were recorded in the appropriate accounting period. • Testing timeliness of revenue recognition by comparing individual sales transaction before and after the year end to underlying documents; and • Assessed the adequacy of disclosure in the unconsolidated financial statements.

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

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the unconsolidated financial statements and our auditor's 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.

Responsibilities of Management and the 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 the 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.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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 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 ourindependence, and where applicable, related safeguards.

From the matters communicated with theBoard 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of unconsolidated 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 th e 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 UshrOrdinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Sufyan

Yousuf Adil

Chartered Accountants

Multan
Date: October 05,2023
UDIN: AR202310180uVjnLty4i

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2023

	Note	2023	2022
		------------- Rupees -------------	
ASSETS			
Non-current assets			
Property, plant and equipment	5	**7,336,402,867**	4,224,016,141
Investment property	6	**2,342,055**	2,342,055
Long term investment	7	**190,850,000**	190,850,000
Long term deposits		**6,991,200**	6,991,200
		7,536,586,122	4,424,199,396
Current assets			
Stores and spares	8	**109,838,500**	95,727,359
Stock in trade	9	**2,251,843,475**	2,188,607,098
Trade debts	10	**1,181,300,477**	765,425,459
Loans and advances	11	**109,281,940**	113,472,576
Advance income tax		**164,021,250**	113,363,625
Trade deposits	12	**21,139,226**	3,239,226
Other receivables	13	**56,468,715**	46,902,050
Other financial assets	14	**308,588,655**	1,980,330,141
Sales tax refundable		**560,413,914**	72,537,332
Income tax refundable		**51,532,339**	20,366,823
Cash and bank balances	15	**50,402,621**	96,648,425
		4,864,831,112	5,496,620,115
Total assets		**12,401,417,234**	9,920,819,511
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	16	**207,000,000**	207,000,000
Share premium		**3,600,000**	3,600,000
Surplus on revaluation of property, plant and equipment	17	**1,983,349,881**	2,131,810,253
General reserves	18	**612,000,000**	612,000,000
Unappropriated profit		**5,543,302,217**	5,148,424,850
		8,349,252,098	8,102,835,103
Non-current liabilities			
Long term financing	19	**2,753,804,609**	883,441,966
Deferred liabilities	20	**18,390,994**	76,464,325
		2,772,195,603	959,906,291
Current liabilities			
Trade and other payables	21	**599,193,175**	514,701,614
Accrued markup	22	**133,652,081**	8,320,237
Short term borrowings	23	**191,100,843**	-
Current portion of long term financing	19	**164,308,301**	159,288,605
Current portion of deferred grant	20	**-**	204,438
Unclaimed dividend		**24,201,201**	22,759,665
Provision for taxation	24	**167,513,932**	152,803,558
		1,279,969,533	858,078,117
Contingencies and commitments	25		
Total equity and liabilities		**12,401,417,234**	9,920,819,511

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

Shabbir Kausar	Kashif Riaz	Mian Imran Ahmed
Chief Financial Officer	Chief Executive Officer	Chairman

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

	Note	2023	2022
		-------------- Rupees --------------	
Revenue from contracts with customers	26	**9,654,366,011**	9,757,681,828
Cost of sales	27	**(8,829,380,566)**	(7,156,923,873)
Gross profit		**824,985,445**	2,600,757,955
Distribution cost	28	**(132,691,481)**	(185,305,345)
Administrative expenses	29	**(274,847,117)**	(198,160,243)
Other expenses	30	**(31,721,634)**	(150,610,446)
Finance cost	31	**(124,129,325)**	(65,914,408)
Other income	32	**154,295,108**	61,595,229
		(409,094,449)	(538,395,213)
Profit before taxation		**415,890,996**	2,062,362,742
Taxation	33	**(128,074,001)**	(152,556,539)
Profit for the year		**287,816,995**	1,909,806,203
Earnings per share - basic and diluted	34	**13.90**	92.26

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

Shabbir Kausar
Chief Financial Officer

Kashif Riaz
Chief Executive Officer

Mian Imran Ahmed
Chairman

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

	Note	2023	2022
		------------ Rupees ------------	
Profit for the year		**287,816,995**	1,909,806,203
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit obligation - gratuity	20.1.1	**-**	(7,848,937)
Revaluation surplus on property, plant and equipment	17.1	**-**	1,896,638,494
		-	1,888,789,557
Total comprehensive income for the year		**287,816,995**	3,798,595,760

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

Shabbir Kausar
Chief Financial Officer

Kashif Riaz
Chief Executive Officer

Mian Imran Ahmed
Chairman

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

	Share capital	Capital reserves		Revenue reserves		Total
		Share premium	Surplus on revaluation of fixed assets	General reserve	Unappropriated profit	
	----------	----------	---------- Rupees	----------	----------	----------
Balance as at June 30, 2021						
Impact of change in accounting policy IFRS-9 (Note 9.3)	207,000,000	3,600,000	269,214,931	612,000,000	3,315,924,412	4,407,739,343
Impact of change in accounting policy IFRS-9 (Note 9.3)						
Profit for the year	-	-	-	-	1,909,806,203	1,909,806,203
Other comprehensive income	-	-	1,896,638,494	-	(7,848,937)	1,888,789,557
Total Comprehensive income for the year	-	-	1,896,638,494	-	1,901,957,266	3,798,595,760
Transaction with Owners;						
Interim dividend for the period ended December 31, 2021 @ Rs. 5 per share	-	-	-	-	(103,500,000)	(103,500,000)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	(15,566,897)	-	15,566,897	-
Transfer of revaluation surplus due to disposal of revalued assets	-	-	(18,476,275)	-	18,476,275	-
Balance as at June 30, 2022	207,000,000	3,600,000	2,131,810,253	612,000,000	5,148,424,850	8,102,835,103
Comprehensive income for the year						
Profit for the year	-	-	-	-	287,816,995	287,816,995
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year			**-**		**287,816,995**	**287,816,995**
Transactions with owners						
Interim dividend for the period ended June 30, 2023 @ Rs. 2 per share	**-**	**-**	**-**	**-**	**(41,400,000)**	**(41,400,000)**
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	**-**	**-**	**(127,035,210)**	**-**	**127,035,210**	**-**
Transfer of revaluation surplus due to disposal of revalued assets	**-**	**-**	**(21,425,162)**	**-**	**21,425,162**	**-**
Balance as at June 30, 2023	**207,000,000**	**3,600,000**	**1,983,349,881**	**612,000,000**	**5,543,302,217**	**8,349,252,097**

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

Shabbir Kausar
Chief Financial Officer

Kashif Riaz
Chief Executive Officer

Mian Imran Ahmed
Chairman

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

	2023	2022
	------------ Rupees ----------	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**415,890,996**	2,062,362,742
Adjustments for:		
Depreciation on property, plant and equipment	**270,904,604**	159,800,948
Unrealized (gain) / loss on re-measurement of other financial assets-net	**(24,032,799)**	26,556,585
Realized loss on disposal of other financial assets-net	**-**	15,258,117
Provision for staff retirement benefits - gratuity	**19,911,227**	35,074,628
Gain on sale of property, plant and equipment- net	**(91,618)**	(579,733)
Dividend income	**(109,925,430)**	(58,639,990)
Interest income	**(20,245,261)**	(2,375,506)
Finance cost	**124,129,325**	65,914,408
Operating cash flows before changes in working capital	**676,541,044**	2,303,372,199
Changes in working capital		
(Increase) / decrease in current assets		
Stores and spares	**(14,111,141)**	8,381,057
Stock in trade	**(63,236,377)**	(539,066,493)
Trade debts	**(415,875,018)**	420,851,594
Loans and advances (excluding advance income tax)	**4,190,636**	(57,798,507)
Trade deposits and short term prepayments	**(17,900,000)**	-
Sales tax refundable	**(487,876,582)**	46,732,960
Income tax refundable	**(31,165,516)**	87,105,750
Other receivables	**(9,566,665)**	(20,182,758)
Increase in current liabilities		
Trade and other payables	**84,491,561**	182,452,534
	(951,049,101)	128,476,137
Cash (used in) / generated from operations	**(274,508,057)**	2,431,848,336
Finance cost paid	**(205,569,644)**	(67,861,046)
Staff retirement benefits - gratuity paid	**(77,984,558)**	(52,726,593)
Income taxes paid	**(164,021,252)**	(112,752,727)
Net cash (used in) / generated from operating activities	**(722,083,511)**	2,198,507,970
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	**(46,454,000)**	(174,568,739)
Additions to capital work in progress	**(3,134,173,547)**	(655,349,208)
Proceeds from disposal of property, plant and equipment	**4,200,000**	4,428,752
Payments for long term investment	**-**	(190,850,000)
Payment for purchase of short term investments	**(3,433,436,688)**	(6,153,345,498)
Proceeds from disposal of short term investments	**5,129,210,971**	4,966,214,991
Dividend income	**109,925,430**	58,639,990
Interest income	**20,245,261**	2,375,506
Net cash used in investing activities	**(1,350,482,573)**	(2,142,454,206)

	Note	2023	2022
		------------ Rupees ----------	
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances obtained		**2,051,232,004**	189,094,037
Repayment of long term finances		**(176,054,103)**	(136,797,056)
Short term borrowings - net		**-**	(29,537,798)
Dividends paid		**(39,958,464)**	(102,923,791)
Net cash generated / (used in) from financing activities		**1,835,219,437**	(80,164,608)
Net decrease in cash and cash equivalents (A+B+C)		**(237,346,647)**	(24,110,844)
Cash and cash equivalents at beginning of the year		**96,648,425**	120,759,269
Cash and cash equivalents at end of the year		**(140,698,222)**	96,648,425
CASH AND CASH EQUIVALENTS			
Cash and bank balances	**15**	**50,402,621**	96,648,425
Running Finance	**23.1**	**(191,100,843)**	-
Net cash and cash equivalents at end of the year		**(140,698,222)**	**96,648,425**

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

Shabbir Kausar
Chief Financial Officer

Kashif Riaz
Chief Executive Officer

Mian Imran Ahmed
Chairman

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

1. GENERAL INFORMATION

1.1 Sunrays Textile Mills Limited "the Company" was incorporated in Pakistan on August 27, 1987 as a public limited company under the repealed Companies Ordinance, 1984 (Now Companies Act 2017) and its shares are quoted on the Pakistan Stock Exchange. The Company is principally engaged in trade, manufacture and sale of yarn. The registered office of the Company is situated at Office no. 508, 5th floor, Beaumont Plaza, Beaumont Road, Civil Lines Quarters, Karachi. The mill site is located at Khanpur Shumali khewat no. 359, District Muzaffargarh, Dera Ghazi Khan Division, in the province of Punjab.

1.2 These financial statements are the Unconsolidated financial statements of the Company in which investment in subsidiary company is accounted for on the basis of actual cost incurred to acquire subsidiary. Consolidated financial statements are prepared separately.

2. BASIS OF PRESENTATION

2.1 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) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under historical cost convention except indicated in note 4.1, 4.2, 4.4, 4.5, 4.10, 4.11 and 4.12.

2.3 Functional and presentation currency

The unconsolidated financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

2.4 Significant accounting estimates and judgments

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

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

In preparing these unconsolidated financial statements, the significant judgement made by the management in applying accounting policies include:

- useful life and residual values of depreciable assets (note 4.5 and 5.1)
- allowance for expected credit losses;
- provision for current tax and deferred tax (note 4.2 and 33)
- revaluation of assets pertaining to freehold land, building on freehold landand land and machinery;
- staff retirement benefits (note 4.1 and 20.1)
- net realizable value of stock-in-trade (note 4.9 and 9)

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED DURING THE YEAR

The following amendments to existing standards have been published that are applicable to the Company's unconsolidated financial statements covering annual periods, beginning on or after the following dates:

3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2023

3.1.1 The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework

Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - cost of fulfilling a contract.

Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)

3.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after:
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IAS 12 ' Income taxes' - International Tax Reform — Pillar Two Model Rules	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IFRS 16 ' Leases' - Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements	January 01, 2024
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

3.3 Other than the aforesaid amendments, IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Staff retirement benefits

The Company operates an unfunded gratuity scheme covering all its employees. The cost of providing benefit is determined using the projected unit credit method, with actuarial valuation. Actuarial gains and losses are recognized immediately as they arise in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested. Otherwise it is amortized on a straight line basis over the average period until the amended benefits become vested.

Details of the scheme are given in the note 20.1 to these unconsolidated financial statements.

4.2 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemption available, if any. For income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

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

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

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

4.3 Dividend distribution

Dividend distribution to the Company’s shareholders is recognized as a liability in the unconsolidated financial statement in the period in which the dividends are approved by the Company’s shareholders.

4.4 Foreign currencies

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

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

4.5 Property, plant and equipment

Property, plant and equipment except free hold land, building on freehold land, plant and machinery and capital work in progress are stated at cost less accumulated depreciation and accumulated impairment losses.

Revaluation

Free hold land, building on free hold land and plant and machinery are stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity so that the fair value and carrying value do not differ materially at the statement of financial position date. Any revaluation increase arising on the revaluation of such assets is credited in 'Surplus on revaluation of property, plant and equipment'. A decrease in the carrying amount arising surplus on revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation account relating to previously revalued assets. To the extent of incremental depreciation charged on revalued assets, on disposal of revalued assets and the related surplus on revaluation (net of deferred tax) is transferred directly to unappropriated profit.

Depreciation is charged to income applying reducing balance method to write-off the cost over the estimated remaining useful life of assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Rates of depreciation are stated in note 5. In respect of additions and disposals during the year, depreciation is charged from the month of acquisition up to the month preceding the disposal respectively.

Gains / losses on disposal of operating assets, if any, are recognized in unconsolidated statement of profit and loss account, as and when incurred. Assets are derecognized when disposed or when no future economic benefits are expected from its use or disposal.

Normal repairs and maintenance are charged to unconsolidated statement of profit and loss account as and when incurred. Major renewals and improvements are capitalized and assets replaced, if any, other than those kept as stand-by are retired.

Capital work-in-progress

Capital work-in-progress (CWIP) is stated at cost less any recognized impairment loss. All expenditures connected to the specific assets incurred during installation and construction period are carried under CWIP. These are transferred to specific assets as and when assets are available for use.

4.6 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is valued using the cost method i.e. at cost less any accumulated depreciation and any identified impairment loss.

Any gain or loss on disposal of investment property, calculated as difference between the proceeds from disposal and the carrying amount is recognised in the unconsolidated statement of profit and loss.

4.7 Long term investment

Investment in subsidiary company

Investment in subsidiary is initially recognized at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investment are adjsuted accordingly. Impairment losses are recognized as an expense in the unconsolidated statement of profit and loss. Where impairment losses are subsequently reversed, the carrying amounts of investments are increased to revise recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the unconsolidated statement of profit and loss.

4.8 Stores and spares

These are valued at lower of cost or net realizable value, cost is determined on the basis of moving average cost less allowance for obsolete and slow moving items, except for items in transit which are valued at cost incurred to the statement of financial position.

4.9 Stock in trade

These are valued at lower of cost and net realizable value. Cost is determined by applying the following basis:

Raw material	
- At mills	Weighted average cost
- In transit	At cost incurred to the statement of financial position
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Waste	Net realizable value

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

4.10 Trade debts

Trade debts and other receivables are initially recognised at fair value, which is usually the original invoiced amount and subsequently carried at amortised cost using the effective interest method less allowance for expected credit losses.

4.11 Impairment of non-financial assets

The Company assesses at each statement of financial position date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amount and the resulting impairment loss is recognized in unconsolidated statement of profit and loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the assets is increased to the revised recoverable amount but limited to the extent of carrying amount that would have been determined had no impairment loss been recognized in prior periods. Reversal of impairment loss is recognized as income.

4.12 Financial Instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4.12.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

a) Debt instruments measured at amortised cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and effective interest method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

As at reporting date, the Company carries cash and cash equivalents, trade receivables and term finance certificate at amortized cost.

b) Debt instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments that meet specified conditions and are measured subsequently at fair value through other comprehensive income (FVTOCI).

As at reporting date, the Company does not hold any debt instrument classified as at FVTOCI.

c) Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments as at FVTOCI.

As at reporting date, the Company does not hold any equity instrument classified as at FVTOCI.

d) Financial assets measured subsequently at fair value through profit or loss (FVTPL)

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

As at reporting date, the Company carries investments in shares of listed companies and units of mutual funds classified as at FVTPL.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses (ECL) on financial assets that are measured at amortised cost or at FVTPL, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

Definition of default:

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Write off policy

The Company writes off financial assets when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made against financial assets written-off are recognised in profit or loss.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

4.12.2 Financial liabilities

Subsequent measurement of financial liabilities

Financial liabilities that are not

- contingent consideration of an acquirer in a business combination,
- held for trading, or
- designated as at FVTPL, are measured subsequently at amortised cost using the effective interest

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

4.12.3 Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4.12.4 Off setting of financial assets and financial liabilities

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

4.13 Trade and other payables

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

4.14 Revenue recognition

The Company is in the business of sale of goods. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer and the performance obligation is satisfied under the contract at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

- Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods.
- Export rebate is recognized on accrual basis at the time of making the Export sales.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., right of returns, volume rebates). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non cash consideration, and consideration payable to the customer (if any).

4.15 Cash and cash equivalents

Cash and cash equivalents are carried in the unconsolidated statement of financial position at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash and cheques in hand, balances with banks on current, saving and deposit accounts and short-term running finance. Running finances under mark-up arrangements are shown with short term borrowings on the balance sheet date.

4.16 Borrowing cost

Borrowings are initially recorded at the proceeds received. They are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of borrowings using the effective interest method. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are charged to income in the period in which these are incurred.

4.17 Borrowings

Loans and borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Finance cost is accounted for on an accrual basis and are included in mark-up accrued on loans to the extent of amount remaining unpaid, if any.

4.18 Earning Per share

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

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2023	2022
		------------ Rupees ----------	
Operating assets	5.1	**3,340,107,949**	3,568,666,933
Capital work-in-progress	5.4	**3,996,294,918**	655,349,208
		7,336,402,867	4,224,016,141

5.1 Operating assets

Particulars	Cost / revalued amount				Depreciation				Written down value as at June 30	Rate
	Opening	Additions / (disposal)	Revaluation Adjustment	Closing	Opening	For the year / (on disposal)	Revaluation Adjustment	Closing		
	------------	------------	------------	------------	Rupees	------------	------------	------------		
Owned										
Freehold land	981,040,000	-	-	981,040,000	-	-		-	981,040,000	-
Building on freehold land	500,000,000		-	500,000,000	-	50,000,000	-	50,000,000	450,000,000	10%
Plant and machinery	2,466,789,240	-	-	2,441,364,079	466,789,240	199,556,349	-	644,913,282	1,796,450,797	10%
	-	(25,425,161)	-	-	-	(21,432,307)	-	-	-	
Electric installations	69,644,240	-	-	69,644,240	45,123,196	2,452,104	-	47,575,300	22,068,940	10%
Factory equipments	4,255,496	-	-	4,255,496	2,864,204	139,129	-	3,003,333	1,252,163	10%
Office equipments	5,066,546	-	-	5,066,546	4,075,855	99,069	-	4,174,924	891,622	10%
Electric appliances	4,617,405	-	-	4,617,405	3,452,063	116,534	-	3,568,597	1,048,808	10%
Furniture and fittings	9,621,764	1,774,800	-	11,396,564	6,982,250	367,481	-	7,349,731	4,046,833	10%
Vehicles	136,994,017	44,679,200	-	180,663,217	80,074,967	18,173,937	-	97,354,431	83,308,786	20%
		(1,010,000)				(894,473)				
2023	**4,178,028,708**	**46,454,000**	**-**	**4,198,047,547**	**609,361,775**	**270,904,604**	**-**	**857,939,598**	**3,340,107,949**	
		(26,435,161)			**-**	**(22,326,780)**				
Owned										
Freehold land	192,914,491	43,162,200	744,963,309	981,040,000	-	-		-	981,040,000	-
Building on freehold land	357,052,783		142,947,216	500,000,000	162,995,760	19,405,702	(182,401,462)	-	500,000,000	10%
Plant and machinery	2,378,734,973	108,667,294	-	2,466,789,240	1,188,157,068	123,554,952	(826,326,507)	466,789,240	2,000,000,000	10%
	-	(20,613,027)	-	-	-	(18,596,273)	-	-	-	
Electric installations	69,644,240	-	-	69,644,240	42,398,636	2,724,560	-	45,123,196	24,521,044	10%
Factory equipments	4,255,496	-	-	4,255,496	2,709,616	154,588	-	2,864,204	1,391,292	10%
Office equipments	4,883,546	183,000	-	5,066,546	3,982,723	93,132	-	4,075,855	990,691	10%
Electric appliances	4,617,405	-	-	4,617,405	3,322,580	129,483	-	3,452,063	1,165,342	10%
Furniture and fittings	9,377,319	244,445	-	9,621,764	6,702,551	279,699	-	6,982,250	2,639,514	10%
Vehicles	127,793,914	22,311,800	-	136,994,017	77,895,567	13,458,831	-	80,074,967	56,919,050	20%
		(13,111,697)				(11,279,431)				
2022	3,149,274,167	174,324,294	887,910,525	4,178,028,708	1,488,164,501	159,800,948	(1,008,727,969)	609,361,775	3,568,666,933	
		(33,724,724)				(29,875,704)				

5.2 Disposal of property, plant and equipment of book value exceeding Rs. 500,000

Particulars	Cost	Accumulated Depreciation	Carrying value	Sale proceeds	Gain	Mode of Disposal	Relationship	Particulars of buyers
	------------	------------	Rupees	------------	------------			
For the year ended 2023								
Plant and machinery								
2 Schlafhorst Auto 338 coner	25,425,162	21,432,307	3,992,855	4,000,000	7,145	Negotiation	Third party	MKM textile international
	25,425,162	**21,432,307**	**3,992,855**	**4,000,000**	**7,145**			
For the year ended 2022								
Plant and machinery	------------	------------	Rupees	------------	------------			
China Card	20,613,027	18,596,273	2,016,754	2,136,752	119,998	Negotiation	Third party	Lyallpur Textiles
Vehicle								
Toyota Fortuner	5,772,000	4,864,143	907,857	1,000,000	92,143	Negotiation	Third party	Shahid Latif Ather
	26,385,027	**23,460,416**	**2,924,611**	**3,136,752**	**212,141**			

		Note	2023	2022
			------------ Rupees ----------	
5.3	Depreciation for the year has been allocated as under:			
	Cost of sales	27	**252,147,583**	145,839,803
	Administrative expenses	29	**18,757,021**	13,961,145
			270,904,604	159,800,948
5.4	**Capital Work in Progress**			
	Machinery	5.4.1	**2,826,440,086**	456,936,184
	Building		**1,169,854,832**	198,413,024
		5.4.2	**3,996,294,918**	655,349,208

5.4.1 It includes Rs. 206.8 million (2022: Rs. Nil) in respect of borrowing cost with mark-up rate ranges 8%-23%

5.4.2 Movement in capital work in progress

	2023	2022
Opening balance	**655,349,208**	-
Additions during the year	**3,340,945,710**	655,349,208
	3,996,294,918	655,349,208

5.5 The Company has its freehold land, building on freehold land and plant and machinery revalued on June 30, 2022 by Joseph Lobo (Private) Limited & M.Y.K Associate (Private) Limited, independent valuers. The basis used for the revaluation of these assets were as follows:

Freehold land

Fair market value of the land was assessed through inquiries in the vicinity of land, recent market deals and information obtained through estate agents and property dealers of the area.

Building on freehold land

Fair market value of the building was assessed mainly through new construction value, depreciation cost factors, state of infrastructure, current trends in prices of real estate in the vicinity and information obtained through estate agents, builders and developers.

Plant and machinery

Fair market value of the plant and machinery was assessed through inquiries of local authorized dealers who deal in old and new similar type of plant and machineries. Replacement value was then ascertained from competitive rates of the plant and machinery and thereafter, an average depreciation factor was applied on the replacement value of the plant and machinery.

Forced sale value of the above items of property, plant and equipment is as follows:

	Rupees
Freehold land	**743,082,000**
Building on freehold land	**375,000,000**
Plant and machinery	**1,500,000,000**
	2,618,082,000

5.6 Had there been no revaluation the related figures of freehold land, building on freehold land and plant and machinery as at the statement of financial position date would have been as follows;

	2023	2022
	------------ Rupees ----------	
Freehold land	**122,530,730**	122,530,730
Building on freehold land	**57,532,317**	347,688,155
Plant and machinery	**1,089,334,771**	1,996,642,875
	1,269,397,818	2,466,861,760

6. INVESTMENT PROPERTY

Investment property comprises of agricultural land held by the Company for capital appreciation purposes, and is not currently in use by the Company for business purposes. The investment property is located at Shujabad, District Multan.

	Note	2023	2022
7. LONG TERM INVESTMENTS		------------ Rupees	----------
Investment in subsidiary company - at cost			
Embee Industries (Private) Limited	7.1	**190,850,000**	190,850,000

7.1 As at the reporting date, the company holds 100 percent shares (173,500 issued, subscribed and paid up share of Rs. 100 each) of Embee Industries Private Limited which was engaged in the business of manufacturing and sale of ice.

	Note	2023	2022
		------------ Rupees	----------
8. STORES AND SPARES			
Stores		**65,235,691**	49,392,812
Spares		**44,602,809**	46,334,547
		109,838,500	95,727,359
9. STOCK IN TRADE			
Raw material		**1,641,158,805**	1,422,495,562
Raw material in-transit		**20,973,412**	511,929,544
Work in process		**79,556,007**	49,121,588
Finished goods		**260,436,736**	105,250,471
Waste		**249,718,515**	99,809,933
		2,251,843,475	2,188,607,098
10. TRADE DEBTS			
Foreign - secured and considered good		**386,889,144**	254,322,451
Local - unsecured	10.1	**797,316,618**	513,619,543
		1,184,205,762	767,941,994
Allowance for expected credit losses	10.2	**(2,905,285)**	(2,516,535)
		1,181,300,477	765,425,459

10.1 It includes due from associated undertakings relating to sale of yarn in normal course of business. Detail of balances due is as follows:

	Note	2023	2022
		------------ Rupees	----------
Indus Dyeing & Manufacturing Co. Limited	10.5 & 38	**-**	541,354
Indus Home Limited	10.6 & 38	**46,050,433**	13,771,486
10.2 Allowance for expected credit losses			
Opening balance as at July 1		**2,516,535**	2,266,198
Expected credit losses		**388,750**	250,337
Closing balance as at June 30		**2,905,285**	2,516,535

10.3 Trade debts are generally on 60 to 90 days credit terms.

10.4 As at year end, trade receivables of Rs. 1,721,546 (2022: Rs. 1,571,811) were past due.

10.5 The maximum outstanding balance during the year due from Indus Dyeing & Manufacturing Co. Limited (associated undertaking) is Rs. Nil. million (2022 Rs. 0.54 million).

10.6 The maximum outstanding balance during the year due from Indus Home Limited is Rs. 46.05 million (2022: Rs. 13.77 million).

		Note	2023	2022
			------------ Rupees ----------	
11.	**LOANS AND ADVANCES**			
	Considered good			
	Due from employees	11.1	**15,653,727**	13,533,659
	Advances :			
	To suppliers / services		**85,844,192**	85,267,713
	To contractors		**18,530**	29,507
	Letter of credit margin		**7,765,491**	14,641,697
			109,281,940	113,472,576

11.1 These are interest free loans, secured against gratuity. None of the employees has been given loan more than Rs. 1,000,000 (2022: Rs. 1,000,000).

		Note	2023	2022
			------------ Rupees ----------	
12.	**TRADE DEPOSITS**			
	Bank guarantee margin		**21,139,226**	3,239,226
13.	**OTHER RECEIVABLES**			
	Cotton claims - considered good		**53,487,099**	44,522,812
	Rebate claims		**2,122,182**	2,122,182
	Other		**859,434**	257,056
			56,468,715	46,902,050
14.	**OTHER FINANCIAL ASSETS**			
	At fair value through profot or loss			
	Investments in units of mutual funds	14.1	**79,646**	1,680,661,158
	Investment in ordinary shares of listed companies	14.2	**213,176,009**	199,668,983
	At amortized cost			
	Investment in term finance certificate	14.3	**95,333,000**	100,000,000
			308,588,655	1,980,330,141

14.1	**2023**	**2022**	**Investments in units of mutual funds**	**2023**	**2022**
	Number of units			------------ Rupees ----------	
	-	215,675	NAFA Stock Fund	-	2,975,581
	-	294,101	ABL Stock Fund	-	3,812,015
	-	4,364,720	MCB Cash Management Optimizer	-	442,145,300
	-	107,284	UBL Stock Advantage Fund	-	7,456,205
	-	111,061,590	National Investment Trust	-	1,072,155,275
	-	134	Alfalah GHP Money Market Fund	-	13,155
	-	210,934	First Habib Cash Fund	-	21,368,813
	-	115	ABL Cash Fund	-	1,177
	659	1,332	HBL Money Market Fund	**79,646**	136,918
	-	1,291,841	UBL Liquidity Plus Fund	-	130,589,764
	-	27	NBP Mahana Amadni Fund	-	271
	-	-	NAFA Money Market	-	-
	-	758	Nafa Islamic Energy Fund	-	6,684
				79,646	1,680,661,158

14.2	2023	2022	Investment in ordinary shares of listed companies	2023	2022
	Number of shares			------------ Rupees ----------	
	32,920	-	Engro Corporation Limited	**8,555,579**	-
	275,000	275,000	Fatima Fertilizer Company Limited	**8,197,750**	10,395,000
	73,800	69,962	Systems Limited	**29,765,754**	23,077,665
	5,945	4,150	Highnoon Labortaries Limited	**1,998,531**	2,198,961
	-	64,500	Pakistan Aluminium Beverages	**-**	2,033,685
	-	91,914	Oil and Gas Development Company Limited	**-**	7,230,874
	84,750	43,500	Tariq Glass Industries Limited	**5,771,475**	4,515,735
	90,000	90,000	Lucky Cement Limited	**46,988,100**	41,313,600
	-	374,897	Habib Bank Limited	**-**	34,243,092
	-	32,920	Engro Corporation Limited	**-**	8,463,403
	-	1,200	GlaxoSmithKline Pakistan Limited	**-**	285,996
	104,004	104,004	Mughal Iron & Steel Industries Limited	**5,037,954**	5,994,791
	-	15,300	Bestway Cement Limited	**-**	1,942,794
	177,140	177,140	Hub Power Company Limited	**12,325,401**	12,075,634
	19,500	2,568	Mari Petroleum Company Limited	**29,535,480**	4,467,652
	626,100	239,528	Meezan Bank Limited	**54,076,257**	27,061,873
	261,448	21,000	Interloop Limited	**9,218,656**	9,138,227
	42,099	42,099	International Steels Limited	**1,705,072**	2,498,997
	-	19,050	Pakistan Oilfields Limited	**-**	7,730,681
	1,793,365	119,217,243		**213,176,009**	199,668,983

14.3	2023	2022	Investment in term finance certificate	Note	2023	2022
	Number of certificates				------------ Rupees ----------	
	1,000	1,000	Habib Bank Limited	14.3.1	**95,333,000**	100,000,000
	1,794,365	119,218,243			**308,509,009**	299,668,983

14.3.1 This represents investment in AA+ rated, unsecured, subordinated, perpetual and non-cumulative term finance certificate of Habib Bank Limited, having face value of Rs.100,000 per certificate and carries profit at the rate of 3 Months KIBOR + 1.50% per annum.

15. CASH AND BANK BALANCES

	Note	2023	2022
		------------ Rupees ----------	
Cash in hand		**402,624**	422,271
Cash at bank			
- Current accounts		**44,990,630**	86,110,243
- Saving accounts	15.1	**9,367**	134,432
- Term deposit receipts	15.1	**5,000,000**	9,981,479
		49,999,997	96,226,154
		50,402,621	96,648,425

15.1 Effective markup rate in respect of saving, deposit accounts and term deposits receipts ranges from 9% to 24% (2022: 6% to 12%) per annum.

16. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2023	2022		2023	2022
------- Number of shares -------			------------ Rupees ----------	
Authorized capital				
50,000,000	50,000,000	Ordinary shares of Rs. 10 each	**500,000,000**	500,000,000
Issued, subscribed and paid up capital				
20,700,000	20,700,000	Ordinary shares of Rs. 10 each fully paid in cash	**207,000,000**	207,000,000

16.1 205,962 ordinary shares (2022: 205,962) of Rs. 10 each are held by the associated company as follows:

	2023	2022
Indus Dyeing & Manufacturing Company Limited	**205,962**	205,962
	205,962	205,962

16.2 The Company has only one class of ordinary shares which carry no right to fixed income.

16.3 Shareholders are entitled to cast vote proportionate to the paid up value of shares carrying voting rights. All shares rank equally with regard to the Company's residual assets.

	Note	2023	2022
		------------ Rupees ----------	
17. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	17.1	**1,983,349,881**	2,131,810,253

17.1 Surplus on revaluation of property, plant and equipment

	2023	2022
Opening balance	**2,131,810,253**	269,214,931
Surplus arising on revaluation		
- Land	**-**	744,963,309
- Building	**-**	325,348,678
- Plant & Machinery	**-**	826,326,507
	-	1,896,638,494
Transferred to unappropriated profit on account of :		
Incremental depreciation	**(127,035,210)**	(15,566,897)
Revaluation surplus due to disposal of revalued assets	**(21,425,162)**	(18,476,275)
	(148,460,372)	(34,043,172)
Closing balance	**1,983,349,881**	2,131,810,253

18. This represents reserves created out of profits of the company.

			2023	2022
19.	**LONG TERM FINANCING**	**Note**	**------------ Rupees ----------**	
	From banking companies - secured			
	Term finance:			
	Allied Bank Limited	19.1	**-**	3,600,000
	Allied Bank Limited	19.2	**687,088,110**	115,304,000
	Bank Al Habib Limited	19.3	**105,070,500**	-
	Bank Al Habib Limited	19.4	**815,000,000**	-
			1,607,158,610	118,904,000
	Demand finance:			
	MCB Bank	19.5	**542,611,894**	-
			542,611,894	-
	LTFF:			
	United Bank Limited	19.6	**22,160,295**	36,933,825
	Bank Alfalah Limited	19.7	**316,406,250**	363,281,250
	MCB Bank Limited	19.8	**298,902,709**	352,405,247
	Allied Bank Limited	19.9	**68,565,418**	104,914,486
	Allied Bank Limited	19.10	**62,307,734**	66,496,200
			768,342,406	924,031,008
			2,918,112,910	1,042,935,008
	Less: Current portion		**(164,308,301)**	(159,288,605)
	Less: Current portion of deferred grant		**-**	(204,437)
			2,753,804,609	883,441,966

19.1 Allied Bank Limited - Term Finance

This finance had been obtained from Allied Bank to finance / retire LCs established for import / local procurement of plant & machinery and Allied equipment related to renewable captive power plant of the Company. The loan was repayable in 16 equal half yearly installments commencing from May 25, 2022 with 3 months grace period from the date of 1st Disbursement. It carried mark up at the rate of 6 Months KIBOR + 0.50%. The finance was secured against first pari passu charge over all present and future fixed assets of the company for Rs. 134 Million inclusive of 25% Margin.During the current year, loan converted from TF to LTFF due to lower markup rate i.e . SBP rate + 0.5%.

19.2 Allied Bank Limited - Term Finance

This finance has been obtained from Allied Bank to finance / retire LCs established for import of plant & machinery and allied equipment’s for establishment / requirements of the company I.e. enhancement in existing capacity of spinning set-up. The loan is repayable in 16 equal half yearly installments with 2 years grace period with tentative 1st installment is due on 30th of the month from the date of 1st drwadown. During the year another disbursement of loan has been obtained to meet capex requirement of new open ended spinning unit and is repayable in 16 equal half yearly installments with 2 years grace period with tentative 1st installment is due on 30th of the month from the date of 1st drwadown. These loans carried mark up at the rate of 6 Months KIBOR + 0.75%. The finance was secured against 1st pari passu charge for over the present and future fixed assets of the Company for Rs.800 Million inclusive of 25% margin.

19.3 Bank Al Habib Limited - TF

This finance has been obtained from Bank Al Habib Limited for the payment of import documents drawn under LC Sight having Limit of Rs 150 million for import of Renewable Energy Equipment and for the payment of local equipment having capacity of 1.64 Mega Watt & / or payment to local supplier if equipment to be purchased locally against each LC. The loan is repayable in 20 equal quarterly installments against each LC. It carries mark up at the rate of 6 Months KIBOR + 0.5%.

19.4 Bank Al Habib Limited - TF

This finance has been obtained from Bank Al Habib Limited for the purchase of plant & machinery.The loan is repayable in 16 equal half yearly installments with 2 years grace period against each LC. It carries mark up at the rate of 6 Months KIBOR + 1%. The finance is secured against 1st pari passu Charge of Rs. 1,287 million (enhanced from Rs. 1,143 million) (to be registered with SECP) over Fixed Assets (including Land. Building & Machinery) of the Company.

19.5 MCB Bank Limited - DF

This finance has been obtained to retire / finance imported components / equipments / machinery imported through MCB used for setting-up new open ended Spinning unit. The loan is repayable in 16 equal half yearly installments after 2 years grace period against each LC. It carries mark up at the rate of 6 months KIBOR + 0.5%.The finance is secured against 1st pari passu hypothecation / Equitable mortgage charge of Rs 934 million on all fixed asset of the Company.

19.6 United Bank Limited - LTFF

This finance has been obtained from United bank Limited for BMR. The loan is repayable in 10 equal half yearly installments commencing from February 18, 2019 with 11 months grace period. It carries markup at flat rate of 3%. The finance is secured against first pari passu charge of Rs. 125 million over all present and future fixed assets of the Company with 25% margin.

19.7 Bank Alfalah Limited - LTFF

This finance has been obtained from Bank Alfalah Limited for BMR. The loan is repayable in 32 equal quarterly installments commencing from June 18, 2021 with 2 years grace period. It carries markup at flat rate of 3%. The finance is secured against first pari passu charge of Rs. 500 million over all present and future fixed assets of the Company with 25% margin.

19.8 MCB Bank Limited - LTFF

This finance has been obtained from MCB Bank Limited for BMR. The loan is repayable in 16 equal half yearly installments commencing from April 18, 2020 with 2 years grace period. It carries markup at rate of 2.5%. The finance is secured against first pari passu charge of Rs. 600 million over all present and future fixed assets of the Company with 25% margin.

19.9 Allied Bank Limited - LTFF

This finance has been obtained from Allied Bank to pay salaries & wages under SBP's Refinance scheme for payment of wages & salaries. The loan is repayable in 8 equal quarterly installments commencing from Oct 15, 2020. It carries mark up at the rate of SBP + 1.25%. The finance is secured against 1st pari passu charge on fixed assets with 25% Margin.

19.10 Allied Bank Limited - LTFF

This finance has been obtained from Allied Bank to finance / retire LCs established for import / local procurement of plant & machinery and Allied equipment related to renewable captive power plant of the company. This finance had been obtained from Allied Bank to finance / retire LCs established for import / local procurement of plant & machinery and Allied equipment related to renewable captive power plant of the company. The loan is repayable in 16 equal half yearly installments commencing from May 25, 2022 with 3 months grace period. It carries mark up at the rate of SBP + 0.50%. The finance is secured against first pari passu charge over all present and future fixed assets of the Company for Rs. 134 Million inclusive of 25% Margin.

20. DEFERRED LIABILITIES

	Note	2023	2022
		------------ Rupees	----------
Staff retirement benefits - gratuity	20.1	**18,390,994**	76,464,325
Provision for Gas Insfrastructure Development Cess (GIDC)	20.2		
Deferred Grant	20.3	**-**	-
		18,390,994	76,464,325

		Note	2023	2022
			------------ Rupees ----------	
20.1	**Staff retirement benefits - gratuity**			
	Liability recognized in the statement of financial position			
	Present value of defined benefit obligation		**18,390,994**	76,464,325
			18,390,994	76,464,325
	Movement in the net liability			
	Opening balance		**76,464,325**	86,267,353
	Charge for the year		**19,911,227**	35,074,628
	Payment made during the year		**(77,984,558)**	(52,726,593)
	Actuarial gain from changes in experience adjustments		**-**	7,226,427
	Actuarial loss from changes in financial assumptions		**-**	622,510
			18,390,994	76,464,325
	Changes in present value of defined benefit obligation			
	Opening defined benefit obligation		**76,464,325**	86,267,353
	Current service cost		**18,390,994**	16,229,063
	Past service cost		**-**	12,855,159
	Interest cost		**4,965,046**	5,990,406
	Benefits paid		**(77,984,558)**	(52,726,593)
	Gains and losses arising on plan settlements		**(3,444,813)**	-
	Actuarial loss from changes in experience adjustments		**-**	7,226,427
	Actuarial loss from changes in financial assumptions		**-**	622,510
			18,390,994	76,464,325
	Charge for the year			
	Current service cost		**18,390,994**	16,229,063
	Past service cost		**-**	12,855,159
	Gains and losses arising on plan settlements		**(3,444,813)**	-
	Interest cost		**4,965,046**	5,990,406
			19,911,227	35,074,628
	Allocation of charge for the year			
	Cost of sales	27.2	**15,520,233**	31,707,631
	Administrative expenses	29.1	**4,390,994**	3,366,997
			19,911,227	35,074,628
20.1.1	**Remeasurement gain/loss recognised in other comprehensive income**			
	Actuarial loss from changes in experience adjustments		**-**	7,226,427
	Actuarial loss from changes in financial assumptions		**-**	622,510
	Remeasurement gain/loss		**-**	7,848,937

As per actuarial valuation carried out as at June 30, 2023 by Nauman Associates using Projected Unit Credit Method, the following significant assumptions have been used for valuation of defined benefit obligation of the Company:

	2023	2022
Discount rate	**16.25%**	13.25%
Expected rate of salary increase in future years	**15.25%**	12.25%
Average expected remaining working life time of employees	**6 years**	6 years

Mortality rate was based on the State Life Corporation (SLIC) 2001-2005 ultimate mortality rates with 1 year setback as per recommendation of Pakistan Society of Actuaries ("PSOA").

20.1.2 Staff retirement benefits sensitivity analysis

	Increase/(decrease) in defined	
	2023	**2022**
	------------ Rupees ----------	
Year end sensitivity analysis (+/- 100 bps) on defined benefit obligation:		
Discount rate + 100 bps	**17,433,713**	72,491,013
Discount rate - 100 bps	**19,482,054**	81,003,071
Salary Increase + 100 bps	**19,533,018**	81,160,899
Salary Increase - 100 bps	**17,370,250**	72,277,986

	2023	2022
Maturity Profile		
Average duration of liability	6 years	6 years

Expected contribution for the next year

The expected contribution to the gratuity scheme for the next year works out to Rs. 23.82 million.

	2023	2022
	------------ Rupees ----------	
20.2 Provision for Gas Insfrastructure Development Cess (GIDC)		
Provision for GIDC	-	70,464,910
Less: Current portion	-	(70,464,910)
	-	-

On August 13, 2020 the Supreme Court of Pakistan (SCP) through its order declared GIDC Act an intra vires to the constitution and directed all the industrial and commercial entities to pay the Cess that have become due up to July 31, 2020. However, as a concession, the same was allowed to be recovered in twenty four equal monthly installments starting from August 01, 2020.

In light of the above stated order of SCP, the Company opted to recognize the Cess as payable in twenty four equal monthly installments in accordance with the provision of IAS 37.

20.3 DEFERRED GRANT

As mentioned in note 19.6, the State Bank of Pakistan (SBP) through circular no. 6 dated April 10, 2020 introduced a 'Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concern (the Refinance Scheme). The purpose of the Refinance Scheme is to provide relief to dampen the effects of COVID- 19 by providing loans at concessional interest rates. The Company obtained financing of Rs. 106.22 million under the Refinance Scheme. The benefit of below market interest rates, measured as the difference between the fair value of loan and loan proceeds on the date of disbursement has been recognised as deferred grant. The deferred grant is amortized over the term of the loan i.e., 2.5 years. In line with the recognition of interest expense, the grant is compensatory.

The movement during the year is as follows:

	2023	2022
	------------ Rupees ----------	
As at July 01	-	2,900,494
Amortized during the year	-	(2,696,057)
As at June 30	-	204,437
Less: Current portion	-	(204,437)
Non current portion	-	-

	Note	2023	2022
		------------ Rupees ----------	
21. TRADE AND OTHER PAYABLES			
Creditors		**150,627,487**	175,610,057
Provision for infrastructure cess	21.1	**211,930,040**	134,662,322
Accrued liabilities		**137,652,465**	86,551,655
Provision for GIDC		**51,133,001**	70,464,910
Sales tax payable		**18,564,278**	41,243,810
Advances from customers		**12,771,093**	3,338,076
Workers' Profit Participation Fund	21.2	**380,631**	545,407
Workers' welfare fund		**8,952,253**	-
Commission on export sale		**-**	1,356,508
Due to employees		**1,088,192**	908,726
Income tax deducted at source		**6,093,735**	20,143
		599,193,175	514,701,614

21.1 This comprise provision for Sindh Development and Infrastructure Cess which was levied by the Excise and Tax Department of Government of Sindh on goods entering or leaving the province through air or sea at prescribed rate under Sindh Finance Ordinance, 2001. The levy was challenged by the Company along with other companies in Sindh High Court (SHC). SHC through its interim order passed on May 31, 2011 ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure cess should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed. The management is confident for a favorable outcome, however, as a matter of prudence, the Company has paid Rs. Nil (2022: Rs. 134.6 million) of the value of infrastructure cess in cash and recorded liability for the unpaid amount which is supported by a bank guarantee. In 2022, the Sindh High Court has passed an order on June 4, 2021 for settlement of remainder of Infrastructure Cess against which the Company has filed an appeal in Supreme Court and the Company's legal counsel expect that the matter will be decided in favour of the Company.

	Note	2023	2022
		------------ Rupees ----------	
21.2 Workers' Profit Participation Fund			
Opening balance		**545,407**	7,212,811
Payment to the fund		**(545,407)**	(7,212,811)
		-	-
Charge for the year	30	**22,380,631**	108,545,407
Payment of the fund from current year liability		**(22,000,000)**	(108,000,000)
Closing balance		**380,631**	545,407
22. ACCRUED MARKUP			
Accrued markup on:			
- Short term borrowings		**30,442,793**	896,258
- Long term borrowings		**103,209,288**	7,423,979
		133,652,081	8,320,237
23. SHORT TERM BORROWINGS			
Secured - under markup arrangements from banking Companies			
Running finances	23.1	**191,100,843**	-
		191,100,843	-

23.1 Short term facilities available from commercial banks under mark up arrangements amount to Rs. 6,475 Million (2022: Rs. 6,475 million) of which facilities aggregating to Rs. 6,284 million (2022: Rs. 6,475 million) remained unutilized at the year end. The rate of mark up ranges from 14.66% to 22.70% per annum (2022: 7.86% to 15.06% per annum) payable on quarterly basis. These finances are secured against pledge of raw material and finished goods and charge on current assets of the Company.

		Note	2023	2022
			------------ Rupees ----------	
24.	**PROVISION FOR TAXATION**			
	Opening balance		**152,803,558**	88,361,973
	Provision made during the year		**152,051,719**	152,803,558
			304,855,278	241,165,531
	Prior year adjustment		**(23,977,718)**	247,019
	Adjustments against completed assessments		**(113,363,627)**	(88,608,992)
			167,513,932	152,803,558
25.	**CONTINGENCIES AND COMMITMENTS**			
	Contingencies			
	Bank guarantees	25.1	**280,481,302**	201,481,302
	Foreign bills purchased		**251,000,000**	1,182,441,108
	In land bills purchased		**299,890,000**	50,785,020
			831,371,302	1,434,707,430

			2023	2022
25.1	**Bank guarantees**			
	In favor of	**Bank**		
	Sui Northern Gas Pipelines Limited	MCB Bank Limited	**57,061,261**	57,061,261
	Ministry of Textile	MCB Bank Limited	**599,574**	599,574
	Excise and taxation	Soneri Bank Limited	**-**	23,985,915
	Excise and taxation	United Bank Limited	**110,560,000**	110,560,000
	Import licence fee	Habib Bank Limited	**274,552**	274,552
	Excise and taxation	MCB Bank Limited	**111,985,915**	9,000,000
			280,481,302	201,481,302
	Commitments			
	Under letters of credit for:			
	- Stores and spares		**49,962,273**	21,388,308
	- Raw material		**1,020,520,176**	239,520,128
	- Plant and machinery		**163,750,717**	989,328,506
			1,234,233,166	1,250,236,942

		Note	2023	2022
			------------ Rupees ----------	
26.	**Revenue from contracts from customers - net**			
	Exports			
	Yarn	26.1	**6,330,335,333**	8,741,485,561
	Rebate Claim		**-**	75,578,193
			6,330,335,333	8,817,063,754
	Local			
	Yarn		**4,000,194,689**	1,148,034,887
	Doubling		**10,945,138**	9,569,456
	Waste		**256,986,390**	397,438,600
			4,268,126,217	1,555,042,943
	Sales tax on local sales		**(871,303,942)**	(554,455,787)
	Commission		**(72,791,597)**	(59,969,082)
			9,654,366,011	9,757,681,828

26.1 It includes indirect export of Rs. 2,277.23 million (2022: Rs. 2,964.31 million).

		Note	2023	2022
			------------ Rupees ----------	
27.	**COST OF SALES**			
	Raw material consumed	27.1	**7,339,227,864**	5,729,938,658
	Power and fuel		**755,676,871**	543,186,453
	Salaries, wages and benefits	27.2	**372,263,432**	314,173,887
	Depreciation	5.3	**252,147,583**	145,839,803
	Packing material consumed		**103,975,833**	102,403,524
	Stores and spares consumed		**112,637,918**	118,152,968
	Repairs and maintenance		**28,548,411**	8,247,945
	Insurance		**11,219,497**	7,340,737
	Others		**3,019,923**	2,060,892
			8,978,717,332	6,971,344,867
	Work in process			
	Opening stock		**49,121,588**	40,247,255
	Closing stock		**(79,556,007)**	(49,121,588)
			(30,434,419)	(8,874,333)
	Cost of goods manufactured		**8,948,282,913**	6,962,470,534
	Finished goods			
	Opening stock		**205,060,404**	124,796,243
	Purchase of finished goods		**186,192,500**	274,717,500
	Closing stock		**(510,155,251)**	(205,060,404)
			(118,902,347)	194,453,339
			8,829,380,566	7,156,923,873
27.1	**Raw material consumed**			
	Opening stock		**1,422,495,562**	1,235,098,282
	Purchases including purchase expenses		**7,557,891,107**	5,917,335,938
			8,980,386,669	7,152,434,220
	Closing stock		**(1,641,158,805)**	(1,422,495,562)
			7,339,227,864	5,729,938,658

27.2 It includes Rs.15.5 million (2022: Rs. 31.7 million) in respect of staff retirement benefits - gratuity.

		Note	2023	2022
			------------ Rupees ----------	
28.	**DISTRIBUTION COST**			
	Export development surcharge		**10,037,185**	15,229,651
	Ocean freight		**59,326,336**	115,197,724
	Forwarding expenses		**19,176,934**	25,491,686
	Local freight		**17,959,073**	11,861,766
	Fuel expense		**25,734,514**	16,961,878
	Others		**457,439**	562,640
			132,691,481	185,305,345
29.	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and benefits	29.1	**77,756,271**	62,169,430
	Directors' remuneration	35	**90,766,286**	67,264,830
	Depreciation	5.3	**18,757,021**	13,961,145
	Vehicle running and maintenance		**28,435,351**	15,857,882
	Travelling and conveyance		**11,867,377**	4,447,807
	Postage, telephone and fax		**3,699,332**	3,309,633
	Electricity, gas and fuel		**4,618,504**	2,958,533
	Printing and stationery		**2,773,025**	2,766,605
	Auditors' remuneration	29.2	**2,150,000**	1,650,000
	Rent, rates and taxes		**5,123,182**	4,687,357
	Donations	29.3	**3,635,350**	2,619,440
	Insurance		**3,257,665**	1,952,358
	Fees, subscription and periodicals		**5,709,059**	5,415,133
	Entertainment		**4,240,397**	3,391,213
	Repairs and maintenance		**5,542,251**	681,955
	Legal and professional charges		**2,099,860**	1,286,000
	Others		**4,416,186**	3,740,922
			274,847,117	198,160,243

29.1 It includes Rs. 4.39 million (2022: Rs. 3.68 million) in respect of staff retirement benefits - gratuity.

		2023	2022
		------------ Rupees ----------	
29.2	**Auditors' remuneration**		
	Statutory audit	**1,600,000**	1,100,000
	Review report on compliance with COCG	**100,000**	100,000
	Half year review	**250,000**	250,000
	Certificate for CDC and free float shares	**200,000**	200,000
		2,150,000	1,650,000

29.3 No donation exceeding Rs. 500,000 has been given to any donee and none of the directors or their spouses have any interest in the donee's fund.

		Note	2023	2022
			------------ Rupees ----------	
30.	**OTHER EXPENSES**			
	Workers' Profit Participation Fund	21.2	**22,380,631**	108,545,407
	Workers' welfare fund		**8,952,253**	-
	Unrealized loss on remeasurement of short term investments		**-**	26,556,585
	Realized loss on disposal of short term investments		**-**	15,258,117
	Allowance for expected credit losses		**388,750**	250,337
			31,721,634	150,610,446

		Note	2023	2022
			------------ Rupees ----------	
31.	**FINANCE COST**			
	Interest / mark up on:			
	Long term financing		**23,736,678**	28,120,192
	Short term borrowings		**78,228,701**	30,882,008
	Bank charges and commission		**22,163,946**	6,912,208
			124,129,325	65,914,408
32.	**OTHER INCOME**			
	Income from financial assets			
	Realized gain on remeasurement of short term investments		**24,032,799**	-
	Interest / profit on bank deposits		**20,245,261**	2,375,506
	Dividend income		**109,925,430**	58,639,990
	Income from non financial assets			
	Gain on sale of property, plant and equipment		**91,618**	579,733
			154,295,108	61,595,229
33.	**TAXATION**			
	Current year:			
	Current		**152,051,719**	152,803,558
	Prior year adjustment		**(23,977,718)**	(247,019)
		33.1	**128,074,001**	152,556,539

34. EARNINGS PER SHARE - BASIC AND DILUTED

Profit after tax	Rupees	**287,816,995**	1,909,806,203
Weighted average number of ordinary	Numbers	**20,700,000**	20,700,000
Earnings per share - basic and diluted		**13.90**	92.26

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

35. REMUNERATION TO CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief executive	**Director**	**Executives**
2023		**----------------- Rupees -----------------**	
Remuneration	**29,800,000**	**13,080,000**	**25,401,600**
Housing and utilities	**7,667,073**	**674,179**	**-**
Medical reimbursement	**-**	**2,712,385**	**-**
Conveyance - cars	**1,151,928**	**737,477**	**8,044,427**
Special allowance	**19,531,259**	**8,069,318**	**4,233,600**
Leave encashment	**5,120,000**	**2,222,667**	**2,257,920**
	63,270,260	**27,496,026**	**39,937,547**
Number of persons	**1**	**1**	**14**

	Chief executive	Director	Executives
		----------------- Rupees -----------------	
2022			
Remuneration	24,600,000	11,280,000	21,770,400
Housing and utilities	5,672,853	695,913	-
Medical reimbursement		1,770,115	-
Conveyance - cars	1,586,196	292,695	4,443,925
Special allowance	13,444,391	6,920,000	4,774,200
Leave encashment	-	1,002,667	1,648,746
	45,303,440	21,961,390	32,637,271
Number of persons	1	1	14

35.1 In addition, the Chief Executive and certain executives are provided with free transport subject to certain specified limits for petrol consumption, residential telephone / mobile facilities for both business and personal use and free medical facilities.

36. FINANCIAL INSTRUMENTS

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

Credit risk
Liquidity risk
Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these unconsolidated financial statement.

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

36.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations and arises principally from deposits, trade debts, loans and advances, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2023	2022
	------------ Rupees ----------	
Trade debts	**1,181,300,477**	765,425,459
Other receivables	**56,468,715**	46,902,050
Long term deposits	**6,991,200**	6,991,200
Trade deposits	**21,139,226**	3,239,226
Other financial assets	**95,333,000**	100,000,000
Bank balances	**49,999,997**	96,226,154
	1,411,232,615	1,018,784,089

The Company's credit risk exposures are categorized under the following headings:

Counterparties

The Company conducts transactions with the following major counterparties:

Trade debts
Public sectors
Banks and other financial institutions
Mutual funds
Term finance certificates

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

36.2.1 Credit risk related to trade debtors

Trade debts are essentially due from local and foreign customers against sale of yarn and waste material and the Company does not expect these counterparties to fail to meet their obligations. The majority of sales to the Company's customers are made on specific terms. Customer credit risk is managed subject to established policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and any shipments to foreign customers are generally covered by letters of credit.
Trade debts are generally on 60 to 90 days credit terms.

Impairment losses

The aging of trade debts at the reporting date was:

	2023		2022	
	Gross	Impairment	Gross	Impairment
	---------------------- Rupees ----------------------			
Not yet due	**787,559,252**	**-**	789,963,965	-
Past due for:				
- more than 3 months but less than 1 year	**9,757,366**	**2,905,285**	1,512,690	1,999,217
- more than 1 year but less than 2 years	**-**	**-**	49,676	117,506
- more than 2 years	**-**	**-**	9,445	399,812
	797,316,618	**2,905,285**	791,535,776	2,516,535

Concentration of credit risk

Trade debts consist of a large number of diversified customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable where appropriate. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

36.2.2 Credit risk related to banks and other financial institutions

Credit risk on balances with banks is managed by management in accordance with the Company's policy. Excess funds are placed in deposits with reputable banks and financial institutions.

Bank Name	Rating Agency	Long term Loans	Short Term Loans
The Bank of Punjab	PACRA	AA+	A1+
Askari Bank Limited	PACRA	AA+	A1+
Allied Bank Limited	PACRA	AAA	A1+
BankIslami Pakistan Limited	PACRA	AA-	A1
Bank Alfalah Limited	PACRA	AA+	A1+
Bank Al Habib Limited	PACRA	AAA	A1+
Faysal Bank Limited	PACRA	AA	A1+
Habib Bank Limited	VIS	AAA	A-1+
Habib Metropolitan Bank Limited	PACRA	AA+	A1+
United Bank Limited	VIS	AAA	A-1+
National Bank of Pakistan	PACRA	AAA	A1+
MCB Bank Limited	PACRA	AAA	A1+

36.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of statement of financial position liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

36.3.1 Liquidity risk table

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

Particulars	1 - 3 months	3 months - 1 years	1 - 5 years	More than 5 years	Total
Long term financing	**-**	**164,308,301**	**1,780,843,781**	**972,960,828**	**2,918,112,910**
Short term borrowings	**-**	**191,100,843**	**-**	**-**	**191,100,843**
Trade and other payables	**-**	**289,368,144**	**-**	**-**	**289,368,144**
Accrued mark up	**133,652,081**	**-**	**-**	**-**	**133,652,081**
Unclaimed dividend	**24,201,201**	**-**	**-**	**-**	**24,201,201**
2023	**157,853,282**	**644,777,288**	**1,780,843,781**	**972,960,828**	**3,556,435,179**
Long term financing	-	159,288,605	676,824,133	206,822,271	1,042,935,008
Short term borrowings	-	-	-	-	-
Trade and other payables	-	264,426,946	-	-	264,426,946
Accrued mark up	8,320,237	-	-	-	8,320,237
Unclaimed dividend	22,759,665	-	-	-	22,759,665
2022	31,079,902	423,715,551	676,824,133	206,822,271	1,338,441,856

	2023	2022
	------------ Rupees ------------	
Off Statement of financial position items		
Letters of credit	**1,234,233,166**	1,250,236,942
Bank guarantees	**280,481,302**	201,481,302
Foreign bills discounted	**251,000,000**	1,182,441,108
In land bills purchased	**299,890,000**	50,785,020
Off Statement of financial position gap	**2,065,604,468**	2,684,944,372

36.4 Market risk

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

36.4.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates.

Exposure to currency risk

The Company is exposed to currency risk on trade debts which are denominated in currency other than the functional currency of the Company. The Company's exposure to foreign currency risk is as follows:

	2023		2022	
	Rupees	US Dollar	Rupees	US Dollar
Trade debts	**386,889,144**	**1,347,576**	254,322,451	1,242,090
	386,889,144	**1,347,576**	254,322,451	1,242,090

The following US Dollar exchange rates were applied during the year:

	2023	2022
	------------ Rupees ----------	
Average rate	**253.08**	179.13
Statement of financial position rate	**287.10**	204.75

Sensitivity analysis - foreign currency

At June 30, 2023, if the Rupee had weakened / strengthened by 10% (2022: 10%) against the US Dollar with all other variables held constant, profit for the year would have been lower / higher by Rs. 38.69 million (2022: Rs. 25.43 million), as a result of foreign exchange gains / losses on translation of foreign currency trade debts. Profit / (loss) is less sensitive to movement in Rupee / foreign currency exchange rates in 2023 than 2022 because of high recovery from export debtors.

36.4.2 Interest rate risk

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will effect the value of financial instruments. The Company has significant amount of interest based financial assets and financial liabilities which are largely based on variable interest / mark-up rates, therefore the Company has to manage the related finance cost which exposes it to the risk of 3 month and 6 month KIBOR. Since the impact on interest rate exposure is significant to the Company, management is considering the alternative arrangement to manage interest rate exposure in future.

	2023		2022	
	Effective Interest Rate	Rupees	Effective Interest Rate	Rupees
Fixed rate instruments				
Financial assets:				
- Saving accounts	**24%**	**9,367**	24%	134,432
- Term deposit receipts		**5,000,000**		9,981,479
- Term finance certificate	**24%**	**95,333,000**	14%	100,000,000
Variable rate instruments				
Financial liabilities:				
- Long term financing	**9% - 23%**	**2,918,112,910**	3% - 9%	1,042,935,008
- Short term borrowings	**15% to 23%**	**191,100,843**	8% - 15%	-
		3,209,556,120		1,153,050,919

Fair value sensitivity analysis for fxed rate instruments

The Company does not account for any fxed rate fnancial assets and liabilities at fair value through proft or loss. Therefore, a change in interest rate at the reporting date would not affect proft or loss of the Company.

Cash fow sensitivity analysis for variable rate instruments

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the Company's profit / loss for the year ended June 30, 2023 would decrease / increase by Rs. 31.09 million (2022: Rs. 10.42 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate financial instruments.

36.4.3 Other price risk

Other price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not materially exposed to other price risk on financial assets and liabilities.

36.4.4 Equity share price risk

The Company is also exposed to the equity price risk arising from the fluctuations due to change in fair value of those equity instruments.

Sensitivity analysis - Equity share price risk

A 1% increase / decrease in share prices at year end would have increased / decreased profit for the year as follows :

	2023	2022
	------------ Rupees	----------
Effect on profit or loss	**2,132,557**	18,803,301

36.5 Fair values

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale.

The carrying values of all financial assets and liabilities reflected in the unconsolidated financial statement approximate their fair values.

36.5.1 Fair value hierarchy

Following are three levels in fair value hierarchy that reflects the significance of the inputs used in measurement of fair values of financial instruments and non financial assets.

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. drive from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

The Company does not have any other financial instruments to be classified here other than "Other financial assets" as disclosed in note 14, that are classified in level 1 and level 2 as per hierarchy stated above.

The Company follows the revaluation model for its free hold land, building on free hold land, plant and machinery. The fair value measurement as at June 30, 2022 was performed by MYK Associates (Private) Limited & Joseph Lobo (Private) Limited. MYK Associates (Private) Limited & Joseph Lobo (Private) Limited both are on panel of Pakistan Banks Association as 'Any Amount' asset valuator. It is also on the panel of State Bank of Pakistan and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations. The fair value of the assets was determined using the comparable price method after performing detailed enquiries and verification from various estate agents, brokers and builders keeping in view the location of the property/project, condition, size, utilization, and other relevant factors. In estimating the fair value of free hold land, building on free hold land and plant and machinery, the highest and best use of these assets is their current use.

Since the date of last revaluation, there has been no material change in the market factors that derive fair value of these properties, therefore, management believes that the carrying value of these non financial assets approximate its fair market value.

Other financial assets include quoted equity shares, mutual funds and term finance certioficate. The equity share and funds are valued at each reporting date at their fair value by using the prevailing quoted prices of shares on Pakistan Stock Exchange Limited. Term finance certificate are valued at amortised cost.

June 30, 2023	Level 1	Level 2	Level 3	Total
	----------Rupees----------			
Other financial assets	**308,588,655**	**-**	**-**	**308,588,655**
Free hold land	**-**	**981,040,000**	**-**	**981,040,000**
Building on free hold land	**-**	**450,000,000**	**-**	**450,000,000**
Plant and machinery	**-**	**1,796,450,797**	**-**	**1,796,450,797**
Total	**308,588,655**	**3,227,490,797**	**-**	**3,536,079,452**

June 30, 2022	Level 1	Level 2	Level 3	Total
	----------Rupees----------			
Other financial assets	199,668,983	1,680,661,158	-	1,880,330,141
Free hold land	-	981,040,000	-	981,040,000
Building on free hold land	-	500,000,000	-	500,000,000
Investment property	-	2,342,055	-	2,342,055
Plant and machinery	-	2,000,000,000	-	2,000,000,000
Total	199,668,983	5,164,043,213	-	5,363,712,196

There were no transfers between levels of fair value hierarchy during the period.

36.6 Financial instruments by category

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an approximate mix between various sources of finance to minimize risk.

The accounting policies for financial instruments have been applied for line items as below:

	2023	2022
	--------- Rupees ---------	
Assets carried at fair value through profit or loss		
carrying value of other financial assets at fair value through profit or loss	**213,255,655**	1,880,330,141
	213,255,655	1,880,330,141
Assets categorized at amortized cost		
Trade debts	**1,181,300,477**	765,425,459
Long term deposits	**6,991,200**	6,991,200
Trade deposits	**21,139,226**	3,239,226
Cash and bank balances	**50,402,621**	96,648,425
Other financial assets	**95,333,000**	100,000,000
	1,355,166,524	972,304,310
Liabilities carried at amortized cost		
Trade and other payables	**289,368,144**	264,426,946
Long term financing	**2,918,112,910**	1,042,935,008
Short term borrowings	**191,100,843**	-
Unclaimed dividend	**24,201,201**	22,759,665
Accrued mark up	**133,652,081**	8,320,237
	3,556,435,179	1,338,441,856

37. CAPITAL MANAGEMENT

The Company objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

Capital comprises all components of equity (i.e. share capital, reserves and unappropriated profit). The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders or issue new shares.

The debt-to-adjusted capital ratios at June 30, were as follows:

	2023	2022
	------------ Rupees	----------
Total debt	**3,109,213,753**	1,042,935,009
Less: Cash and cash equivalents	**(50,402,621)**	(96,648,425)
Net debt	**3,058,811,132**	946,286,584
Total equity	**8,349,252,098**	8,102,835,103
Adjusted capital	**11,408,063,230**	9,049,121,687
Debt-to-adjusted capital ratio	**26.81%**	10.46%

38. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, other related group companies, directors of the Company and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under trade debts (note 10.5, 10.6) and remuneration of Chief Executive, director and excutives (note 35). Indus Home Limited and Indus Dyeing & Manufacturing Co. Limited is associated undertaking based on common directorship. Other significant transactions with related parties are as follows:

	2023	2022
	------------ Rupees	----------
Transactions with associated undertakings (due to common directorship)		
Indus Dyeing & Manufacturing Company Limited		
Sale of goods and services	**-**	130,557,150
Indus Home Limited		
Sale of goods and services	**129,860,199**	98,982,530
Purchase of term finance certificate	**-**	100,000,000

All transactions with related parties have been carried out on agreed terms and conditions.

39. PLANT CAPACITY AND PRODUCTION

	2023	2022
Number of spindles installed	**34,896**	34,896
Number of spindles worked	**33,882**	34,802
Number of shifts / day	**3**	3
Installed capacity after conversion into 20/s count Kgs	**11,916,060**	11,916,060
Actual production of yarn after conversion into 20/s count Kgs	**9,979,857**	11,430,039

Reasons for shortfall

It is difficult to describe precisely the production capacity in spinning unit since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed and twist etc. It also varies according to the pattern of production adopted in a particular year.

40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2022	Cash flow	2023
	Rupees		
Long term finances	**1,042,730,571**	**1,875,177,901**	**2,918,112,910**
Short term borrowings	**-**	**191,100,843**	**191,100,843**
Dividend	**22,759,665**	**1,441,536**	**24,201,201**
	1,065,490,236	**2,067,720,280**	**3,133,414,954**

41. SEGMENT REPORTING

The Company's core business is manufacturing and sale of yarn and it generates more than 90% of its revenue and profit from the production and sale of yarn. Decision making process is centralized at head office led by Chief Executive who is continuously involved in day to day operations and regularly reviews operating results and assesses its performance and makes necessary decisions about resources to be allocated to the segments. Currently it has one yarn manufacturing unit. Owing to the similarity in nature of the products and services, nature of the production processes, type or class of customers for the products and services, the methods used to distribute the products, the nature of the regulatory environment all the yarn producing units are aggregated into a single operating segment and the Company's performance is evaluated by the management on an overall basis, therefore these operational segments by location are not separately reportable segments.

42. NUMBER OF EMPLOYEES

The total number of employees at the year end and average number of employees during year are as follows:

	2023	2022
Total number of employees as at June 30	**775**	713
Average number of employees during the year	**710**	720

43. **CORRESPONDING FIGURES**

The preparation and presentation of these unconsolidated financial statement for the year ended June 30, 2023 is in accordance with the requirements of IFRSs. Following is the major reclassification made for better presentation:

Reclassified from	*Reclassified to*	*Rupees*
Cost of sales	Other expenses	388,750

44. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statement were authorized for issue on October 4, 2023 by the Board of Directors of the Company.

45. GENERAL

Figures have been rounded off to the nearest Rupee, except where stated otherwise.

Shabbir Kausar
Chief Financial Officer

Kashif Riaz
Chief Executive Officer

Mian Imran Ahmed
Chairman

CONSOLIDATED ANNUAL REPORT 2023

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Sunrays Textile Mills Limited

Opinion

We have audited the annexed consolidated financial statements of **Sunrays Textile Mills Limited** (the holding Company) and its subsidiary (together 'the Group'), which comprise the consolidated statement of financial position as at June 30, 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 June 30, 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.

Following is the key audit matter:

Key audit matter	How the matter was addressed in our audit
1. Revenue Recognition	
The Group's revenue from contracts comprise of revenue from local and export sale of yarn which has been disclosed in note 25 to the consolidated financial statements. Revenue from the sale is recognized, when control of goods is transferred to the customer and the performance obligation is satisfied i.e. on dispatch of goods (note 4.13). We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Group and because of the potential risk that revenue transactions may not have been recognized based on transfer of control to the customers in line with the accounting policy adopted and may not have been recognized in the appropriate period.	Our audit procedures to address the Key Audit Matter included the following: • Obtained an understanding of and assessing the design and implementation and operating effectiveness of controls around recognition of revenue; • Assessed the appropriateness of the Group's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards; • Testing timeliness of revenue recognition by comparing individual sales transaction before and after the year end to underlying documents; and • Checked on a sample basis whether the recorded sales transactions are based on transfer of goods to the customer, satisfying the performance obligation and were recorded in the appropriate accounting period. • Assessed the adequacy of disclosure in the consolidated financial statements.

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

Management is responsible for the other information. The other information includes the directors report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance opinion 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 the 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 the Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statementsthat 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 theGroup or to cease operations, or has no realistic alternative but to do so.

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

Auditor s' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statementsas 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 theseconsolidated 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:

a) 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.

b) 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.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) 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 todraw 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 obtainedup to the date of our auditors'report. However, future events or conditions may cause theGroup to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of theconsolidated financial statements, including the disclosures, and whether theconsolidated financial statementsrepresent the underlying transactions and events in a manner that achieves fair presentation.

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Sufyan.

Yousuf Adil

Chartered Accountant

Place: Multan
Date:October 05, 2023

UDIN: AR202310180rTge536Kn

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2023

	Note	2023	2022
		------------- Rupees -------------	
ASSETS			
Non-current assets			
Property, plant and equipment	5	**7,531,943,358**	4,420,544,944
Investment property	6	**2,342,055**	2,342,055
Long term deposits		**7,011,240**	7,011,240
		7,541,296,653	4,429,898,239
Current assets			
Stores and spares	7	**109,838,500**	95,727,359
Stock in trade	8	**2,251,843,475**	2,188,607,098
Trade debts	9	**1,181,300,477**	765,425,459
Loans and advances	10	**109,281,940**	113,472,576
Advance Income Tax		**164,021,250**	113,363,625
Trade deposits	11	**21,139,226**	3,239,226
Other receivables	12	**56,468,715**	46,922,498
Short term investments	13	**310,061,739**	1,980,330,141
Sales tax refundable		**560,413,914**	72,537,332
Income tax refundable		**51,639,846**	20,366,823
Cash and bank balances	14	**50,481,161**	97,675,556
		4,866,490,243	5,497,667,692
Total assets		**12,407,786,896**	9,927,565,931
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	15	**207,000,000**	207,000,000
Share premium		**3,600,000**	3,600,000
Surplus on revaluation of property, plant and equipment	16	**1,981,808,736**	2,131,048,389
General reserves	17	**612,000,000**	612,000,000
Unappropriated profit		**5,550,500,698**	5,155,596,805
		8,354,909,435	8,109,245,194
Non-current liabilities			
Long term financing	18	**2,753,804,609**	883,441,966
Deferred liabilities	19	**18,731,920**	76,464,325
		2,772,536,529	959,906,291
Current liabilities			
Trade and other payables	20	**599,564,574**	515,037,944
Accrued markup	21	**133,652,081**	8,320,237
Short term borrowings	22	**191,100,843**	-
Current portion of long term financing	18	**164,308,301**	159,288,605
Current portion of deferred grant	18	**-**	204,437
Unclaimed dividend		**24,201,201**	22,759,665
Provision for taxation	23	**167,513,932**	152,803,558
		1,280,340,932	858,414,446
Contingencies and commitments	24		
Total equity and liabilities		**12,407,786,896**	9,927,565,931

The annexed notes from 1 to 44 form an integral part of these consolidated financial statements.

Shabbir Kausar	Kashif Riaz	Mian Imran Ahmed
Chief Financial Officer	Chief Executive Officer	Chairman

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

	Note	2023	2022
		------------- Rupees -------------	
Revenue from Contracts - net	25	**9,654,366,011**	9,757,681,828
Cost of sales	26	**(8,829,380,566)**	(7,157,317,959)
Gross profit		**824,985,445**	2,600,363,869
Distribution cost	27	**(132,691,481)**	(185,305,345)
Administrative expenses	28	**(275,329,675)**	(197,959,549)
Other expenses	29	**(31,721,634)**	(150,360,109)
Finance cost	30	**(124,129,760)**	(65,914,806)
Other income	31	**154,732,387**	69,101,148
		(409,140,163)	(530,438,662)
Profit before taxation		**415,845,282**	2,069,925,207
Taxation	32	**(128,788,439)**	(152,947,048)
Profit for the year		**287,056,843**	1,916,978,159
Attributable to:			
Owners of the parent		**287,056,843**	1,916,978,159
		287,056,843	1,916,978,159
Earnings per share - basic and diluted (Rupees)	33	**13.87**	92.61

The annexed notes from 1 to 44 form an integral part of these consolidated financial statements.

Shabbir Kausar Chief Financial Officer	Kashif Riaz Chief Executive Officer	Mian Imran Ahmed Chairman

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

	Note	2023	2022
		------------ Rupees ------------	
Profit for the year		**287,056,843**	1,916,978,159
Other comprehensive income - net of tax			
Items that will not be reclassified to consolidated statement of profit or loss			
Remeasurement of defined benefit obligation - gratuity	19.2	**-**	(7,848,937)
Revaluation surplus on property, plant and equipment	16.1	**-**	1,896,638,494
Gain on investment		**7,397**	-
Total comprehensive income for the year		**287,064,240**	3,805,767,716
Attributable to:			
Owners of the parent		**287,064,240**	3,805,767,716
Non-controlling interest		**-**	-
		287,064,240	3,805,767,716

The annexed notes from 1 to 44 form an integral part of these consolidated financial statements.

Shabbir Kausar
Chief Financial Officer

Kashif Riaz
Chief Executive Officer

Mian Imran Ahmed
Chairman

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

	Attributable to owners of the parent					
		Capital reserves		Revenue reserves		
	Share capital	Share premium	Surplus on revaluation of fixed assets	General reserve	Unappropriated profit	Total
	---------- Rupees ----------					
Balance as at June 30, 2021	207,000,000	3,600,000	269,214,931	612,000,000	3,315,924,412	4,407,739,343
Impact of change in accounting policy IFRS-9 (Note 9.3)	0					
Profit for the year	-	-	-	-	1,916,978,159	1,916,978,159
Other comprehensive income	-	-	1,896,638,494	-	(7,848,937)	1,888,789,557
Total Comprehensive income for the year	-	-	1,896,638,494	-	1,909,129,222	3,805,767,716
Transaction with Owners						
1st interim dividend for the period ended September 30, 2021 @ Rs. 5 per share	-	-	-	-	(103,500,000)	(103,500,000)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	(16,328,761)	-	16,328,761	-
Transfer of revaluation surplus due to disposal of revalued assets	-	-	(18,476,275)	-	18,476,275	-
Balance as at June 30, 2022	207,000,000	3,600,000	2,131,048,389	612,000,000	5,155,596,805	8,109,245,195
Comprehensive income for the year						
Profit for the year	-	-	-	-	287,056,843	287,056,843
Other comprehensive income	-	-	-	-	7,397	7,397
Total comprehensive income for the year			-		**287,064,240**	**287,064,240**
Transactions with owners						
Interim dividend for the period ended June 30, 2023 @ Rs. 2 per share	-	-	-	-	**(41,400,000)**	**(41,400,000)**
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	**(127,814,491)**	-	**127,814,491**	-
Transfer of revaluation surplus due to disposal of revalued assets	-	-	**(21,425,162)**	-	**21,425,162**	-
Balance as at June 30, 2023	**207,000,000**	**3,600,000**	**1,981,808,736**	**612,000,000**	**5,550,500,698**	**8,354,909,435**

The annexed notes from 1 to 44 form an integral part of these consolidated financial statements.

Shabbir Kausar
Chief Financial Officer

Kashif Riaz
Chief Executive Officer

Mian Imran Ahmed
Chairman

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

		2023	2022
		------------ Rupees ----------	
A.	***CASH FLOWS FROM OPERATING ACTIVITIES***		
	Profit before taxation	**415,845,282**	2,069,925,207
	Adjustments for:		
	Depreciation on property, plant and equipment	**271,892,915**	159,944,818
	Unrealized loss on re-measurement of other financial assets-net	**(24,025,402)**	26,556,585
	Realized loss on disposal of other financial assets-net	**-**	15,258,117
	Provision for staff retirement benefits - gratuity	**19,911,227**	35,074,628
	Gain on sale of property, plant and equipment- net	**(91,618)**	(914,090)
	Dividend income	**(109,925,430)**	(58,639,990)
	Gain on remeasurement of (GIDC)	**(20,245,261)**	-
	Interest income	**-**	(2,375,506)
	Finance cost	**124,129,760**	65,914,806
	Operating cash flows before changes in working capital	**677,491,473**	2,310,744,575
	Changes in working capital		
	(Increase) / decrease in current assets		
	Stores and spares	**(14,111,141)**	8,381,057
	Stock in trade	**(63,236,377)**	(539,066,493)
	Trade debts	**(415,875,018)**	420,851,594
	Loans and advances (excluding advance income tax)	**4,190,636**	(57,798,507)
	Trade deposits and short term prepayments	**(17,900,000)**	-
	Sales tax refundable	**(487,876,582)**	46,732,960
	Income tax refundable	**(31,165,516)**	87,105,750
	Other receivables	**(9,566,665)**	(20,203,206)
	Increase in current liabilities		
	Trade and other payables	**84,526,631**	182,788,864
		(951,014,031)	128,792,019
	Cash (used in) / generated from operations	**(273,522,558)**	2,439,536,594
	Finance cost paid	**(205,570,079)**	(67,861,444)
	Staff retirement benefits - gratuity paid	**(77,984,558)**	(52,726,593)
	Income taxes paid	**(164,485,244)**	(113,143,236)
	Net cash (used in) / generated from operating activities	**(721,562,439)**	2,205,805,320
B.	***CASH FLOWS FROM INVESTING ACTIVITIES***		
	Additions to property, plant and equipment	**(46,454,000)**	(372,072,742)
	Additions to capital work in progress	**(3,134,173,547)**	(655,349,208)
	Proceeds from disposal of property, plant and equipment	**4,200,000**	4,428,752
	Acquisition of subsidiary	**-**	383,784
	Payment for purchase of short term investments	**(3,434,909,772)**	(6,153,345,498)
	Proceeds from disposal of short term investments	**5,129,210,971**	4,966,214,991
	Dividend income	**109,925,430**	58,639,990
	Interest income	**20,245,261**	2,375,506
	Net cash used in investing activities	**(1,351,955,657)**	(2,148,724,426)

	2023	2022
	------------ Rupees ----------	
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	**2,051,235,425**	189,094,037
Repayment of long term finances	**(176,054,103)**	(136,797,056)
Dividends paid	**(39,958,464)**	(102,923,791)
Net cash generated from / (used in) financing activities	**1,835,222,858**	(50,626,810)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(238,295,238)**	6,454,084
Cash and cash equivalents at beginning of the year	**97,675,556**	91,221,471
Cash and cash equivalents at end of the year	**(140,619,682)**	97,675,556
CASH AND CASH EQUIVALENTS		
Cash and bank balances	**50,481,161**	97,675,556
Running Finance	**(191,100,843)**	-
Net cash and cash equivalents at end of the year	**(140,619,682)**	97,675,556

The annexed notes from 1 to 44 form an integral part of these consolidated financial statements.

Shabbir Kausar
Chief Financial Officer

Kashif Riaz
Chief Executive Officer

Mian Imran Ahmed
Chairman

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

1. THE GROUP AND ITS OPERATIONS

The Group consists of Sunrays Textile Mills Limited (the Holding Company) and Embee Industries (Private) Limited (Subsidiary). Brief profile of the Holding Company and Subsidiary are as follows:

1.1 Sunrays Textile Mills Limited

Sunrays Textile Mills Limited "the Company" was incorporated in Pakistan on August 27, 1987 as a public limited company under the repealed Companies Ordinance, 1984 (Now Companies Act 2017) and its shares are quoted on the Pakistan Stock Exchange. The Company is principally engaged in trade, manufacture and sale of yarn. The registered office of the Company is situated at Office no. 508, 5th floor, Beaumont Plaza, Beaumont Road, Civil Lines Quarters, Karachi. The mill site is located at Khanpur Shumali khewat no. 359, District Muzaffargarh, Dera Ghazi Khan Division, in the province of Punjab.

1.2 Embee Industries (Private) Limited

Embee Industries (Private) Limited (the company) (EIL) was incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) as a private limited company on 16th April, 1985. The principal business of the Company is manufacturing and sale of ice. The registered office and works of the company are located at Riaz Cotton Factory, Factory Area, Faisalabad in the province of the Punjab. The company has rented out its land and building and is not in munufacturing operations.

1.3 Basis of Consolidation

The consolidated financial statements include the financial statements of the Holding Company and its subsidiary.

Subsidiary company is fully consolidated from the date on which more than 50% of voting rights are transferred to the Group or power to control them is established and excluded from consolidation from the date of disposal or when the control is lost.

The financial statements of the subsidiary are prepared for the same reporting year as of the Holding Company for the purpose of consolidation, using consistent accounting policies. The accounting policies of the subsidiaries have been changed to conform with accounting policies of the Group, where required.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the subsidiary companies' shareholders' equity in these consolidated financial statements.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

1.4 Business combination

Acquisition of business is accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as a sum of the acquisition-date fair values of the assets transferred by the Holding Company, liabilities incured by the Holding Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for the control of the acquiree. Acquisition-related costs are recognized in the statement of profit or loss as incurred.

At the acquisition date, the identified assets acquired and the liabilities assumed are recognized at their fair value.

Goodwill is initially measured at acquistion date as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

if, net amounts at the acquisition-date of the identifiable assets acquired and the liabilities assumed exceeds the sum of the consideration transferred and the fair value of the acquirer's previously held interest in the acquiree (if any), excess is recognized immediately in the statement of profit or loss as a bargain purchase gain.

1.5 Acquisition of Subsidiary

On July 26, 2021, the Group acquired 100% shareholding of EIL (17.35 Million Shares) against cash consideration of Rs. 190.85 Million and qualifies as a business as defined in IFRS 3 Business Combinations. EIL was acquired to invest surplus funds available with the Holding Company.

A Identifiable assets acquired and liabilities assumed:

	Rs.
Property, plant and equipment	197,492,977
Long term deposits	20,040
Other receivables	58,671
Cash and bank balances	383,784
Trade and other payables	(66,091)
	198,021,562

B Bargain purchase option (BPO):

BPO arising from the acquisition has been recognised as follows:

Consideration transferred	190,850,000
Net assets at the date of acquisition	198,021,562
	(7,171,562)

2 BASIS OF PRESENTATION

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

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

2.2 Basis of measurement

These consolidated financial statements have been prepared under historical cost convention except indicated in note 4.1, 4.4 and 4.11.

2.3 Functional and presentation currency

The consolidated financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

2.4 Significant accounting estimates and judgments

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

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

In preparing these consolidated financial statements, the significant judgement made by the management in applying accounting policies include:

- useful life and residual values of depreciable assets (note 4.5 and 5.1)
- allowance for expected credit losses (note 4.11 and 9.2)
- provision for current tax and deferred tax (note 4.2 and 31)
- revaluation of assets pertaining to freehold land, building on freehold land, plant and machinery and cost value of investment property (note 16)
- staff retirement benefits (note 4.1 and 19.1)
- net realizable value of stock-in-trade (note 4.8 and 8)

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED DURING THE YEAR

The following amendments to existing standards have been published that are applicable to the Group's consolidated financial statements covering annual periods, beginning on or after the following dates:

3.1 New accountingstandards,amendmentsand IFRSinterpretationsthat are effective for the year ended June 30, 2023

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework

Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract

Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)

3.2 New accounting standards, amendments and IFRS interpretations that are not yet effective

'The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after:
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023

Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 ' Income taxes' - International Tax Reform — Pillar Two Model Rules	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IFRS 16 ' Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS7 'Financial instruments disclosures' - Supplier Finance Arrangements	January 01, 2024
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

3.3 Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the SECP:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Staff retirement benefits

The Group operates an unfunded gratuity scheme covering all its employees. The cost of providing benefit is determined using the projected unit credit method, with actuarial valuation. Actuarial gains and losses are recognized immediately as they arise in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested. Otherwise it is amortized on a straight line basis over the average period until the amended benefits become vested.

Details of the scheme are given in the note 19.1 to these consolidated financial statements.

4.2 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemption available, if any. For income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

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

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

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

4.3 Dividend distribution

Dividend distribution to the Group's shareholders is recognized as a liability in the consolidated financial statement in the period in which the dividends are approved by the Group's shareholders.

4.4 Foreign currencies

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

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

4.5 Property, plant and equipment

Property, plant and equipment except free hold land, building on freehold land, plant and machinery and capital work in progress are stated at cost less accumulated depreciation and accumulated impairment losses.

Revaluation

Free hold land, building on free hold land and plant and machinery are stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity so that the fair value and carrying value do not differ materially at the consolidated statement of financial position date. Any revaluation increase arising on the revaluation of such assets is credited in 'Surplus on revaluation of property, plant and equipment'. A decrease in the carrying amount arising surplus on revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation account relating to previously revalued assets. To the extent of incremental depreciation charged on revalued assets, on disposal of revalued assets and the related surplus on revaluation (net of deferred tax) is transferred directly to unappropriated profit.

Depreciation is charged to income applying reducing balance method to write-off the cost over the estimated remaining useful life of assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Rates of depreciation are stated in note 5. In respect of additions and disposals during the year, depreciation is charged from the month of acquisition up to the month preceding the disposal respectively.

Gains or losses on disposal of operating assets, if any, are recognized in consolidated statement of profit or loss account, as and when incurred. Assets are derecognized when disposed or when no future economic benefits are expected from its use or disposal.

Normal repairs and maintenance are charged to consolidated statement of profit or loss account as and when incurred. Major renewals and improvements are capitalized and assets replaced, if any, other than those kept as stand-by are retired.

Capital work-in-progress

Capital work-in-progress (CWIP) is stated at cost less any recognized impairment loss. All expenditures connected to the specific assets incurred during installation and construction period are carried under CWIP. These are transferred to specific assets as and when assets are available for use.

4.6 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is valued using the cost method i.e. at cost less any accumulated depreciation and any identified impairment loss.

Any gain or loss on disposal of investment property, calculated as difference between the proceeds from disposal and the carrying amount is recognised in the consolidated statement of profit or loss.

4.7 Stores and spares

These are valued at lower of cost or net realizable value, cost is determined on the basis of moving average cost less allowance for obsolete and slow moving items, except for items in transit which are valued at cost incurred to the consolidated statement of financial position.

4.8 Stock in trade

These are valued at lower of cost and net realizable value. Cost is determined by applying the

Raw material	
- At mills	Weighted average cost
- In transit	At cost incurred to the statement of financial position
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Waste	Net realizable value

Net realizable value signifies the estimated selling price in the ordinary of business, less estimated costs of completion and the estimated costs necessary to make the sale.

4.9 Trade debts

Trade debts and other receivables are initially recognised at fair value, which is usually the original invoiced amount and subsequently carried at amortised cost using the effective interest method less allowance for expected credit losses.

4.10 Impairment of non-financial assets

The Group assesses at each consolidated statement of financial position date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amount and the resulting impairment loss is recognized in consolidated statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the assets is increased to the revised recoverable amount but limited to the extent of carrying amount that would have been determined had no impairment loss been recognized in prior periods. Reversal of impairment loss is recognized as income.

4.11 Financial Instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group's becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4.11.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

a) Debt instruments measured at amortised cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

As at reporting date, the Group carries cash and cash equivalents, trade receivables and sales tax refund bonds at amortized cost.

b) Debt instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments that meet specified conditions and are measured subsequently at fair value through other comprehensive income (FVTOCI).

As at reporting date, the Group does not hold any debt instrument classified as at FVTOCI.

c) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument?by?instrument basis) to designate investments in equity instruments as at FVTOCI.

As at reporting date, the Group does not hold any equity instrument classified as at FVTOCI.

d) Financial assets measured subsequently at fair value through profit or loss (FVTPL)

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

As at reporting date, the Group carries investments in shares of listed companies and units of mutual funds classified as at FVTPL.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL)on financial assets that are measured at amortised cost or at FVTPL,as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12?month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

Definition of default:

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Write-of policy

The Group writes off financial assets when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made against financial assets written-off are recognised in profit or loss.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

4.11.2 *Financial liabilities*

Subsequent measurement of financial liabilities

Financial liabilities that are not

- contingent consideration of an acquirer in a business combination,
- held?for?trading, or
- designated as at FVTPL, are measured subsequently at amortised cost using the effective

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

4.11.3 *Derecognition of financial liabilities*

The Group derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4.11.4 *Off setting of financial assets and financial liabilities*

A financial asset and a financial liability is offset and the net amount reported in the consolidated statement of financial position, if the Group has a current legal enforceable right to set off the recognized amount and the Group also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.12 *Trade and other payables*

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

4.13 *Revenue recognition*

The Group is in the business of sale of goods. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer and the performance obligation is satisfied under the contract at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

- Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

- Export rebate is recognized on accrual basis at the time of making the Export sales.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., right of returns, volume rebates). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non cash consideration, and consideration payable to the customer (if any).

4.14 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash and cheques in hand, balances with banks on current, saving and deposit accounts.

4.15 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are charged to income in the period in which these are incurred.

4.16 Borrowings

Loans and borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Finance cost is accounted for on an accrual basis and are included in mark-up accrued on loans to the extent of amount remaining unpaid, if any.

4.17 Earning Per share

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

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2023	2022
		------------ Rupees ----------	
Operating assets	5.1	**3,535,648,440**	3,765,195,736
Capital work-in-progress	5.4	**3,996,294,918**	655,349,208
		7,531,943,358	4,420,544,944

5.1 *Operating assets*

Particulars	Cost / revalued amount: Opening	Cost / revalued amount: Additions / (disposal)	Cost / revalued amount: Revaluation Adjustment	Cost / revalued amount: Closing	Depreciation: Opening	Depreciation: For the year / (on disposal)	Depreciation: Revaluation Adjustment	Depreciation: Closing	Written down value as at June 30	Rate
	---------- Rupees ----------									
Owned										
Freehold land	1,159,040,000	-	-	1,159,040,000	-	-		-	1,159,040,000	-
Building on freehold land	518,670,090		-	518,670,090	143,750	50,988,188	-	51,131,938	467,538,152	10%
Plant and machinery	2,466,789,240	-	-	2,441,364,079	466,789,240	199,556,349	-	666,345,589	1,775,018,490	10%
	-	(25,425,161)	-			(21,432,307)	-	(21,432,307)	21,432,307	
Electric installations	69,644,240	-	-	69,644,240	45,123,196	2,452,104	-	47,575,300	22,068,940	10%
Factory equipments	4,255,496	-	-	4,255,496	2,864,204	139,129	-	3,003,333	1,252,163	10%
Office equipments	5,066,546	-	-	5,066,546	4,075,855	99,069	-	4,174,924	891,622	10%
Electric appliances	4,617,405	-	-	4,617,405	3,452,063	116,534	-	3,568,597	1,048,808	10%
Furniture and fittings	9,621,764	1,774,800	-	11,396,564	6,982,250	367,604	-	7,349,854	4,046,710	10%
Vehicles	136,996,599	44,679,200	-	180,665,799	80,075,087	18,173,937	-	97,354,551	83,311,248	20%
		(1,010,000)				(894,473)				
2023	**4,374,701,380**	**46,454,000**	**-**	**4,394,720,219**	**609,505,645**	**271,892,915**	**-**	**859,071,779**	**3,535,648,440**	
		(26,435,161)				**(22,326,780)**				
	---------- Rupees ----------									
Owned										
Freehold land	192,914,491	221,162,200	744,963,309	1,159,040,000	-	-		-	1,159,040,000	-
Building on freehold land	357,052,783	18,670,091	142,947,216	518,670,090	162,995,760	19,549,452	(182,401,462)	143,750	518,526,341	10%
Plant and machinery	2,378,734,973	108,667,294	-	2,466,789,240	1,188,157,068	123,554,952	(826,326,507)	466,789,240	2,000,000,000	10%
	-	(20,613,027)			-	(18,596,273)				10%
Electric installations	69,644,240	-	-	69,644,240	42,398,636	2,724,560	-	45,123,196	24,521,044	10%
Factory equipments	4,255,496	-	-	4,255,496	2,709,616	154,588	-	2,864,204	1,391,292	10%
Office equipments	4,883,546	183,000	-	5,066,546	3,982,723	93,132	-	4,075,855	990,691	10%
Electric appliances	4,617,405	-	-	4,617,405	3,322,580	129,483	-	3,452,063	1,165,342	10%
Furniture and fittings	9,377,319	244,445	-	9,621,764	6,702,551	279,699	-	6,982,250	2,639,514	10%
Vehicles	127,793,914	22,314,382	-	136,996,599	77,895,567	13,458,951	-	80,075,087	56,921,512	20%
		(13,111,697)				(11,279,431)	-			
2022	3,149,274,167	371,241,412	887,910,525	4,374,701,380	1,488,164,501	159,944,818	(1,008,727,969)	609,505,645	3,765,195,736	
		(33,724,724)				(29,875,704)				

5.2 Disposal of property, plant and equipment of book value exceeding Rs. 500,000

Particulars	Cost	Accumulated Depreciation	Carrying value	Sale proceeds	Gain	Mode of Disposal	Relationship	Particulars of buyers
	---------- Rupees ----------							
For the year ended 2023								
Plant and machinery								
2 Schlafhorst Auto 338 coner	25,425,162	21,432,307	3,992,855	4,000,000	7,145	Negotiation	Third party	MKM textile international
	25,425,162	**21,432,307**	**3,992,855**	**4,000,000**	**7,145**			
For the year ended 2022								
Plant and machinery	---------- Rupees ----------							
China Card	20,613,027	18,596,273	2,016,754	2,136,752	119,998	Negotiation	Third party	Lyallpur Textiles
Vehicle								
Toyota Fortuner	5,772,000	4,864,143	907,857	1,000,000	92,143	Negotiation	Third party	Shahid Latif Ather
	26,385,027	**23,460,416**	**2,924,611**	**3,136,752**	**212,141**			

		Note	2023	2022
			------------ Rupees ----------	
5.3	Depreciation for the year has been allocated as under:			
	Cost of sales	26	**252,147,583**	145,983,553
	Administrative expenses	28	**19,745,332**	13,961,265
			271,892,915	159,944,818
5.4	Capital Work in Progress			
	Machinery in transit		**2,826,440,086**	456,936,184
	Building		**1,169,854,832**	198,413,024
		5.4.1	**3,996,294,918**	655,349,208
5.4.1	Movement in capital work in progress			
	Opening balance		**655,349,208**	-
	Additions during the year		**3,340,945,710**	655,349,208
			3,996,294,918	655,349,208

5.5 The Group has its freehold land, building on freehold land and plant and machinery revalued on June 30, 2022 by Joseph Lobo (Private) Limited & M.Y.K Associate (Private) Limited, independent valuers. The basis used for the revaluation of these assets were as follows:

Freehold land

Fair market value of the land was assessed through inquiries in the vicinity of land, recent market deals and information obtained through estate agents and property dealers of the area.

Building on freehold land

Fair market value of the building was assessed mainly through new construction value, depreciation cost factors, state of infrastructure, current trends in prices of real estate in the vicinity and information obtained through estate agents, builders and developers.

Plant and machinery

Fair market value of the plant and machinery was assessed through inquiries of local authorized dealers who deal in old and new similar type of plant and machineries. Replacement value was then ascertained from competitive rates of the plant and machinery and thereafter, an average depreciation factor was applied on the replacement value of the plant and machinery.

Forced sale value of the above items of property, plant and equipment is as follows:

	Rupees
Freehold land	743,082,000
Building on freehold land	375,000,000
Plant and machinery	1,500,000,000
	2,618,082,000

5.6 Had there been no revaluation the related figures of freehold land, building on freehold land and plant and machinery as at the consolidated statement of financial position date would have been as follows;

	2023	2022
	------------ Rupees ----------	
Freehold land	**122,530,730**	300,530,730
Building on freehold land	**57,532,317**	366,214,496
Plant and machinery	**1,089,334,771**	1,996,642,875
	1,269,397,818	2,663,388,101

6. INVESTMENT PROPERTY

Investment property comprises of agricultural land held by the Group for capital appreciation purposes, and is not currently in use by the Group for business purposes. The fair value as at June 30, 2019 is Rs. 46.49 million. The forced sale value has been assessed as at June 30, 2019 is Rs. 37.19 million. The investment property is located at Shujabad, District Multan.

		Note	2023	2022
			------------ Rupees ----------	
7.	**STORES AND SPARES**			
	Stores		**65,235,691**	49,392,812
	Spares		**44,602,809**	46,334,547
			109,838,500	95,727,359
8.	**STOCK-IN-TRADE**			
	Raw material		**1,641,158,805**	1,422,495,562
	Raw material in-transit		**20,973,412**	511,929,544
	Work in process		**79,556,007**	49,121,588
	Finished goods		**260,436,736**	105,250,471
	Waste		**249,718,515**	99,809,933
			2,251,843,475	2,188,607,098
9.	**TRADE DEBTS**			
	Foreign - secured and considered good		**386,889,144**	254,322,451
	Local - unsecured	9.1	**797,316,618**	513,619,543
			1,184,205,762	767,941,994
	Allowance for expected credit losses	9.2	**(2,905,285)**	(2,516,535)
			1,181,300,477	765,425,459

9.1 It includes due from associated undertakings relating to sale of yarn in normal course of business. Detail of balances due is as follows:

	Note	2023	2022
		------------ Rupees ----------	
Indus Dyeing & Manufacturing Co. Limited	9.5 & 36	-	541,354
Indus Home Limited	9.6 & 36	-	13,771,486

9.2 Allowance for expected credit losses

	2023	2022
Opening balance as at July 1	**2,516,535**	2,266,198
Expected credit losses	**388,750**	250,337
Closing balance as at June 30	**2,905,285**	2,516,535

9.3 Trade debts are generally on 60 to 90 days credit terms.

9.4 As at year end, trade receivables of Rs. 1,721,546 (2022: Rs. 1,571,811) were past due.

9.5 The maximum outstanding balance during the year due from Indus Dyeing & Manufacturing Co. Limited (associated undertaking) is Rs. Nil. million (2022 Rs. 0.54 million).

9.6 The maximum outstanding balance during the year due from Indus Home Limited is Rs. 46.05 million (2022: Rs. 13.77 million).

		Note	2023	2022
			------------ Rupees ----------	
10.	**LOANS AND ADVANCES**			
	Considered good			
	Due from employees	10.1	**15,653,727**	13,533,659
	Advances :			
	To suppliers / services		**85,844,192**	85,267,713
	To contractors		**18,530**	29,507
	Letter of credit margin		**7,765,491**	14,641,697
			109,281,940	113,472,576

10.1 This are interest free loans, secured against gratuity not more than Rs. 1,000,000 (2022: Rs. 1,000,000) to a person.

		Note	2023	2022
			------------ Rupees ----------	
11.	TRADE DEPOSITS			
	Bank guarantee margin		**21,139,226**	3,239,226
12.	OTHER RECEIVABLES			
	Cotton claims - considered good		**53,487,099**	44,522,812
	Rebate claims		**2,122,182**	2,122,182
	Other		**859,434**	277,504
			56,468,715	46,922,498
13.	SHORT TERM INVESTMENTS			
	Investments in units of mutual funds		**79,646**	1,680,661,158
	Investment in ordinary shares of listed companies		**214,649,093**	199,668,983
	At amortized cost			
	Investment in term finance certificate		**95,333,000**	100,000,000
		13.1	**310,061,739**	1,980,330,141

13.1 Market value of other financial assets

2023	2022		2023	2022
Number of units		**Investments in units of mutual funds**		
-	215,675	NAFA Stock Fund	**-**	2,975,581
-	294,101	ABL Stock Fund	**-**	3,812,015
-	4,364,720	MCB Cash Management Optimizer	**-**	442,145,300
-	107,284	UBL Stock Advantage Fund	**-**	7,456,205
-	111,061,590	National Investment Trust	**-**	1,072,155,275
-	134	Alfalah GHP Money Market Fund	**-**	13,155
-	210,934	First Habib Cash Fund	**-**	21,368,813
-	115	ABL Cash Fund	**-**	1,177
659	1,332	HBL Money Market Fund	**79,646**	136,918
-	1,291,841	UBL Liquidity Plus Fund	**-**	130,589,764
-	27	NBP Mahana Amadni Fund	**-**	271
-	-	NAFA Money Market	**-**	-
-	758	Nafa Islamic Energy Fund	**-**	6,684
659	117,548,511		**79,646**	1,680,661,158
Number of shares		**Investment in ordinary shares of listed companies**		
32,920	-	Engro Fertilizer Limited	**8,555,579**	-
275,000	275,000	Fatima Fertilizer Company Limited	**8,197,750**	10,395,000
73,800	69,962	Systems Limited	**29,765,754**	23,077,665
5,945	4,150	Highnoon Labortaries Limited	**1,998,531**	2,198,961
-	64,500	Pakistan Aluminium Beverages	**-**	2,033,685
-	91,914	Oil and Gas Development Company Limited	**-**	7,230,874
84,750	43,500	Tariq Glass Industries Limited	**5,771,475**	4,515,735
90,000	90,000	Lucky Cement Limited	**46,988,100**	41,313,600
-	374,897	Habib Bank Limited	**-**	34,243,092
-	32,920	Engro Corporation Limited	**-**	8,463,403
-	1,200	GlaxoSmithKline Pakistan Limited	**-**	285,996

2023	2022		2023	2022
			----------- Rupees ----------	
104,004	104,004	Mughal Iron & Steel Industries Limited	**5,037,954**	5,994,791
-	15,300	Bestway Cement Limited	-	1,942,794
177,140	177,140	Hub Power Company Limited	**12,325,401**	12,075,634
843,559	1,344,487	---------carry forward---------	**120,113,627**	148,771,553

2023	2022		2023	2022
			----------- Rupees ----------	
843,559	1,344,487	---------brought forward---------	**120,113,627**	148,771,553
19,500	2,568	Mari Petroleum Company Limited	**29,535,480**	4,467,652
626,100	239,528	Meezan Bank Limited	**54,076,257**	27,061,873
261,448	21,000	Interloop Limited	**9,218,656**	9,138,227
42,099	42,099	International Steels Limited	**1,705,072**	2,498,997
-	19,050	Pakistan Oilfields Limited	-	7,730,681

13.2 This represents investment in AA+ rated, unsecured, subordinated, perpetual and non-cumulative term finance certificate of Habib Bank Limited, having face value of Rs.100,000 per certificate and carries profit at the rate of 3 months KIBOR + 1.50% per annum.

14. CASH AND BANK BALANCES

	Note	2023	2022
		----------- Rupees ----------	
Cash in hand		**451,553**	444,372
Cash at bank			
- Current accounts		**45,020,241**	87,115,273
- Deposit accounts	14.1	**-**	1,026
- Saving accounts	14.1	**9,367**	133,406
- Term deposit receipts	14.1	**5,000,000**	9,981,479
		50,029,608	97,231,184
		50,481,161	97,675,556

14.1 Effective markup rate in respect of saving, deposit accounts and term deposits receipts ranges from 9% to 24% (2022: 6% to 12%) per annum.

15. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2023	2022		2023	2022
------- Number of shares -------			----------- Rupees ----------	
Authorized capital				
50,000,000	50,000,000	Ordinary shares of Rs. 10 each	**500,000,000**	500,000,000
Issued, subscribed and paid up capital				
20,700,000	20,700,000	Ordinary shares of Rs. 10 each fully paid in cash	**207,000,000**	207,000,000

15.1. 205,962 ordinary shares (2022: 205,962) of Rs. 10 each are held by the associated company - Indus Dyeing & Manufacturing Company Limited

15.2. The Group has only one class of ordinary shares which carry no right to fixed income.

15.3. Shareholders are entitled to cast vote proportionate to the paid up value of shares carrying voting rights. All shares rank equally with regard to the Group's residual assets.

	Note	2023	2022
		----------- Rupees ----------	
16. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	16.1	**2,163,667,261**	2,131,048,389
16.1 Surplus on revaluation of property, plant and equipment			
Opening balance		**2,314,144,329**	269,214,931
Surplus arising on revaluation			
- Land		-	744,963,309
- Building		-	325,348,678
- Plant & Machinery		-	826,326,507
		-	1,896,638,494

	Note	2023	2022
		------------ Rupees ----------	
Transferred to unappropriated profit on account of :			
Incremental depreciation		**(127,035,210)**	(16,328,761)
Revaluation surplus due to disposal of revalued assets		**(21,425,162)**	(18,476,275)
		(148,460,372)	(34,805,036)
Closing balance		**2,165,683,957**	2,131,048,389
Related deferred tax liability			
Opening balance		-	-
Reversal of deferred tax liability		-	-
		-	-
Closing balance		**2,165,683,957**	2,131,048,389

17. This represents reserves created out of profits of the company.

18. LONG TERM FINANCING

From banking companies - secured

	Note	2023	2022
Term finance:			
Allied Bank Limited	18.1	**-**	3,600,000
Allied Bank Limited	18.2	**687,088,110**	115,304,000
Bank Al Habib Limited	18.3	**105,070,500**	-
Bank Al Habib Limited	18.4	**815,000,000**	-
		1,607,158,610	118,904,000
Demand finance:			
MCB Bank	18.5	**542,611,894**	-
LTFF:			
United Bank Limited	18.6	**22,160,295**	36,933,825
Bank Alfalah Limited	18.7	**316,406,250**	363,281,250
MCB Bank Limited	18.8	**298,902,709**	352,405,247
Allied Bank Limited	18.9	**68,565,418**	104,914,486
Allied Bank Limited	18.10	**62,307,734**	66,496,200
		768,342,406	924,031,008
		2,918,112,910	1,042,935,008
Less: Current portion		**(164,308,301)**	(159,288,605)
Less: Current portion of deferred grant		**-**	(204,437)
		2,753,804,609	883,441,966

18.1 Allied Bank Limited - Term Finance

This finance had been obtained from Allied Bank to finance / retire LCs established for import / local procurement of plant & machinery and Allied equipment related to renewable captive power plant of the Company. The loan was repayable in 16 equal half yearly installments commencing from May 25, 2022 with 3 months grace period from the date of 1st Disbursement. It carried mark up at the rate of 6 Months KIBOR + 0.50%. The finance was secured against first pari passu charge over all present and future fixed assets of the company for Rs. 134 Million inclusive of 25% Margin.During the current year, loan converted from TF to LTFF due to lower markup rate i.e . SBP rate + 0.5%.

18.2 Allied Bank Limited - Term Finance

This finance has been obtained from Allied Bank to finance / retire LCs established for import of plant & machinery and allied equipment's for establishment / requirements of the company I.e. enhancement in existing capacity of spinning set-up. The loan is repayable in 16 equal half yearly installments with 2 years grace period with tentative 1st installment is due on 30th of the month from the date of 1st drwadown. During the year another disbursement of loan has been obtained to meet capex requirement of new open ended spinning unit and is repayable in 16 equal half yearly installments with 2 years grace period with tentative 1st installment is due on 30th of the month from the date of 1st drwadown. These loans carried mark up at the rate of 6 Months KIBOR + 0.75%. The finance was secured against 1st pari passu charge for over the present and future fixed assets of the Company for Rs.800 Million inclusive of 25% margin.

18.3 Bank Al Habib Limited - TF

This finance has been obtained from Bank Al Habib Limited for the payment of import documents drawn under LC Sight having Limit of Rs 150 million for import of Renewable Energy Equipment and for the payment of local equipment having capacity of 1.64 Mega Watt & / or payment to local supplier if equipment to be purchased locally against each LC. The loan is repayable in 20 equal quarterly installments against each LC. It carries mark up at the rate of 6 Months KIBOR + 0.5%.

18.4 Bank Al Habib Limited - TF

This finance has been obtained from Bank Al Habib Limited for the purchase of plant & machinery.The loan is repayable in 16 equal half yearly installments with 2 years grace period against each LC. It carries mark up at the rate of 6 Months KIBOR + 1%. The finance is secured against 1st pari passu Charge of Rs. 1,287 million (enhanced from Rs. 1,143 million) (to be registered with SECP) over Fixed Assets (including Land. Building & Machinery) of the Company.

18.5 MCB Bank Limited - DF

This finance has been obtained to retire / finance imported components / equipments / machinery imported through MCB used for setting-up new open ended Spinning unit. The loan is repayable in 16 equal half yearly installments after 2 years grace period against each LC. It carries mark up at the rate of 6 months KIBOR + 0.5%.The finance is secured against 1st pari passu hypothecation / Equitable mortgage charge of Rs 934 million on all fixed asset of the Company.

18.6 United Bank Limited - LTFF

This finance has been obtained from United bank Limited for BMR. The loan is repayable in 10 equal half yearly installments commencing from February 18, 2019 with 11 months grace period. It carries markup at flat rate of 3%. The finance is secured against first pari passu charge of Rs. 125 million over all present and future fixed assets of the Company with 25% margin.

18.7 Bank Alfalah Limited - LTFF

This finance has been obtained from Bank Alfalah Limited for BMR. The loan is repayable in 32 equal quarterly installments commencing from June 18, 2021 with 2 years grace period. It carries markup at flat rate of 3%. The finance is secured against first pari passu charge of Rs. 500 million over all present and future fixed assets of the Company with 25% margin.

18.8 MCB Bank Limited - LTFF

This finance has been obtained from Bank Alfalah Limited for BMR. The loan is repayable in 32 equal quarterly installments commencing from June 18, 2021 with 2 years grace period. It carries markup at flat rate of 3%. The finance is secured against first pari passu charge of Rs. 500 million over all present and future fixed assets of the Company with 25% margin.

18.9 Allied Bank Limited - LTFF

This finance has been obtained from Allied Bank to pay salaries & wages under SBP's Refinance scheme for payment of wages & salaries. The loan is repayable in 8 equal quarterly installments commencing from Oct 15, 2020. It carries mark up at the rate of SBP + 1.25%. The finance is secured against 1st pari passu charge on fixed assets with 25% Margin.

18.10 Allied Bank Limited - LTFF

This finance has been obtained from Allied Bank to finance / retire LCs established for import / local procurement of plant & machinery and Allied equipment related to renewable captive power plant of the company. This finance had been obtained from Allied Bank to finance / retire LCs established for import / local procurement of plant & machinery and Allied equipment related to renewable captive power plant of the company. The loan is repayable in 16 equal half yearly installments commencing from May 25, 2022 with 3 months grace period. It carries mark up at the rate of SBP + 0.50%. The finance is secured against first pari passu charge over all present and future fixed assets of the Company for Rs. 134 Million inclusive of 25% Margin.

	Note	2023	2022
		------------ Rupees ----------	
19. DEFERRED LIABILITIES			
Staff retirement benefits - gratuity	19.1	**18,390,994**	76,464,325
Provision for Gas Insfrastructure Development Cess (GIDC)	19.4	**-**	-
Deferred Grant	19.5	**-**	-
Deferred tax liability		**340,926**	-
		18,731,920	76,464,325

19.1 Staff retirement benefits - gratuity

	Note	2023	2022
		------------ Rupees ----------	
Liability recognized in the statement of financial position			
Present value of defined benefit obligation		**18,390,994**	76,464,325
		18,390,994	76,464,325
Movement in the net liability			
Opening balance		**76,464,325**	86,267,353
Charge for the year		**19,911,227**	35,074,628
Payment made during the year		**(77,984,558)**	(52,726,593)
Actuarial gain from changes in experience adjustments		**-**	7,226,427
Actuarial loss from changes in financial assumptions		**-**	622,510
		18,390,994	76,464,325
Changes in present value of defined benefit obligation			
Opening defined benefit obligation		**76,464,325**	86,267,353
Current service cost		**18,390,994**	16,229,063
Past service cost		**-**	12,855,159
Interest cost		**4,965,046**	5,990,406
Benefits paid		**(77,984,558)**	(52,726,593)
Gains and losses arising on plan settlements		**(3,444,813)**	-
Actuarial loss from changes in experience adjustments		**-**	7,226,427
Actuarial loss from changes in financial assumptions		**-**	622,510
		18,390,994	76,464,325
Charge for the year			
Current service cost		**18,390,994**	16,229,063
Past service cost		**-**	12,855,159
Gains and losses arising on plan settlements		**(3,444,813)**	-
Interest cost		**4,965,046**	5,990,406
		19,911,227	35,074,628
Allocation of charge for the year			
Cost of sales	26.2	**15,520,233**	31,707,631
Administrative expenses	28.1	**4,390,994**	3,366,997
		19,911,227	35,074,628

19.2 Remeasurement gain/loss recognised in other comprehensive income

	2023	2022
Actuarial loss from changes in experience adjustments	**-**	7,226,427
Actuarial loss from changes in financial assumptions	**-**	622,510
Remeasurement gain/loss	**-**	7,848,937

As per actuarial valuation carried out as at June 30, 2023 by Nauman Associates using Projected Unit Credit Method, the following significant assumptions have been used for valuation of defined benefit obligation of the Company:

	2023	2022
Discount rate	**16.25%**	13.25%
Expected rate of salary increase in future years	**15.25%**	12.25%
Average expected remaining working life time of employees	**6 years**	6 years

Mortality rate was based on the State Life Corporation (SLIC) 2001-2005 ultimate mortality rates with 1 year setback as per recommendation of Pakistan Society of Actuaries ("PSOA").

19.3 Staff retirement benefits sensitivity analysis

	Increase/(decrease) in defined benefit obligation	
	2023	**2022**
	------------ **Rupees** ----------	
Year end sensitivity analysis (+/- 100 bps) on defined benefit obligation:		
Discount rate + 100 bps	**17,433,713**	72,491,013
Discount rate - 100 bps	**19,482,054**	81,003,071
Salary Increase + 100 bps	**19,533,018**	81,160,899
Salary Increase - 100 bps	**17,370,250**	72,277,986
Maturity Profile		
Average duration of liability	**6 years**	6 years

Expected contribution for the next year

The expected contribution to the gratuity scheme for the next year works out to Rs. 25.549 million.

	2023	2022
	------------ Rupees ----------	

19.4 Provision for Gas Insfrastructure Development Cess(GIDC)

	2023	2022
Provision for GIDC	-	70,464,910
Less: Current portion	-	(70,464,910)
	-	-

On August 13, 2020 the Supreme Court of Pakistan (SCP) through its order declared GIDC Act an intra vires to the constitution and directed all the industrial and commercial entities to pay the Cess that have become due up to July 31, 2020. However, as a concession, the same was allowed to be recovered in twenty four equal monthly installments starting from August 01, 2020.

In light of the above stated order of SCP, the Group opted to recognize the Cess as payable in twenty four equal monthly installments in accordance with the provision of IAS 37.

19.5 DEFERRED GRANT

As mentioned in note 17.6, the State Bank of Pakistan (SBP) through circular no. 6 dated April 10, 2020 introduced a 'Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concern (the Refinance Scheme). The purpose of the Refinance Scheme is to provide relief to dampen the effects of COVID- 19 by providing loans at concessional interest rates. The Company obtained financing of Rs. 106.22 million under the Refinance Scheme. The benefit of below market interest rates, measured as the difference between the fair value of loan and loan proceeds on the date of disbursement has been recognised as deferred grant. The deferred grant is amortized over the term of the loan i.e. 2.5 years. In line with the recognition of interest expense, the grant is compensatory.

The movement during the year is as follows:

	Note	2023	2022
		------------ Rupees ----------	
As at July 01		-	2,900,494
Amortized during the year		-	(2,696,057)
As at June 30		-	204,437
Less: Current portion		-	(204,437)
Non current portion		-	-

20. TRADE AND OTHER PAYABLES

	Note	2023	2022
		------------ Rupees ----------	
Creditors		**150,927,486**	175,610,057
Provision for infrastructure cess		**211,930,040**	134,662,322
Accrued liabilities	20.1	**137,723,865**	86,887,985
Provision for GIDC		**51,133,001**	70,464,910
Sales tax payable	19.4	**18,564,278**	41,243,810
Advances from customers		**12,771,093**	3,338,076
Workers' Profit Participation Fund		**380,631**	545,407
Workers' welfare fund	20.2	**8,952,253**	-
Commission on export sale		**-**	1,356,508
Due to employees		**1,088,192**	908,726
Income tax deducted at source		**6,093,735**	20,143
		599,564,574	515,037,944

20.1 The provision has been recognized against disputed infrastructure fee levied by the Government of Sindh through Sindh Finance (Amendment) Ordinance 2001. The Group has contested this issue in Sindh High Court. The Group filed an appeal in the Supreme Court against the judgement of the High Court dated September 15, 2008 partly accepting the appeal by declaring the levy and collection of infrastructure fee prior to December 26, 2006 as illegal and ultra vires. Additionally, the Government of Sindh also filed appeal against the part of judgement decided against them. The above appeals were disposed off in May 2011 with a joint statement of the parties that, during the pendency of the appeals, another law came into existence which was not subject matter in the appeal, therefore, the decision thereon be first obtained from High Court before approaching the Supreme Court with the right to appeal. Accordingly, the petition was filed in High Court in respect of the above view. During the pendency of this appeal an interim arrangement was agreed whereby bank guarantees furnished for the consignments cleared upto December 27, 2006 were returned. For consignment released after December 27, 2006, 50% of the value of infrastructure cess is paid in cash and bank guarantees for the remaining balance was furnished until the final order is passed. Similar arrangements continued for the consignment released during the current year.

		Note	2023	2022
			------------ Rupees ----------	
20.2	**Workers' Profit Participation Fund**			
	Opening balance		**545,407**	7,212,811
	Payment to the fund		**(545,407)**	(7,212,811)
			-	-
	Charge for the year	29	**22,380,631**	108,545,407
	Payment of the fund from current year liability		**(22,000,000)**	(108,000,000)
	Closing balance		**380,631**	545,407
21.	**ACCRUED MARKUP**			
	Accrued markup on:			
	- Short term borrowings		**30,442,793**	896,258
	- Long term borrowings		**103,209,288**	7,423,979
			133,652,081	8,320,237
22.	**SHORT TERM BORROWINGS**			
	Secured - under markup arrangements from banking Companies			
	Running finances (RF)		**191,100,843**	-
		22.1	**191,100,843**	-

22.1 Short term facilities available from commercial banks under mark up arrangements amount to Rs. 6,475 Million (2022: Rs. 6,475 million) of which facilities aggregating to Rs. 6,284 million (2022: Rs. 6,475 million) remained unutilized at the year end. The rate of mark up ranges from 14.66% to 22.70% per annum (2022: 7.86% to 15.06% per annum) payable on quarterly basis. These finances are secured against pledge of raw material and finished goods and charge on current assets of the Company.

			Note	2023	2022
				------------ Rupees ----------	
23.	**PROVISION FOR TAXATION**				
	Opening balance			**152,803,558**	88,361,973
	Provision made during the year			**152,051,719**	152,803,558
				304,855,278	241,165,531
	Prior year adjustment			**(23,977,718)**	247,019
	Adjustments against completed assessments			**(113,363,627)**	(88,608,992)
				167,513,932	152,803,558
24.	**CONTINGENCIES AND COMMITMENTS**				
	Contingencies				
	Bank guarantees		24.1	**280,481,302**	201,481,302
	Foreign bills purchased			**251,000,000**	1,182,441,108
	In land bills purchased			**299,890,000**	50,785,020
				831,371,302	1,434,707,430
24.1	**Bank guarantees**				
	In favor of	Bank			
	Sui Northern Gas Pipelines Limited	MCB Bank Limited		**57,061,261**	57,061,261
	Ministry of Textile	MCB Bank Limited		**599,574**	599,574
	Excise and taxation	Soneri Bank Limited		**-**	23,985,915
	Excise and taxation	United Bank Limited		**110,560,000**	110,560,000
	Import Licence Fee	Habib Bank Limited		**274,552**	274,552
	Excise and taxation	MCB Bank Limited		**111,985,915**	9,000,000
				280,481,302	201,481,302
	Commitments				
	Under letters of credit for:				
	- Stores and spares			**49,962,273**	21,388,308
	- Raw material			**1,020,520,176**	239,520,128
	- Plant and machinery			**163,750,717**	989,328,506
				1,234,233,166	1,250,236,942

		Note	2023	2022
			------------ Rupees	----------
25.	**Revenue from Contracts - net**			
	Exports			
	Yarn	25.1	**6,330,335,333**	8,741,485,561
	Rebate Claim		**-**	75,578,193
			6,330,335,333	8,817,063,754
	Local			
	Yarn		**4,000,194,689**	1,148,034,887
	Doubling		**10,945,138**	9,569,456
	Waste		**256,986,390**	397,438,600
			4,268,126,217	1,555,042,943
	Sales tax on local sales		**(871,303,942)**	(554,455,787)
	Commission		**(72,791,597)**	(59,969,082)
			9,654,366,011	9,757,681,828

25.1 It includes indirect export of Rs. 2,277.23 million (2022: Rs. 2,964.31 million).

26.	**COST OF SALES**			
	Raw material consumed	26.1	**7,339,227,864**	5,729,938,658
	Power and fuel		**755,676,871**	543,186,453
	Salaries, wages and benefits	26.2	**372,263,432**	314,173,887
	Depreciation	5.3	**252,147,583**	145,983,553
	Packing material consumed		**103,975,833**	102,403,524
	Stores and spares consumed		**112,637,918**	118,152,968
	Repairs and maintenance		**28,548,411**	8,247,945
	Insurance		**11,219,497**	7,340,737
	Allowance for expected credit losses		**-**	250,337
	Others		**3,019,923**	2,060,892
			8,978,717,332	6,971,738,954
		Note		
	Work in process			
	Opening stock		**49,121,588**	40,247,255
	Closing stock		**(79,556,007)**	(49,121,588)
			(30,434,419)	(8,874,333)
	Cost of goods manufactured		**8,948,282,913**	6,962,864,621
	Finished goods			
	Opening stock		**205,060,404**	124,796,243
	Purchase of finished goods		**186,192,500**	274,717,500
	Closing stock		**(510,155,251)**	(205,060,404)
			(118,902,347)	194,453,339
			8,829,380,565	7,157,317,959
26.1	**Raw material consumed**			
	Opening stock		**1,422,495,562**	1,235,098,282
	Purchases including purchase expenses		**7,557,891,107**	5,917,335,938
			8,980,386,669	7,152,434,220
	Closing stock		**1,641,158,805**	(1,422,495,562)
			10,621,545,474	5,729,938,658

26.2 It includes Rs.15.5 million (2022: Rs. 31.7 million) in respect of staff retirement benefits - gratuity.

		Note	2023	2022
			------------ Rupees ----------	
27.	DISTRIBUTION COST			
	Export development surcharge		**10,037,185**	15,229,651
	Ocean freight		**59,326,336**	115,197,724
	Forwarding expenses		**19,176,934**	25,491,686
	Local freight		**17,959,073**	11,861,766
	Fuel expense		**25,734,514**	16,961,878
	Others		**457,439**	562,640
			132,691,481	185,305,345
28.	ADMINISTRATIVE EXPENSES			
	Salaries, wages and benefits	28.1	**78,206,451**	62,581,886
	Directors' remuneration	34	**90,766,286**	67,264,830
	Depreciation	5.3	**19,745,332**	13,961,265
	Vehicle running and maintenance		**28,435,351**	15,857,882
	Travelling and conveyance		**11,870,487**	4,449,572
	Postage, telephone and fax		**3,710,472**	3,320,500
	Electricity, gas and fuel		**4,667,451**	3,012,484
	Printing and stationery		**2,775,325**	2,767,552
	Auditors' remuneration	28.2	**2,220,000**	1,982,507
	Rent, rates and taxes		**3,954,266**	3,635,275
	Donations	28.3	**3,635,350**	2,619,440
	Insurance		**3,257,665**	1,952,358
	Fees, subscription and periodicals		**5,709,059**	5,415,133
	Entertainment		**4,303,602**	3,419,513
	Repairs and maintenance		**5,542,251**	681,955
	Legal and professional charges		**2,099,860**	1,286,000
	Others		**4,430,467**	3,751,398
			275,329,675	197,959,549

28.1 It includes Rs. 3.68 million (2021: Rs. 4.8 million) in respect of staff retirement benefits - gratuity.

		2023	2022
		------------ Rupees ----------	
28.2	**Auditors' remuneration**		
	Statutory audit fee	**1,132,507**	1,132,507
	Consolidation fee	**300,000**	300,000
	Review report on compliance with COCG	**100,000**	100,000
	Half year review	**250,000**	250,000
	Certificate for CDC and free float shares	**200,000**	200,000
		1,982,507	1,982,507

28.3 It includes no amount above Rs. 500,000 given to any donee and none of the directors or their spouses has any interest in the donee's fund.

		Note	2023	2022
			------------ Rupees ----------	
29.	**OTHER EXPENSES**			
	Workers' Profit Participation Fund	20.2	**22,380,631**	108,545,407
	Workers' welfare fund		**8,952,253**	-
	Unrealized loss on remeasurement of short term investments		**-**	26,556,585
	Realized loss on disposal of short term investments		**-**	15,258,117
		9	**388,750**	-
			31,721,634	150,360,109

30. FINANCE COST

		2023	2022
		------------ Rupees ----------	
Interest / mark up on:			
Long term financing		**23,736,678**	28,120,192
Short term borrowings		**78,228,701**	30,882,008
Bank charges and commission		**22,164,381**	6,912,606
		124,129,760	65,914,806

31. OTHER INCOME

Income from financial assets			
Realized gain on disposal of short term investments		**24,032,799**	-
Interest / profit on bank deposits		**19,045,261**	2,375,506
Dividend income		**110,002,709**	58,639,990
Income from non financial assets			
Gain on sale of property, plant and equipment		**1,651,619**	914,090
Bargain purchase gain on acquisition of subsidiary		**-**	7,171,562
		154,732,388	69,101,148

32. TAXATION

Current year:			
Current	32.1	**152,425,231**	153,194,067
Deferred tax		**340,926**	-
Prior year adjustment		**(23,977,718)**	(247,019)
		128,788,439	152,947,048

32.1 The Group falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001 for the current year.

32.2 Provision for deferred income tax is not required as the Group is chargeable to tax under section 169 of the Income Tax Ordinance, 2001 and no temporary differences are expected to arise in the foreseeable future.

32.3 Relationship between tax expense and accounting profit

Profit before taxation	**415,845,282**	2,069,925,207
Tax calculated at appliacble rate of 37% (2022: 29%)	**153,862,754**	600,278,310
Difference of NTR and turnover tax	**128,788,439**	152,947,048
Deferred tax not recognized as liability	**(153,862,754)**	(600,278,310)
	128,788,439	152,947,048

32.4 Deferred income tax liability has not been recongnized in the group as the group's three year average sale rate is with in the perscribed limit of turnover tax.

33. EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)

		2023	2022
Profit after tax	Rupees	**287,056,843**	1,916,978,159
Weighted average number of ordinary	Numbers	**20,700,000**	20,700,000
Earnings per share - basic and diluted	Rupees	**13.87**	92.61

33.1 There is no dilutive effect on the basic earnings per share of the Group.

34. REMUNERATION TO CHIEF EXECUTIVE AND DIRECTOR

	Chief executive	Director	Executives
2023		---------------- **Rupees** ----------------	
Remuneration	**29,800,000**	**13,080,000**	**25,401,600**
Housing and utilities	**7,667,073**	**674,179**	**-**
Medical reimbursement	**-**	**2,712,385**	**-**
Conveyance - cars	**1,151,928**	**737,477**	**8,044,427**
Special allowance	**19,531,259**	**8,069,318**	**4,233,600**
Leave encashment	**5,120,000**	**2,222,667**	**2,257,920**
	63,270,260	**27,496,026**	**39,937,547**
Number of persons	**1**	**1**	**14**

	Chief executive	Director	Executives
		---------------- **Rupees** ----------------	
2022			
Remuneration	24,600,000	11,280,000	21,770,400
Housing and utilities	5,672,853	695,913	-
Medical reimbursement	-	1,770,115	-
Conveyance - cars	1,586,196	292,695	4,443,925
Special allowance	13,444,391	6,920,000	4,774,200
Leave encashment	-	1,002,667	1,648,746
	45,303,440	21,961,390	32,637,271
Number of persons	1	1	14

34.1 Chief Executive and a director are also entitled to free use of the Group maintained cars.

35. FINANCIAL INSTRUMENTS

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

Credit risk
Liquidity risk
Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statement.

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

35.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligations and arises principally from long term deposits, trade debts, short term investments, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2023	2022
	------------ **Rupees** ----------	
Trade debts	**1,181,300,477**	1,186,277,053
Other receivables	**54,346,533**	26,719,292
Long term deposits	**28,150,466**	10,250,466
Short term investments	**95,333,000**	-
Bank balances	**50,029,608**	120,534,692
	1,409,160,084	1,343,781,503

The Group's credit risk exposures are categorized under the following headings:

Counterparties

The Group conducts transactions with the following major counterparties:

Trade debts

Public sectors

Banks and other financial institutions

Mutual Funds

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

35.2.1 Credit risk related to trade debtors

Trade debts are essentially due from local and foreign customers against sale of yarn and waste material and the Group does not expect these counterparties to fail to meet their obligations. The majority of sales to the Company's customers are made on specific terms. Customer credit risk is managed subject to established policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and any shipments to foreign customers are generally covered by letters of credit.

Trade debts are generally on 60 to 90 days credit terms.

Impairment losses

The aging of trade debts at the reporting date was:

	2023		**2022**	
	Gross	**Impairment**	**Gross**	**Impairment**
	---------------------- **Rupees**	----------------------		
Not yet due	**787,559,252**	**-**	789,963,965	-
Past due for:				
- more than 3 months but less than 1 year	**9,757,366**	**2,905,285**	1,512,690	1,999,217
- more than 1 year but less than 2 years	**-**	**-**	49,676	117,506
- more than 2 years	**-**	**-**	9,445	399,812
	797,316,618	**2,905,285**	791,535,776	2,516,535

Concentration of credit risk

Trade debts consist of a large number of diversified customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable where appropriate. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

35.2.2 Credit risk related to banks and other financial institutions

Credit risk on balances with banks is managed by management in accordance with the Group's policy. Excess funds are placed in deposits with reputable banks and financial institutions.

Bank Name	**Rating Agency**	**Long term Loans**	**Short Term Loans**
The Bank of Punjab	PACRA	AA+	A1+
Askari Bank Limited	PACRA	AA+	A1+
Allied Bank Limited	PACRA	AAA	A1+
BankIslami Pakistan Limited	PACRA	A+	A1
Bank Alfalah Limited	PACRA	AA+	A1+
Bank Al Habib Limited	PACRA	AAA	A1+
Faysal Bank Limited	PACRA	AA	A1+
Habib Bank Limited	PACRA	AAA	A1+
Habib Metropolitan Bank Limited	PACRA	AA+	A1+
United Bank Limited	PACRA	AAA	A-1+
National Bank of Pakistan	PACRA	AAA	A1+
MCB Bank Limited	PACRA	AAA	A1+

35.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Management closely monitors the Group's liquidity and cash flow position. This includes maintenance of statement of financial position liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

35.3.1 Liquidity risk table

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Particulars	1 - 3 months	3 months - 1 years	1 - 5 years	More than 5 years	Total
Long term financing	**-**	**164,308,301**	**1,780,843,781**	**972,960,828**	**2,918,112,910**
Short term borrowings	**-**	**191,100,843**	**-**	**-**	**191,100,843**
Trade and other payables	**-**	**203,148,679**	**-**	**-**	**203,148,679**
Accrued mark up	**133,652,081**	**-**	**-**	**-**	**133,652,081**
Unclaimed dividend	**24,201,201**	**-**	**-**	**-**	**24,201,201**
2023	**157,853,282**	**558,557,823**	**1,780,843,781**	**972,960,828**	**3,470,215,714**
Long term financing	-	159,288,605	676,824,133	206,822,271	1,042,935,008
Short term borrowings	-	-	-	-	-
Trade and other payables	-	236,792,077	-	-	236,792,077
Accrued mark up	8,320,237	-	-	-	8,320,237
Unclaimed dividend	22,759,665	-	-	-	22,759,665
2022	31,079,902	396,080,682	676,824,133	206,822,271	1,310,806,987

	2023	**2022**
	------------ Rupees ------------	
Off Statement of financial position items		
Letters of credit	**1,234,233,166**	1,250,236,942
Bank guarantees	**280,481,302**	201,481,302
Foreign bills discounted	**251,000,000**	1,182,441,108
In land bills purchased	**299,890,000**	50,785,020
Off Statement of financial position gap	**2,065,604,468**	2,684,944,372

35.4 Market risk

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

35.4.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates.

Exposure to currency risk

The Group is exposed to currency risk on trade debts which are denominated in currency other than the functional currency of the Group. The Company's exposure to foreign currency risk is as follows:

	2023		**2022**	
	Rupees	**US Dollar**	**Rupees**	**US Dollar**
Trade debts	386,889,144	1,889,534	254,322,451	1,614,746
	386,889,144	**1,889,534**	254,322,451	1,614,746

The following US Dollar exchange rates were applied during the year:

	2023	2022
	------------ Rupees ----------	
Average rate	**179.13**	160.24
Statement of financial position rate	**204.75**	157.50

Sensitivity analysis - foreign currency

At June 30, 2023, if the Rupee had weakened / strengthened by 10% (2021: 10%) against the US Dollar with all other variables held constant, profit for the year would have been lower / higher by Rs. 38.69 million (2022: Rs. 25.43 million), as a result of foreign exchange gains / losses on translation of foreign currency trade debts. Profit / (loss) is less sensitive to movement in Rupee / foreign currency exchange rates in 2023 than 2022 because of high recovery from export debtors.

35.4.2 Interest rate risk

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will effect the value of financial instruments. The Group has significant amount of interest based financial assets and financial liabilities which are largely based on variable interest / mark-up rates, therefore the Group has to manage the related finance cost which exposes it to the risk of 3 month and 6 month KIBOR. Since the impact on interest rate exposure is significant to the Group, management is considering the alternative arrangement to manage interest rate exposure in future.

	2023		2022	
	Effective Interest Rate	Rupees	Effective Interest Rate	Rupees
Fixed rate instruments				
Financial assets:				
- Saving accounts	**24%**	**9,367**	24%	**134,432**
- Term deposit receipts		**5,000,000**		**9,981,479**
- Term finance certificate	**24%**	**95,333,000**	14%	**100,000,000**
Variable rate instruments				
Financial liabilities:				
- Long term financing	**9% - 23%**	**2,855,805,176**	3% - 9%	990,637,631
- Short term borrowings	**15% to 23%**	**191,100,843**	8% - 15%	-
		3,147,248,386		1,100,753,542

Sensitivity analysis - interest rate

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the Group's profit / loss for the year ended June 30, 2023 would decrease / increase by Rs. 31.09 million (2022: Rs. 10.42 million). This is mainly attributable to the Group's exposure to interest rates on its variable rate financial instruments.

35.4.3 Other price risk

Other price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is not materially exposed to other price risk on financial assets and liabilities.

35.4.4 Equity share price risk

The Group is also exposed to the equity price risk arising from the fluctuations due to change in fair value of those equity instruments.

Sensitivity analysis - Equity share price risk

A 1% increase / decrease in share prices at year end would have increased / decreased profit for the year as follows:

	2023	2022
	------------ Rupees ----------	
Effect on profit or loss	**2,146,491**	1,996,690

35.5 Fair values

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale.

The carrying values of all financial assets and liabilities reflected in the consolidated financial statement approximate their fair values.

35.5.1 Fair value hierarchy

Following are three levels in fair value hierarchy that reflects the significance of the inputs used in measurement of fair values of financial instruments and non financial assets.

Level 1:	Quoted prices (unadjusted) in active market for identical assets or liabilities.
Level 2:	Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. drive from prices).
Level 3:	Inputs for asset or liability that are not based on observable market data (unobservable inputs).

The Group does not have any other financial instruments to be classified here other than "Short term investments" as disclosed in note 12, that are classified in level 1 and level 2 as per hierarchy stated above.

The Group follows the revaluation model for its free hold land, building on free hold land, plant and machinery. The fair value measurement as at June 30, 2022 was performed by MYK Associates (Private) Limited & Joseph Lobo (Private) Limited. MYK Associates (Private) Limited & Joseph Lobo (Private) Limited both are on panel of Pakistan Banks Association as 'Any Amount' asset valuator. It is also on the panel of State Bank of Pakistan and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations. The fair value of the assets was determined using the comparable price method after performing detailed enquiries and verification from various estate agents, brokers and builders keeping in view the location of the property/project, condition, size, utilization, and other relevant factors. In estimating the fair value of free hold land, building on free hold land and plant and machinery, the highest and best use of these assets is their current use.

Since the date of last revaluation, there has been no material change in the market factors that derive fair value of these properties, therefore, management believes that the carrying value of these non financial assets approximate its fair market value.

Other financial assets include quoted equity shares. The investment are valued at each reporting date at their fair value by using the prevailing quoted prices of shares on Pakistan Stock Exchange Limited.

June 30, 2023

	Level 1	**Level 2**	**Level 3**	**Total**
	-----Rupees-----			
Other financial assets	**214,649,093**	**79,646**	**-**	**214,728,739**
Free hold land	**-**	**1,159,040,000**	**-**	**1,159,040,000**
Building on free hold land	**-**	**467,538,152**	**-**	**467,538,152**
Investment property	**-**	**2,342,055**	**-**	**2,342,055**
Plant and machinery		**1,775,018,490**		**1,775,018,490**
Total	**214,649,093**	**3,404,018,343**	**-**	**3,618,667,436**

June 30, 2022

	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Short term investments	193,989,353	641,024,587	-	835,013,940
Free hold land	-	192,914,491	-	192,914,491
Building on free hold land	-	194,057,023	-	194,057,023
Investment property	-	2,342,055	-	2,342,055
Plant and machinery	-	1,190,577,905	-	1,190,577,905
Total	193,989,353	2,220,916,061	-	2,414,905,414

There were no transfers between levels of fair value hierarchy during the period.

35.6 Financial instruments by category

The Group finances its operations through equity, borrowings and management of working capital with a view to maintain an approximate mix between various sources of finance to minimize risk.

The accounting policies for financial instruments have been applied for line items as below:

	2023	2022
	--------- Rupees ---------	
Assets carried at fair value		
Carrying value of investments at fair value through profit or loss	**214,728,739**	**1,880,330,141**
	214,728,739	1,880,330,141
Assets categorized at amortized cost		
Trade debts	**1,181,300,477**	1,186,277,053
Long term deposits	**7,011,240**	6,991,200
Other financial assets	**95,333,000**	-
Trade deposits	**21,139,226**	3,239,226
Cash and bank balances	**50,481,161**	120,759,269
	1,355,265,104	1,317,266,748
Liabilities carried at amortized cost		
Trade and other payables	**203,148,679**	236,792,077
Long term financing	**2,918,112,910**	990,637,631
Short term borrowings	**191,100,843.00**	29,537,798
Unclaimed dividend	**24,201,201**	22,759,665
Accrued mark up	**133,652,081**	10,266,875
	3,470,215,714	1,289,994,046

36. CAPITAL MANAGEMENT

The Group objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

Capital comprises all components of equity (i.e. share capital, reserves and unappropriated profit). The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

The debt-to-adjusted capital ratios at June 30, were as follows:

	2023	2022
	------------ Rupees ----------	
Total debt	**3,109,213,753**	987,994,572
Less: Cash and cash equivalents	**(50,481,161)**	(32,624,872)
Net debt	**3,058,732,592**	955,369,700
Total equity	**8,354,909,435**	8,109,245,194
Adjusted capital	**11,413,642,026**	9,064,614,894
Debt-to-adjusted capital ratio	**26.80%**	10.54%

37. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, other related group companies, directors of the Group and key management personnel. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under trade debts (note 9.1), trade and other payables (note 19) and remuneration of Chief Executive and director (note 33). The Indus Home Limited and Indus Dyeing & Manufacturing Co. Limited is associated undertaking based on common directorship. Other significant transactions with related parties are as follows:

	2023	2022
	------------ Rupees ----------	
Transactions with associated undertakings (due to common directorship)		
Indus Dyeing & Manufacturing Company Limited		
Purchase of goods and services	-	130,557,150
Indus Home Limited		
Sale of goods and services	**129,860,199**	98,982,530
Purchase of TFC's	-	100,000,000

All transactions with related parties have been carried out on agreed terms and conditions.

38. PLANT CAPACITY AND PRODUCTION

	2023	2022
	------------ Rupees ----------	
Number of spindles installed	**34,896**	34,896
Number of spindles worked	**33,882**	34,802
Number of shifts / day	**3**	3
Installed capacity after conversion into 20/s count Kgs	**11,916,060**	11,916,060
Actual production of yarn after conversion into 20/s count Kgs	**9,979,857**	11,430,039

Reasons for shortfall

It is difficult to describe precisely the production capacity in spinning unit since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed and twist etc. It also varies according to the pattern of production adopted in a particular year.

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2022 Rupees	Cash flow Rupees	2023 Rupees
Long term finances	1,042,730,571	1,875,181,323	**2,917,707,852**
Short term borrowings	-	191,100,843	**191,100,843**
Dividend	22,759,665	1,441,536	**24,201,201**
	1,065,490,236	2,067,723,702	**3,133,009,896**

40. SEGMENT REPORTING

The Group's core business is manufacturing and sale of yarn and it generates more than 90% of its revenue and profit from the production and sale of yarn. Decision making process is centralized at head office led by Chief Executive who is continuously involved in day to day operations and regularly reviews operating results and assesses its performance and makes necessary decisions about resources to be allocated to the segments. Currently it has one yarn manufacturing unit. Owing to the similarity in nature of the products and services, nature of the production processes, type or class of customers for the products and services, the methods used to distribute the products, the nature of the regulatory environment all the yarn producing units are aggregated into a single operating segment and the Company's performance is evaluated by the management on an overall basis, therefore these operational segments by location are not separately reportable segments.

41. NUMBER OF EMPLOYEES

The total number of employees at the year end and average number of employees during year are as follows:

	2023	2022
Total number of employees as at June 30	**775**	713
Average number of employees during the year	**710**	720

42. CORRESPONDING FIGURES

The preparation and presentation of these consolidated financial statements for the year ended June 30, 2022 is in accordance with the requirements of IFRSs. Following is the major reclassification made for better presentation:

Reclassified from	Reclassified to	Rupees
Cost of sales	Other expense	388,750

43. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statement were authorized for issue on October 04, 2023 by the Board of Directors of the Group.

44. GENERAL

Figures have been rounded off to the nearest Rupee, except where stated otherwise.

Shabbir Kausar	Kashif Riaz	Mian Imran Ahmed
Chief Financial Officer	Chief Executive Officer	Chairman

آڈیٹرز کا تقرر:۔

آڈیٹرز میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹ نے کمپنی کے ساتھ اپنی تقرری کی معیاد مکمل کی اور اہل ہونے کے ناطے اپنی خدمات کو ایک اور مدت کے لیے پیش کیا۔ بورڈ آف ڈائریکٹرز نے بورڈ کی آڈٹ کمیٹی کی سفارش پر مبنی، اس فرم کو اگلے سال کے لیے کمپنی کے آڈیٹر کی حیثیت سے دوبارہ تقرری کے لیے تجویز کیا ہے۔

آڈٹ کمیٹی:۔

بورڈ آف ڈائریکٹرز نے ایک مکمل باضابطہ آڈٹ کمیٹی تشکیل دی جس میں تین ممبران شامل ہیں، ایک آزاد ڈائریکٹر اور دو غیر فعال ڈائریکٹرز ہیں۔ کمیٹی کے حوالہ سے شرائط شفاف داخلی آڈٹ، اکاؤنٹنگ اور کنٹرول سسٹم، رپورٹنگ کے مناسب ڈھانچے کے ساتھ ساتھ کمپنی کے اثاثوں کی حفاظت کے لیے مناسب اقدام کا تعین کرنے پر مشتمل ہیں۔

ممبران کی ترتیب:۔

کمپنی ایکٹ 2017 اور کوڈ آف کارپوریٹ گورننس کے مطابق 30 جون 2023 کے اختتام پر ممبران کی ترتیب کے خاکہ سے متعلق معلومات اس رپورٹ کیساتھ علیحدہ سے منسلک ہے۔

اندرونی آڈٹ کنٹرول:۔

بورڈ کے پاس کمپنی کے کاروبار کو چلانے کے لیے آپریشنل، مالی اور تعمیل کنٹرول کے ساتھ موئثر اور مضبوط اندرونی کنٹرول سسٹم موجود ہے۔ اندرونی آڈٹ کے نتائج کا آڈٹ کمیٹی کے ذریعے جائزہ لیا جاتا ہے، اور جہاں ضروری ہو ان آڈٹ رپورٹس میں شامل سفارشات کی بنیاد پر کاروائی کی جاتی ہے۔

ویب پر موجودگی:

کمپنی کے سالانہ اور مختلف مدت کے مالیاتی بیانات کو کمپنی کی ویب سائٹ http://indus-group.com/ پر موجود ہیں جہاں سے شیئر ہولڈرز اور دوسرے لوگ معلومات حاصل کر سکتے ہیں۔

اظہار تشکر:۔

ادارے کے ڈائریکٹرز تمام ملازمین کی کوششوں کا اعتراف کرتے ہیں۔ اور آنے والے سالوں میں اسی طرح کے تعلقات دیکھتے ہیں۔ اس کے ساتھ ساتھ کمپنی اپنے صارفین، بینکرز، سپلائرز اور حصہ داروں کے مشکور ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

کاشف ریاض

چیف ایگزیکٹو آفیسر

4 اکتوبر 2023

☆حساب نویسی سے متعلق تمام پالیسیوں کوملکی اور بین الاقوامی قوانین کے مطابق تیار کیا گیا ہےاور جہاں ضرورت محسوس کی گئی وہاں وضاحتیں بھی پیش کی گئی ہیں۔

☆اندرونی کنٹرول کا نظام مضبوط بنیادوں پر استوار ہے جس پر عمل درآمد کیا جاتا ہے۔

☆ جولسٹنگ قواعد وضوابط میں بیان کیا گیا ہے اس سے انحراف نہیں کیا جاتا۔

☆پچھلے چھ سالوں کے متعلقہ اعداد وشمار بھی منسلک کیئے گئے ہیں۔

☆ٹیکس ڈیوٹیوں اوراداطلب ادائیگیوں کو30 جون2023 کے لئےنہیں روکا گیا سوائے ان کے جن کا اظہارStatementFinancial برائے30 جون2023 میں کیا گیا ہے۔

☆جس مدت کا جائزہ لیا جارہا ہےاس کے دوران کمپنی کے سی ای او، ڈائریکٹرز اوراہل خانہ حصص کے لین دین میں شامل نہیں۔

بورڈ آف ڈائریکٹرز اور میٹنگز:۔

سال کے دوران بورڈ کے اجلاس منعقد ہوئے تھے۔ ہر ڈائریکٹر کی حاضری مندرجہ ذیل ہے۔

	بورڈ آف ڈائریکٹرز کی 7 میٹنگز	آڈٹ کمیٹی کی 5 میٹنگز	انسانی وسائل اور معاوضہ کمیٹی کی 1 میٹنگز
	حاضری	حاضری	حاضری
نویداحمد*	7/7	-	-
شہزاداحمد	7/7	-	-
عرفان احمد	7/7	-	1/1
عمران احمد	7/7	-	-
کاشف ریاض	7/7	-	-
شیخ شفقت مسعود	7/7	-	-
مسزفادیہ کاشف*	7/7	5/5	1/1
شاویزاحمد	7/7	5/5	-
فاروق حسن	7/7	-	-
فیصل حنیف	7/7	5/5	1/1
عذرا یعقوب	7/7	-	-

بورڈ آف ڈائریکٹرز:

زیر جائزہ مدت کے دوران سی۔ای۔او، ڈائریکٹرز، میاں بیوی اور نابالغ کی طرف سے کمپنی کے تحفے کے ذریعےشیئرز کی منتقلی حسب ذیل ہے:

نمبرشمار	نام	شیئرز منتقلی
1	کاشف ریاض	(2,178,000)
2	میاں عمران احمد	(580,741)

ڈائریکٹران کے مشاہرے:

کمپنی ڈائریکٹران (فعال اور غیر فعال) کے مشاہروں کے بارے میں کمپنی کے بورڈ آف ڈائریکٹر کی جانب سے منظور شدہ پالیسی پر عمل درآمد کیا جاتا ہے۔اس پالیسی کو اس طرح سے تیار کیا گیا ہے کہ جو انسانی وسائل اور کاروباری ضروریات دونوں کی حکمت عملی کو ساتھ لے کر چلے۔ بورڈ اس بات پر یقین رکھتا ہے کہ پالیسی اس قدر پر اثر ہونی چاہیے کہ جو ڈائریکٹران کو اپنی جانب راغب کرے اور ان کو اس بات پر آمادہ کرے کہ وہ کمپنی کے معاملات کو اپنی بہترین صلاحیتوں کے مطابق سرانجام دے سکیں۔

منافع برائے تصرفات	5,401,260	5,121,553
فکسڈ اثاثہ جات کے ریلویشن پر سرپلس سے منتقل	127,815	15,567
جائیدادسیل کی وجہ سے ریلویشن سرپلس کی منتقلی	21,425	18,476
آگے کیا گیا جمع شدہ منافع	5,550,500	5,155,596
فی حصص آمدن	13.87روپے	92.61روپے

ڈیویڈنڈ:۔

بورڈ آف ڈائریکٹرز نے 2 جون 2023 کو ہونے والے منعقدہ اجلاس میں 20 فیصد انٹیرم کیش ڈیویڈنڈ یعنی 2 روپے فی شیئر کا اعلان کیا ہے جو کہ پہلے ہی 30 جون 2023 کو ختم ہونے والے سال کے لیے حتمی نقد منافع کے طور پر ادا کر چکے ہیں۔

کاروباری تجزیہ:۔

آپ کی کمپنی کا اس عرصہ میں بعد از ٹیکس منافع 287.057 ملین رہا جو کہ گزشتہ اس عرصہ میں 1,916.978 ملین تھا۔ خام منافع میں گزشتہ اس عرصہ کے مقابلے میں 68 فیصد کمی ہوئی اور بعد از ٹیکس منافع میں گزشتہ اس عرصہ کے مقابلے میں 85 فیصد کمی ہوئی۔ گزشتہ اسی مدت کے مقابلے منافع میں کمی کی بنیادی وجہ کپاس کی قیمتوں میں اضافہ اور دھاگہ کی متعلقہ قیمتوں میں غیر متناسب کمی ہے۔ اس مدت کے دوران BMR کے لیے مقررہ اثاثوں میں 3,180.628 ملین روپے کی سرمایہ کاری کی گئی اور نئے پلانٹ کا اضافہ جو کہ ضروری بیک پروسیس کے ساتھ روٹر مشینوں کے دس سیٹوں پر مشتمل ہے۔ اس مقصد کی مالی اعانت کے لیے برقرار رکھی گئی آمدنی اور طویل مدتی قرضوں کا استعمال کیا گیا۔

مستقبل کی صورت حال:۔

پاکستان کی ٹیکسٹائل انڈسٹری مشکل ترین دور سے گزر رہی ہے۔ ایک طرف عالمی منڈیوں میں کساد بازاری کے باعث معاشی سست روی دیکھی جا رہی ہے تو دوسری طرف ملک میں سیاسی و معاشی بحران دیکھنے میں آ رہا ہے۔ ایک ایسے وقت میں جب پاکستان کے زرمبادلہ کے ذخائر کم ترین سطح پر ہیں، آنے والے مہینے میں روئی کی گانٹھوں کی اضافی درآمد حکومت کے لیے بڑا چیلنج ہوگا۔ حکومت نے مختلف سبسڈیز اور چھوٹ ختم کر دی ہیں جس کے نتیجے میں ٹیکسٹائل انڈسٹری کے لیے بجلی اور گیس کے سبسڈی والے ٹیرف کو حکومت نے واپس لے لیا ہے۔ ٹیکسٹائل یونٹس کے پاس اپنا کام روکنے کے سوا کوئی آپشن نہیں ہے کیونکہ خام مال کی بلند شرح کی وجہ سے پیداواری لاگت بڑھ گئی تھی۔ ایندھن اور بجلی کی بلند شرحوں کے ساتھ ساتھ سود کی بلند شرح مہنگائی اور پاکستانی روپے کی قدر میں کمی نے ٹیکسٹائل سیکٹر کو بین الاقوامی منڈی میں مقابلہ کرنے سے روک دیا۔ پاکستان کی ٹیکسٹائل انڈسٹری تیزی سے تباہ کن صورتحال کی طرف بڑھ رہی ہے اور بین الاقوامی خریداروں میں ساکھ اور مارکیٹ میں شیئر کھو رہی ہے۔

ان تمام رکاوٹوں کے باوجود ہم اللہ کے فضل اور انتظامیہ کی محنت سے خصوصی اور ویلیو ایڈڈ اعلیٰ معیار کی ٹیکسٹائل مصنوعات پر توجہ مرکوز کرتے ہوئے امید کرتے ہیں آپ کی کمپنی بہتر نتائج حاصل کر سکے گی۔

کمپنی کی سماجی ذمہ داریاں:۔

کمپنی نے ہمیشہ اپنے سماجی ذمہ داریوں کو تمام حصول داروں اور مجموعی طور پر کاروباری ماحول پر ترجیح دی ہے یہ ایک مسلسل عمل ہے۔ کمپنی قدرتی وسائل کے تحفظ، ضیاع میں کمی، ری سائیکلنگ کو بہتر بنانے، توانائی کی کارکردگی میں بہتری اور ماحولیاتی کارکردگی کو بہتر بنانے میں کوشاں ہے۔ پچھلے سال کی طرح اس سال بھی ہم نے قدرتی گیس کی کھپت اور پانی کے استعمال میں کمی کے اہداف مقرر کئے ہیں۔

ہماری طرف سے مندرجہ ذیل کوششیں کی جا رہی ہیں۔

☆ گندے پانی کی صفائی

☆ قدرتی وسائل کے تحفظ

☆ مال کے ضائع ہونے میں کمی

☆ ری سائیکلنگ میں اضافہ، توانائی کی کارکردگی میں بہتری اور ماحولیاتی کارکردگی میں اضافہ

بیلنس شیٹ بنانے کے بعد کے معاملات:۔

بیلنس شیٹ کے اختتامی مراحل میں اور بیلنس شیٹ بنانے کے بعد کوئی ایسا مادی یا معاملاتی معاہدہ نہیں کیا گیا جس سے بیلنس شیٹ کے اعداد و شمار میں کسی طرح کی کوئی تبدیلی واقع ہوا اور وہ منفی طور پر متاثر ہو۔

متعلقہ فریقین سے لین دین:۔

کارپوریٹ گورننس کی ضروریات کے مطابق کمپنی نے تمام متعلقہ پارٹی ٹرانزیکشن آڈٹ کمیٹی اور بورڈ کے سامنے جائزہ اور منظوری کے لیے پیش کیے۔

۳۰ جون ۲۰۲۳ کو ختم ہونے والے سال کے لیے ملحق شدہ مالی گوشوارے نوٹ 38 میں تمام متعلقہ لین دین کی تفصیلات فراہم کی گئی ہیں۔

ڈائریکٹرز کی ذمہ داریوں کی تفصیل:۔

ڈائریکٹرز اسٹاک ایکسچینج کی فہرست سازی کے مطابق کارپوریٹ اور مالی رپورٹنگ کے فریم ورک کے مطابق عمل کرتے ہیں۔

☆ کمپنی کے مالیاتی گوشوارے جو کہ کمپنی کی انتظامیہ نے تیار کئے ہیں اس میں تمام لین دین کو شفافیت کے ساتھ درج کیا گیا ہے اس کے ساتھ ساتھ نتائج اور کیش کی آمد و رفت کا بھی واضح اظہار ہے۔

☆ کمپنی کے حساب کتاب سے متعلق دستاویزات وضاحت و مہارت کے ساتھ تیار کی گئی ہیں۔

سن ریز ٹیکسٹائل ملز لمیٹڈ

ڈائریکٹرز رپورٹ جون۳۰، ۲۰۲۳

سن ریز ٹیکسٹائل ملز لیمیٹڈ کے بورڈ آف ڈائریکٹرز 32 ویں سالانہ اجلاس ۳۰ جون ۲۰۲۳ کے مالی سال کے اختتام کی سالانہ رپورٹ ہمراہ آڈٹ شدہ مالیاتی گوشوارہ مسرت کے ساتھ پیش کرتے ہیں۔

بورڈ کی تشکیل:۔

بورڈ کی تشکیل کارپوریٹ گورننس کے ضابطہ اخلاق، 2017 کے تقاضوں کے مطابق درج ذیل ہے۔

ڈائریکٹرز کی کل تعداد:۔

الف۔	مرد	9
ب۔	خاتون	2

تشکیل:۔

i۔	آزاد ڈائریکٹر	3
ii۔	فعال ڈائریکٹر	3
iii۔	غیر فعال ڈائریکٹر	5

نام	کیٹیگری
فیصل حنیف مس عذرا لیعقوب فاروق حسن	آزاد ڈائریکٹرز
کاشف ریاض شیخ شفقت مسعود نوید احمد	فعال ڈائریکٹرز
میاں شہزاد احمد میاں عمران احمد مسز فادیہ کاشف عرفان احمد شاہ ویز احمد	غیر فعال ڈائریکٹرز
خواتین ڈائریکٹرز	مس عذرا لیعقوب مسز فادیہ کاشف

مالی اور آپریشنل نتائج:۔

آپکی کمپنی کا قبل از ٹیکس منافع سال ۲۰۲۳ کے اختتام پر 416 ملین رہا۔

	2023 000 روپے	2022 000 روپے
قبل از ٹیکس منافع	415,845	2,069,925
ٹیکس	(128,788)	(152,947)
بعد از ٹیکس منافع	287,057	1,916,978
دیگر	7	(7,849)
ابتدائی جمع شدہ منافع	5,155,596	3,315,924
پہلا عبوری ڈیویڈنڈ دسمبر ۳۱، ۲۰۲۱	-	(103,500)
انٹیرم ڈیویڈنڈ جون ۳۰، ۲۰۲۳	(41,400)	-

سن ریز ٹیکسٹائل ملز لمیٹڈ

چیئرمین رپورٹ - ۳۰ جون ۲۰۲۳

سن ریز ٹیکسٹائل ملز لیمیٹڈ، ۳۰ جون ۲۰۲۳ کو ختم ہونے والے مالی سال کے لیے کمپنی کی کارکردگی پر جائزہ ممبران کے سامنے پیش کرنا میرے لیے اعزاز اور خوشی بات ہے۔

بورڈ کی کارکردگی کا جائزہ:۔

بورڈ کمپنی کے معاملات کے نظم و نسق کے لیے ذمہ دار ہونے اور کمپنی کے خطرے کو برداشت کرنے کی سطح کا تعین کرنے کے لیے پالیسیاں اور حکمت عملی وضع کرتا ہے۔ بورڈ متعلقہ قوانین اور ضوابط اور اس کی ذمہ داریوں، حقوق، ذمہ داریوں اور فرائض کے تحت چلتا ہے جیسا کہ اس میں بیان اور تجویز کیا گیا ہے۔ بورڈ کے اراکین مناسب علم، مختلف قسم کی مہارت اور تجربے سے لیس ہیں جو کاروبار کو کامیابی سے چلانے کے لیے ضروری ہے۔ بورڈ کا ہر رکن کمپنی کی ترقی کو انجام دینے کے لیے پرعزم ہے اور اس کے تمام کام کمپنی کی اقدار اور مشن کے لیے وقف اور مرکوز ہیں۔

بورڈ نے ذیلی کمیٹیوں کی کارکردگی کو سختی سے مانیٹر کیا۔ بورڈ کی جامع اور مؤثر میٹنگوں کے نتیجے میں کمپنی کے لیے سازگار فیصلے ہوئے۔ اس کے علاوہ بوڈ کمپنی کے تمام قابل اطلاق قوانین اور بہترین طریقوں کی تعمیل کو بھی یقینی بناتا ہے۔

بورڈ کے اراکین کو اپ ڈیٹ رکھنے اور کمپنی کی مسلسل ترقی کے لیے ہم آہنگ رہنے کے لیے بورڈ نے اپنی ذیلی کمیٹیوں کا جائزہ لیا اور اس کی اپنی کارکردگی کا جائزہ لیا جس سے بورڈ کے مقرر کردہ اہداف کو پورا کرنے میں ایک مؤثر اور کردار ادا کرنے میں مدد ملی۔

کمپنی کی کارکردگی کا جائزہ:۔

کاروبار با آسانی چل رہا ہے اور فروخت 9.6 ارب روپے ہے جو کہ گزشتہ سال 9.7 ارب روپے تھی۔ جبکہ مجموعی منافع کا مارجن 26.6 فیصد سے کم ہو کر 8.5 فیصد ہو گیا۔ بعد از ٹیکس منافع 1.9 ارب روپے سے کم ہو کر 0.287 ارب روپے رہ گیا ہے۔

بورڈ کی جانب سے میں اپنے تمام صارفین کی کمپنی پر مسلسل اعتماد کے لیے بہت شکریہ ادا کرنا چاہتا ہوں۔ میں بورڈ کی شراکت، ہماری انتظامیہ اور ملازمین کی بہترین کاوشوں کے لیے تعریفی کلمات کا اظہار کرنا چاہتا ہوں اور آخر میں ان مالیاتی اداروں کا شکریہ ادا کرنا چاہتا ہوں جو ہمارے ساتھ کھڑے ہوئے اور مشکل وقت میں ہمارا ساتھ دیا۔ میں امید کرتا ہوں اور دعا کرتا ہوں کہ کمپنی آئندہ سالوں میں ترقی کی رفتار کو برقرار رکھے۔

04 اکتوبر 2023

چیئرمین
میاں عمران احمد

PROXY FORM
ANNUAL GENERAL MEETING

Shareholder's Folio No---------------------Number of shares held-----------------------------I / We. --Of (full address)-------------------------------------- -- being a member of **SUNRAYS TEXTILE MILLS LIMITED** hereby appoint.

Mr. / Mrs. / Ms. ---of (full address)------------------------------- --or failing him/her/ Mr. / Ms.--------------------------------of (full address)---

as my / our proxy in my/our absence to attend and vote for me/us on my/our behalf at the **Annual General Meeting** of the Company to be held on 27th day of October, 2023 at 4:30 p.m. plot # 3 &7, Sector-25 Korangi industrial Area, Karachi and at any adjourned meeting thereof.

WITNESSES	
WITNESS # 1	WITNESS # 2
SIGNATURE	SIGNATURE
NAME CNIC #	NAME CNIC#

Signature on

Rs. 5/-

Revenue Stamp

1. Proxies in order to be effective, must be received at the Company's Registered Office/ Shares Registrar not less than 48 hours before the meeting and must be duly stamped, signed and witnessed.
2. CDC shareholders and their proxies are requested to attach an attested photocopy of their CNIC or passport with this proxy form before submission to the Company.

AFFIX
CORRECT
POSTAGE

The Company Secretary
SUNRAYS TEXTILE MILLS LIMITED
5th Floor 508 Beaumont Plaza Beaumont Road
Civil Lines Qtrs Karachi

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS OF SUNRAYS TEXTILE MILLS LIMITED

June 30, 2023

No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held	Percentage of Total Capital
874	1	100	23,592	0.11
228	101	500	64,587	0.31
492	501	1,000	418,516	2.02
195	1,001	5,000	348,878	1.69
17	5,001	15,500	150,880	0.73
4	15,501	30,000	84,896	0.41
6	35,001	150,000	476,817	2.30
8	160,001	960,000	4,865,244	23.50
5	960,001	1,950,000	7,757,019	37.47
2	1,950,001	2,415,000	4,096,215	19.79
1	2,415,001	4,275,000	2,413,356	11.66
1,832			**20,700,000**	**100.00**

CATEGORIES OF SHAREHOLDERS
As at June 30, 2023

Shareholders	No. of Shareholders	Shares Held	Percentage
Individuals	1,802	7,809,693	37.73
Associated Companies	1	205,962	0.99
Financial Institutions	1	72,270	0.35
Insurance Companies	1	120,582	0.58
Mutual Fund	1	956,526	4.62
Joint Stock Companies	11	26,912	0.13
Directors, CEO their Spouses & Minor Children	15	11,508,055	55.59
	1,832	**20,700,000**	**100**

DETAIL OF CATEGORIES OF SHAREHOLDERS
As at June 30, 2023

Name	Number of Shareholders	Shares Held	
INDIVIDUALS	**1,802**		**7,809,693**
ASSOCIATED COMPANIES	**1**		
M/s. Indus Dyeing & Manufacturing Company Limited		205,962	
			205,962
FINANCIAL INSTITUTIONS	**1**		
National Bank of Pakistan		72,270	
			72,270

JOINT STOCK COMPANIES	11		
TREET CORPORATION LIMITED		18,626	
Y.S. SECURITIES & SERVICES (PVT) LTD		2,100	
S.H. BUKHARI SECURITIES (PVT) LTD		1200	
NH CAPITAL (PVT) LIMITED		3	
MAPLE LEAF CAPITAL LIMITED		3	
MSMANIAR FINANCIALS (PVT) LTD		300	
FIKREES (PVT) LIMITED		4,500	
BLACK STONE EQUITIES (PVT) LTD		30	
M/S AZEEM SERVICES (PVT) LTD		54	
HABIB & SONS LIMITED (SP)		24	
M/S FIRST CAPITAL EQUITIES LTD		72	
			26,912
INSURANCE COMPANIES	1		
State Life Insurance Corp. of Pakistan		120,582	
			120,582
MUTUAL FUND	1		
CDC-Trustee National Investmet (UNIT) Trust		956,526	
			956,526
DIRECTORS, CEO, THEIR SPOUSES & MINOR CHILDREN	15		
Mr. Shahzad Ahmed		1,945,443	
Mr. Naveed Ahmed		1,155,140	
Mr. Kashif Riaz		2,095,536	
Mr. Imran Ahmed		1,159,742	
Mr. Irfan Ahmed		1,760,814	
Mr. Shafqat Masood		13,719	
Mr. Shahwaiz Ahmed		594	
Mr. Faisal Hanif		300	
Ms. Azra Yaqub Vawda		30	
Mr. Farooq Hassan		15	
Mrs. Fadia Kashif		2,413,356	
Mrs. Aisha Irfan		565,671	
Mrs. Lozina Shahzad		380,085	
Mrs. Shahzia Naveed		13,446	
Mrs. Tahia Imran		4,164	
GRAND TOTAL	**1,832**		**11,508,055**
			20,700,000

Shareholders holding 10% or more voting interest in the company as at June 30, 2023

DIRECTORS, CEO, THEIR SPOUSES AND MINOR CHILDREN	SHARES HELD	PERCENTAGE %
Mr. Kashif Riaz	2,095,536	10.12
Mrs. Fadia Kashif	2,413,356	11.66

Detail of purchase / sale of shares by Directors, Company Secretary, Head of Internal Audit Department,

Chief Finance Officer, Chief Executive Office and their spouses, minor children during 2022-2023

N A M E	Purchase	Sold	Gift
Mr. Kashif Riaz			**2,178,000**
Mr. Imran Ahmed			**580,741**

DIVIDEND MANDATE FORM

The Company Secretary,

Subject Bank account details for payment of Dividend through electronic mode

Dear Sir,

I/we/Messrs.,____ being the shareholder(s) of Sunrays Textile Mills Limited [the "Company"], hereby, authorize the Company, to directly credit cash dividend declared by it, my bank account as detailed below:

(i) Shareholder's details:	
Name of the Shareholder	
CDC Participant ID & Sub-Account No. / CDC IAS	
CNIC/NICOP/Passport/NTN No. (Please attach copy)	
Contact Number (landline & Cell Nos.)	
Shareholder's Address	
(ii) Shareholder's Bank account details:	
Title of Bank Account	
IBAN (see Note 1 below)	
Bank's Name	
Branch Name & Code No.	
Branch Address	

It is stated that the above particulars given by me are correct and I shall keep the Company, informed in case of any changes in the said particulars in future.

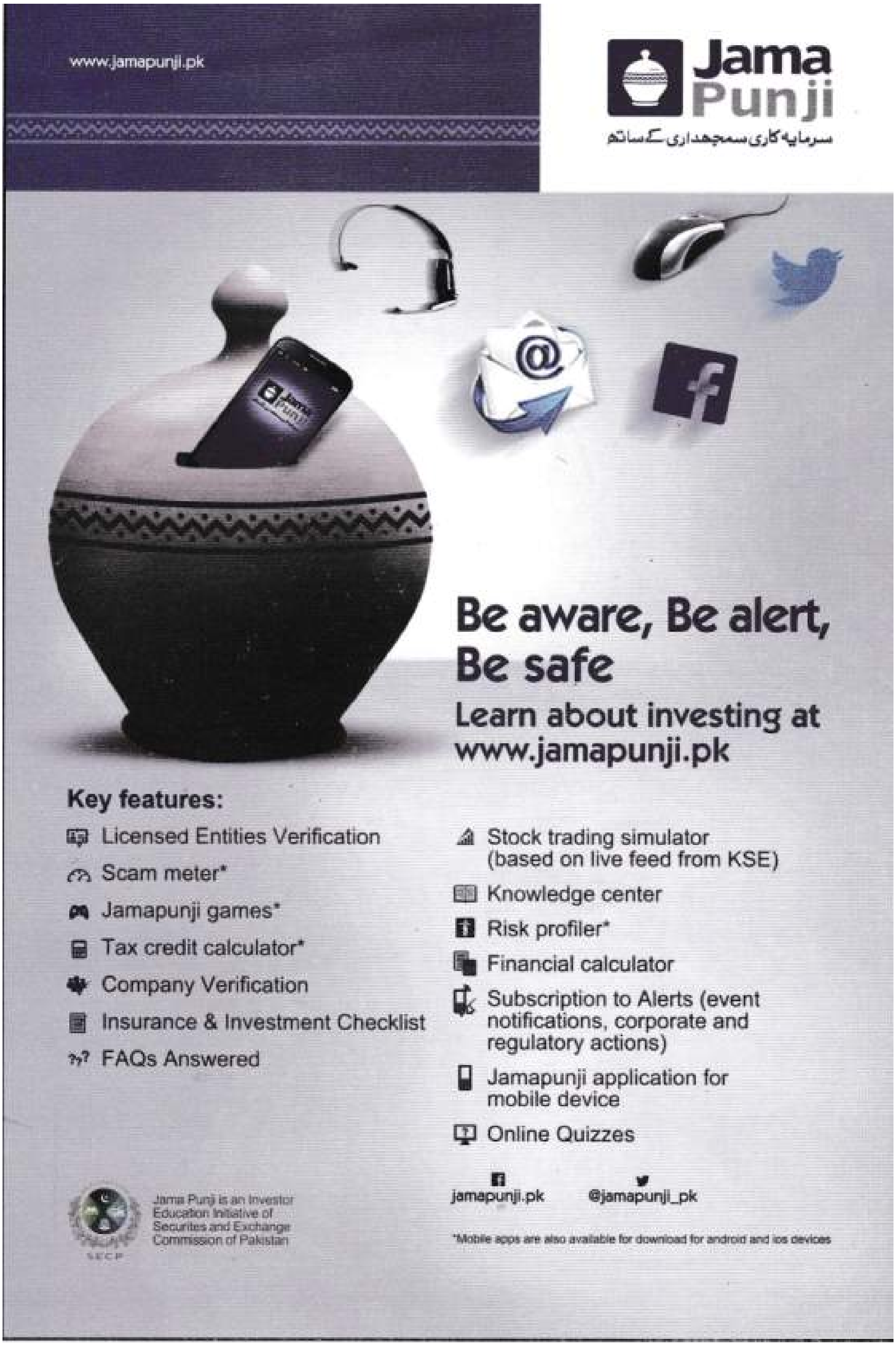
Yours Sincerely

____
Signature of Shareholder
(Please affix Company stamp in case of corporate entity)

Notes:

(i) Please provide complete IBAN, after checking with your concerned branch to enable electronic credit directly into your bank account.

(ii) This letter must be sent to shareholder's participant/CDC Investor Account Services which maintains his/her CDC account for incorporation of banks account details for credit of cash dividend declared by the Company from time to time.



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